

Insider Trading and Tipping in Ontario at a Glance

Elements of Insider Trading and Tipping



A person is in a **special relationship** with a reporting issuer



The person knows a **material fact or material change** that has not been generally disclosed

and then...



Insider trading: The person makes a **trade**



Tipping: The person informs someone ("tips") of the material information outside the necessary course of business

What is a Material Fact or Change?

A material fact is a fact that, if disclosed, would reasonably be expected to have a significant effect on the market price or value of the securities of the issuer in question. A material change is a change in the business, operations or capital of the issuer that, if disclosed, would be expected to have the same effect. What constitutes a material fact or change will depend on context. Common examples include take-overs or other corporate changes, and loss of key personnel. Material facts and changes can also be specific to an issuer's business. For example, a change in forecasted weather patterns could constitute a material fact for an issuer whose business is seasonal, while information about resource tests could constitute a material fact for a resource company. In monetary terms, the threshold required for a change or fact to be material will generally be proportionate to the size of the issuer (i.e., the threshold will be larger for a larger issuer).

When is Information Generally Disclosed?

When the information has been disseminated to the trading public and the public has had adequate time to digest that information.

Who is in a Special Relationship with an Issuer?

The scope of people who might be in a "special relationship" with the issuer is very broad. People who may be in a special relationship are set out at right and extend beyond these examples as well.

For further information, please contact a member of our [Securities Litigation](#) group.

