

Regulatory Proposals

1999-2000 Competition Bureau

July 1999

Competition Act - Notifiable Transactions Regulations

Description

The Notifiable Transaction provisions of the Competition Act require that parties proposing certain transactions, which exceed prescribed thresholds, notify and provide specified information to the Director before completing these transactions. This information is currently set out under sections 121 and 122 of the Act.

Costs and Benefits

As a result of amendments to the Competition Act, the information parties must file will be set out in regulations rather than in the Act and will be updated. Asset securitisation transactions, as defined in the proposed regulations, will be exempted from the obligation to notify. New regulations will specify the basis for converting assets and revenues reported in foreign currency into Canadian dollars. Finally, a reference will be added to take into account the proposed new provisions of Bill C-20 relating to the acquisition of an interest in a combination.

The intent of the amendments is to enable business people to easily determine whether they meet the thresholds, whether they have to notify and what information they are required to provide.

These amendments will minimize business compliance costs under the Competition Act by improving the relevance of the information provided, by reducing the regulatory burden related to transactions that raise no competition issues, and by reducing difficulties in interpreting the requirements for valuation of assets or shares.

Consultation

These proposed changes to the Regulations have been the subject of consultation with associations, businesses, and members of the legal, law enforcement and academic communities that would be affected by the proposed amendments. Prepublication of the amended regulations in Part I of the Canada Gazette will give stakeholders another chance to comment on the proposed amendments.

Alternatives

There is no viable alternative to regulations and the absence of regulations would create uncertainty in the law and reduce its effectiveness

Duplications

This regulations was specifically drafted to clarify application of Notifiable Transactions provisions of the Competition Act and is unique in that view. Some of the information required under the proposed regulations might also be required under other legislation such as the stock exchange rules or the Canadian Business Corporations Act. This was done purposely so that business people will only have to supply existing documents.

Compliance and Enforcement

In Bill C-20, the maximum fine for contravention of the notifiable transactions provisions has been raised to \$50,000 and the penalty of imprisonment is abolished. Amendments to the Regulations do not require new enforcement mechanisms. To some extent, clarification provided by the amendments will ensure compliance with the Act. The government will continue to monitor the compliance with the pre-notification provisions through publicly available information.

As is the case currently, a pre-notification officer is available to provide clarification and assistance to those business persons having about the requirements of the notifiable transaction provisions.

Contact

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The proposed regulations were published in the Canada Gazette, Part I, on May 15, 1999, and are open for comment for 60 days.