

**ALBERTA SECURITIES COMMISSION  
STAFF NOTICE**

**COMPLIANCE WITH INFORMATION REQUESTS  
FROM STOCK EXCHANGES**

June 6, 2002

ASC staff are concerned about responses given by listed issuers and their advisors to requests for information from stock exchanges when rumours of potential take-over transactions causes increases in trading volume and share price prior to public disclosure of the ultimate transaction.

The *Securities Act* (Alberta) provides that it is unlawful to trade on material, undisclosed information. The purpose of this prohibition is to ensure that all investors have equal access to information. Both the Toronto Stock Exchange (the "TSX") and the TSX Venture Exchange (collectively, the "Exchanges") elaborate on this principle through their timely disclosure policies, which provide a mechanism to ensure that material information is disclosed to the marketplace as soon as possible. The goal of both the *Securities Act* prohibition and the Exchanges' policies is to foster public confidence in the integrity of the capital markets.

In administering these policies, the Exchanges sometimes request information from issuers when they notice unusual activity in an issuer's stock. They use this information to determine whether a press release, trading halt or other measure is necessary to ensure that all market participants are trading on the same information. Compliance with a request for information is required by the Exchanges' timely disclosure policies, listing agreement, and the public interest.

One instance in which the response to an Exchange's information requests was considered by the Exchange to be less than acceptable involved the communications between the TSX Market Surveillance and Bennett Jones LLP on behalf of Canadian Hunter Exploration Ltd. Prior to the public announcement of the proposed acquisition of Canadian Hunter on October 9, 2001, there were persistent and multiple rumours that Canadian Hunter was the target of a planned take-over bid and there was an increase in both the price and trading volume of Canadian Hunter's common shares. The rumours and market activity resulted in several discussions between TSX Market Surveillance and Canadian Hunter's legal counsel, Bennett Jones. While no public disclosure requirement arose prior to October 9, 2001, and accordingly no breach of the securities laws occurred, Bennett Jones acknowledges that the responses to the inquiries fell short of the expectations of the TSX.

The ASC wishes to advise market participants that it considers the bylaws, rules, regulations and policies of the Exchanges an important component of Alberta's securities

regulatory framework. Those policies provide context-specific elaboration on the principles of the *Securities Act* as they pertain to members of the Exchanges and listed issuers. Issuers are reminded that they are expected to provide complete and effective responses to requests for information from the Exchanges.

For further information, please contact

David C. Linder  
Executive Director  
Alberta Securities Commission  
(403) 297-4228  
[david.linder@seccom.ab.ca](mailto:david.linder@seccom.ab.ca)