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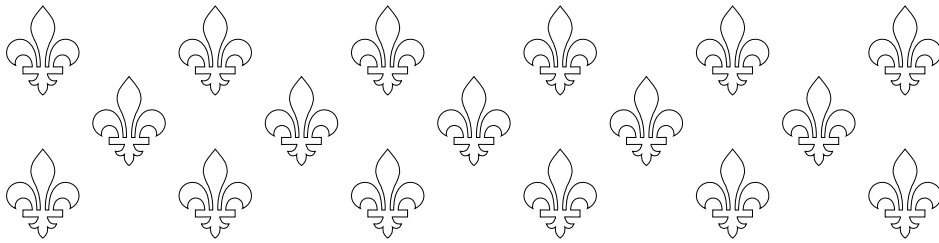
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NATIONAL ASSEMBLY

SECOND SESSION

THIRTY-SIXTH LEGISLATURE

Bill 107
(2002, chapter 45)

An Act respecting the Agence nationale d'encadrement du secteur financier

Introduced 8 May 2002
Passage in principle 6 June 2002
Passage 11 December 2002
Assented to 11 December 2002

Québec Official Publisher
2002

EXPLANATORY NOTES

The purpose of this bill is to restructure the regulatory framework applicable in the financial industry in Québec. It creates a single regulatory body, the Agence nationale d'encadrement du secteur financier, whose mission is to administer all the legislation regulating the financial industry, in particular in the fields of insurance, securities, depository institutions and the distribution of financial products and services.

The Agency replaces the existing regulatory bodies, namely the Bureau des services financiers, the Fonds d'indemnisation des services financiers, the Commission des valeurs mobilières du Québec and the Régie de l'assurance-dépôts du Québec. The Agency also replaces the Inspector General of Financial Institutions regarding the functions and powers exercised by the Inspector General pursuant to the legislation that regulates the financial industry.

The new regulatory body will be administered by a president and director general who may delegate, generally or specifically, to a superintendent, to any other member of the Agency's staff or to any other person, the exercise of a function or power under any of the laws administered by the Agency.

The bill confers on the Agency all the powers necessary for the administration of those laws, in particular powers of inspection and investigation, provides for its operation and sets out the financial provisions applicable to it.

The bill also creates a Conseil consultatif de régie administrative consisting of seven members appointed by the Minister. The advisory council advises the Agency on the compatibility of its actions with its mission, on its corporate governance, in particular as regards its budgetary forecasts, staffing plan and annual activity plan, and on the appointment of the Agency's superintendents.

The bill includes provisions authorizing the Agency to recognize self-regulatory organizations to which it may delegate, on the conditions it determines, the exercise of functions and powers pertaining to the regulation of an activity governed by the laws applicable to the financial industry.

The bill establishes a Bureau de décision et de révision en valeurs mobilières that exercises certain powers provided for in the Securities Act including, in particular, the powers regarding applications for the review of decisions rendered by the Agency or by a self-regulatory organization pursuant to the said Act. The members of the board are appointed by the Government. The rules governing hearings, decisions and appeals from decisions of the Bureau de décision et de révision en valeurs mobilières are the rules provided in the Securities Act.

The bill also creates a Bureau de transition consisting of five members appointed by the Minister. The chief mission of the Bureau is to provide for the establishment of the Agency and promote and facilitate the implementation of the new regulatory framework for the main providers of financial products and services. The Bureau de transition has all the powers necessary for the application of measures for the integration and redeployment of the human, financial, physical and informational resources of the existing regulatory bodies transferred to the Agency under the bill, so that the new body becomes operational within twelve months or less.

The bill also includes provisions requiring the adoption of a policy on the processing of complaints and claims concerning the provision of financial products and services.

The bill introduces new provisions into the Securities Act to reinforce coercive measures, such as imprisonment for certain offences. It includes amending provisions to make the consequential amendments to various Acts that apply to the financial service industry. Amendments are also made to various laws that are to be administered by the enterprise registrar who takes the place of the Inspector General of Financial Institutions, under the authority of the Minister of Industry and Trade.

