

## Canadian Securities Administrators' Staff Notice 51-301

### Conversion of Corporate Issuers to Trusts

#### *BACKGROUND*

Recently certain corporate reporting issuers have found it beneficial to reorganize their affairs such that their security holders become security holders of a trust (a "conversion"). Staff of each of the Canadian Securities Administrators ("staff") do not wish to discourage any form of issuer organization that advances market efficiency provided that investors' rights are properly protected. This notice sets out staff's views on the proper protection of those rights.

#### *INVESTORS' RIGHTS*

Staff considers it desirable that a conversion should be, to the extent reasonably possible, neutral so far as investors' rights are concerned and that the trust instrument should attempt to mirror, after the conversion, the rights that investors would have had if the conversion had not occurred.

#### *DISCLOSURE*

To the extent that the trust instrument does not mirror the rights that investors would have had if the conversion had not occurred, staff expects the information circular or other disclosure document pursuant to which the conversion is effected to clearly set out a description of any material differences in the rights of unit holders under the trust indenture as compared to the rights of shareholders under corporate law and to clearly and prominently state any negative effect the conversion may have on the rights of the investors.

#### *FUTURE ACTION*

Staff will monitor conversions to determine the extent to which they may raise additional concerns that require more formal regulatory action.

#### *FURTHER INFORMATION*

For further information, please contact:

Ken Parker  
Alberta Securities Commission  
(403) 297-3251

Lata Casciano  
British Columbia Securities Commission  
(604) 660-4785

Robert Bouchard  
Manitoba Securities Commission  
(204) 945-2555

Shirley Lee  
Nova Scotia Securities Commission  
(902) 424-5441

Cathy Singer  
Ontario Securities Commission  
(416) 593-8082

Johanne Duschene  
Commission des valeurs mobilières du Québec  
(514) 873-5009 ext. 257

October 10, 1997