Lastly, the bill contains transitional provisions concerning in particular the transfer to the Agency of the staff of the Bureau des services financiers, the Fonds d'indemnisation des services financiers, the Commission des valeurs mobilières du Québec, the Régie de l'assurance-dépôts du Québec and certain directorates of the Inspector General of Financial Institutions and other provisions relating to the transfer of the rights, property and records of those bodies to the Agency.

LEGISLATION AMENDED BY THIS BILL :

- Civil Code of Québec (1991, chapter 64);
- Financial Administration Act (R.S.Q., chapter A-6.001);
- Automobile Insurance Act (R.S.Q., chapter A-25);
- Deposit Insurance Act (R.S.Q., chapter A-26);
- Act respecting prescription drug insurance (R.S.Q., chapter A-29.01);
- Act respecting insurance (R.S.Q., chapter A-32);
- Act respecting the caisses d'entraide économique (R.S.Q., chapter C-3);
- Act respecting certain caisses d'entraide économique (R.S.Q., chapter C-3.1);
- Act respecting international financial centres (R.S.Q., chapter C-8.3);
- Charter of Ville de Québec (R.S.Q., chapter C-11.5);
- Cinema Act (R.S.Q., chapter C-18.1);
- Cities and Towns Act (R.S.Q., chapter C-19);
- Fish and Game Clubs Act (R.S.Q., chapter C-22);
- Amusement Clubs Act (R.S.Q., chapter C-23);
- Code of Civil Procedure (R.S.Q., chapter C-25);
- Professional Code (R.S.Q., chapter C-26);
- Labour Code (R.S.Q., chapter C-27);
- Municipal Code of Québec (R.S.Q., chapter C-27.1);
- Companies Act (R.S.Q., chapter C-38);
- Cemetery Companies Act (R.S.Q., chapter C-40);
- Act respecting Roman Catholic cemetery companies (R.S.Q., chapter C-40.1);

- Timber-Driving Companies Act (R.S.Q., chapter C-42);
- Gas, Water and Electricity Companies Act (R.S.Q., chapter C-44);
- Telegraph and Telephone Companies Act (R.S.Q., chapter C-45);
- Mining Companies Act (R.S.Q., chapter C-47);
- Act respecting the Conseil des arts et des lettres du Québec (R.S.Q., chapter C-57.02);
- Act respecting the Conservatoire de musique et d’art dramatique du Québec (R.S.Q., chapter C-62.1);
- Act respecting the constitution of certain Churches (R.S.Q., chapter C-63);
- Cooperatives Act (R.S.Q., chapter C-67.2);
- Act respecting financial services cooperatives (R.S.Q., chapter C-67.3);
- Religious Corporations Act (R.S.Q., chapter C-71);
- Real Estate Brokerage Act (R.S.Q., chapter C-73.1);
- Forestry Credit Act (R.S.Q., chapter C-78);
- Act to promote forest credit by private institutions (R.S.Q., chapter C-78.1);
- Deposit Act (R.S.Q., chapter D-5);
- Act respecting the distribution of financial products and services (R.S.Q., chapter D-9.2);
- Roman Catholic Bishops Act (R.S.Q., chapter E-17);
- Act respecting Nasdaq stock exchange activities in Québec (R.S.Q., chapter E-20.01);
- Act respecting fabriques (R.S.Q., chapter F-1);
- Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l’emploi (R.S.Q., chapter F-3.1.2);

- Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (R.S.Q., chapter F-3.2.1);
- Taxation Act (R.S.Q., chapter I-3);
- Act respecting the disclosure of the compensation received by the executive officers of certain legal persons (R.S.Q., chapter I-8.01);
- Act respecting the Inspector General of Financial Institutions (R.S.Q., chapter I-11.1);
- Act respecting the Institut de la statistique du Québec (R.S.Q., chapter I-13.011);
- Education Act for Cree, Inuit and Naskapi Native Persons (R.S.Q., chapter I-14);
- Winding-up Act (R.S.Q., chapter L-4);
- Act respecting the Ministère de la Culture et des Communications (R.S.Q., chapter M-17.1);
- Act respecting the special powers of legal persons (R.S.Q., chapter P-16);
- Public Protector Act (R.S.Q., chapter P-32);
- Consumer Protection Act (R.S.Q., chapter P-40.1);
- Act respecting the legal publicity of sole proprietorships, partnerships and legal persons (R.S.Q., chapter P-45);
- Act respecting the process of negotiation of the collective agreements in the public and parapublic sectors (R.S.Q., chapter R-8.2);
- Act respecting the Government and Public Employees Retirement Plan (R.S.Q., chapter R-10);
- Act respecting health services and social services (R.S.Q., chapter S-4.2);
- Act respecting health services and social services for Cree Native persons (R.S.Q., chapter S-5);
- Act respecting the Société des loteries du Québec (R.S.Q., chapter S-13.1);

- Act respecting the Société nationale du cheval de course (R.S.Q., chapter S-18.2.0.1);
- Act respecting farmers' and dairymen's associations (R.S.Q., chapter S-23);
- Act respecting mixed enterprise companies in the municipal sector (R.S.Q., chapter S-25.01);
- Act respecting the sociétés d'entraide économique (R.S.Q., chapter S-25.1);
- Horticultural Societies Act (R.S.Q., chapter S-27);
- Act respecting trust companies and savings companies (R.S.Q., chapter S-29.01);
- National Benefit Societies Act (R.S.Q., chapter S-31);
- Act respecting societies for the prevention of cruelty to animals (R.S.Q., chapter S-32);
- Professional Syndicates Act (R.S.Q., chapter S-40);
- Act respecting the Québec sales tax (R.S.Q., chapter T-0.1);
- Securities Act (R.S.Q., chapter V-1.1);
- Act respecting the Mouvement Desjardins (2000, chapter 77);
- Act respecting transportation services by taxi (2001, chapter 15);
- Act respecting public transit authorities (2001, chapter 23);
- Act respecting the Pension Plan of Management Personnel (2001, chapter 31);
- Act constituting Capital régional et coopératif Desjardins (2001, chapter 36).

LEGISLATION REPEALED BY THIS BILL :

- Loan and Investment Societies Act (R.S.Q., chapter S-30).

Bill 107

AN ACT RESPECTING THE AGENCE NATIONALE D'ENCADREMENT DU SECTEUR FINANCIER

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS :

TITLE I

THE AGENCE NATIONALE D'ENCADREMENT DU SECTEUR
FINANCIER

CHAPTER I

ESTABLISHMENT

1. The “Agence nationale d’encadrement du secteur financier” is hereby established, hereinafter called the “Agency”.

The Agency is a legal person and a mandatary of the State.

2. The property of the Agency forms part of the domain of the State but the execution of the obligations of the Agency may be levied against its property.

The Agency binds none but itself when it acts in its own name.

3. The Agency has its head office in the national capital at the location it determines. A notice of the location of the head office, and of any change in its location, shall be published in the *Gazette officielle du Québec*.

CHAPTER II

DIVISION I

MISSION

4. The mission of the Agency is to

(1) provide assistance to consumers of financial products and services, in particular by setting up consumer-oriented educational programs on financial products and services, processing complaints filed by consumers and giving consumers access to dispute-resolution services ;

(2) ensure that the financial institutions and other regulated entities of the financial sector comply with the solvency standards applicable to them as well as with the obligations imposed on them by law with a view to protecting the interests of consumers of financial products and services, and take any measure provided by law for those purposes ;

(3) supervise the activities connected with the distribution of financial products and services, administer the rules governing eligibility for and the carrying on of those activities, and take any measure provided by law for those purposes ;

(4) supervise stock market and clearing house activities and monitor the securities market, in particular, by administering the controls provided by law as regards access to the public capital market, ensuring that the issuers and other practitioners involved in the financial sector comply with the obligations imposed on them by law and taking any measure provided by law for those purposes ;

(5) see to the implementation of protection and compensation programs for consumers of financial products and services and administer the compensation funds set up by law.

5. The Direction de l'encadrement de l'assistance aux consommateurs, the Direction de l'encadrement de la solvabilité, the Direction de l'encadrement de la distribution, the Direction de l'encadrement des marchés de valeurs and the Direction de l'encadrement de l'indemnisation shall be established within the Agency.

The Agency shall achieve each aspect of its mission and develop the specialized skills needed to carry out the duties and powers that ensue from it through the intermediary of the directions mentioned above.

6. The Agency shall establish any other direction and any other administrative structure that is appropriate for the exercise of all of the duties and powers related to the regulation of the financial sector, coordination among directions, coordination of relations with the industry, coordination of the disclosure requirements and coordination of inspections and investigations.

DIVISION II

FUNCTIONS AND POWERS

7. The Agency shall perform the functions and exercise the powers conferred on it by the Acts listed in Schedule 1 or by other Acts, and shall administer all the Acts or legislative provisions entrusted to the administration of the Agency by an Act or by the Government.

The Agency shall also act as an information and reference centre in all fields of the financial sector.

In addition, the Agency shall perform the functions and exercise the powers conferred on it by this Act.

8. The Agency shall perform its functions and exercise its powers in a way as to:

(1) foster the confidence of the public and of the business community as regards financial institutions and practitioners in the financial sector as regards solvency and the competence of agents, advisers, brokers, representatives and other practitioners in the financial sector;

(2) promote the availability of high-quality, competitively priced financial products and services for individuals and enterprises in all regions of Québec;

(3) see to the establishment of an effective and efficient regulatory framework that promotes the development of the financial sector and facilitates innovative management and commercial practices;

(4) grant the public and the business community access to reliable, accurate and complete information on the financial institutions and practitioners in the financial sector and on the financial products and services offered;

(5) protect consumers against unethical, abusive or fraudulent practices and give individuals and enterprises access to various dispute resolution mechanisms.

CHAPTER III

INSPECTION AND INVESTIGATION

9. The Agency may, to verify compliance with an Act referred to in section 7, designate any person who is a staff member to carry out an inspection.

The Agency may, in writing, authorize a person other than a staff member to carry out an inspection and report to it.

It may also delegate, by agreement, all or part of its inspection functions and powers to a self-regulatory organization in accordance with Title III.

10. The person so authorized to carry out an inspection by the Agency or by a self-regulatory organization may

(1) enter, at any reasonable time of day, the establishment of a person or partnership where activities governed by an Act referred to in section 7 are carried on and carry out an inspection;

(2) require from the persons present any information related to the application of such an Act as well as the production of any book, register, account, contract, record or other relevant document;

(3) examine and make copies of the documents containing information that is relevant to the activities of the person or partnership.

Any person who has the custody, possession or control of documents referred to in this section must, on request, communicate them to the person carrying out the inspection and facilitate their examination by such person.

11. The person authorized to carry out an inspection by the Agency or by a self-regulatory organization must, on request, produce identification and show the document attesting his or her authorization.

No proceedings may be brought against that person by reason of acts performed in good faith in the exercise of his or her functions.

12. The Agency may, on its own initiative or on request, conduct any investigation if it has reasonable grounds to believe there has been contravention of an Act referred to in section 7.

13. The Agency may authorize a person referred to in the first or second paragraph of section 9 to exercise all or part of the powers conferred on it by section 12.

14. The person the Agency has authorized to conduct an investigation is vested with the powers and immunity of commissioners appointed under the Act respecting public inquiry commissions (R.S.Q., chapter C-37), except the power to order imprisonment.

15. The person shall transmit all investigation reports to the Agency.

16. No person employed by the Agency or authorized by the Agency to exercise the powers to make an inspection or inquiry shall communicate or allow to be communicated to anyone information obtained under this Act or a regulation made by the Government, or allow the examination of a document filed under this Act or the regulation, unless the person is authorized to do so by the Agency.

Notwithstanding sections 9, 23, 24 and 59 of the Act respecting Access to documents held by public bodies and the Protection of personal information (R.S.Q., chapter A-2.1), only a person generally or specially authorized by the Agency may have access to such information or such a document.

17. The Agency may summarily dismiss any request for investigation considered to be frivolous or clearly unfounded.

The applicant must be informed of any dismissal as well as the other persons concerned by the request.

18. Except on a question of jurisdiction, no recourse under article 33 of the Code of Civil Procedure (R.S.Q., chapter C-25) or extraordinary recourse

within the meaning of that Code may be exercised, nor any injunction granted against the Agency, against a self-regulatory organization or against any person authorized to carry out an inspection or conduct an investigation.

Any judge of the Court of Appeal may, on a motion, summarily annul any writ, order or injunction issued or granted contrary to the first paragraph.

19. Any person who hinders the action of the Agency or a person it has authorized in the exercise of a power under section 9, 10, 12 or 13 is guilty of an offence and is liable to a fine of not less than \$500 nor more than \$5,000.

The fine is doubled in the event of a second or subsequent offence.

CHAPTER IV OPERATION

20. The affairs of the Agency shall be administered by a president and director general appointed by the Government, which shall determine the remuneration, employee benefits and other terms of employment of the president and director general.

The term of the president and director general is five years. At the end of that term, the president and director general shall remain in office until replaced or reappointed.

21. The president and director general is responsible for the administration and direction of the Agency within the scope of its internal by-laws and policies and shall exercise his or her functions on a full-time basis.

22. The president and director general shall designate one or more members of the staff of the Agency to replace the president and director general in the case of absence or inability to act. The designation shall be published in the *Gazette officielle du Québec* and in the Agency's bulletin, but shall take effect as soon as the instrument evidencing the designation is signed by the president and director general.

23. The president and director general shall appoint at least three but no more than five superintendents who shall administer the activities and operations of the five directions of the Agency referred to in section 5.

The superintendents shall assist the president and director general in the exercise of his or her functions and shall exercise their administrative functions under the president and director general's authority.

The president and director general shall also appoint the secretary of the Agency.

24. Subject to all applicable legislative provisions, the Agency's president and director general may delegate, generally or specially, to any of the superintendents, any other member of the staff of the Agency or any other person he or she designates any function or power under an Act referred to in section 7. The decision shall be published in the *Gazette officielle du Québec* and in the Agency's bulletin.

The Agency's powers to make regulations, define a policy statement or establish a guideline that are provided for in those Acts may not, however, be delegated.

The president and director general may, in the instrument of delegation, authorize the subdelegation of the functions and powers he or she indicates ; in such a case, he or she shall identify the superintendent, the staff member or the person to whom such subdelegation may be made.

25. The decisions made by the Agency, and certified true by the president and director general, the secretary or any other person authorized for that purpose by the Agency, are authentic. The same applies to the documents or copies of documents emanating from the Agency or forming part of its records when they have been signed or certified true by any of such persons.

26. A by-law made by the Agency shall establish a staffing plan as well as the selection criteria and procedure of appointment of the members of its staff.

Subject to the provisions of a collective agreement, such by-law shall also determine the standards and scales of their remuneration, employee benefits and other terms of employment in accordance with the conditions defined by the Government.

27. The superintendents, the secretary and the other members of the staff of the Agency may not, on pain of dismissal, occupy another position or have a direct or indirect interest in an enterprise that may place their personal interests in conflict with their duties or functions. If such interest devolves to them by succession or gift, they must renounce it or dispose of it with diligence.

28. The Agency shall determine, by by-law, the rules of ethics and the disciplinary sanctions applicable to staff members.

29. The president and director general must, if he or she has an interest in an enterprise to which an Act the administration of which is entrusted to the Agency applies, or under which functions or powers are conferred on the president and director general, disclose that fact to the Minister, on pain of forfeiture of office.

30. The president and director general may not contract a loan with a legal person or partnership to which an Act the administration of which is entrusted to the Agency applies, or under which functions or powers are conferred on

the president and director general, without the Minister having been informed of that fact in writing.

31. A superintendent, the secretary or any other member of the staff of the Agency who exercises functions or powers delegated or subdelegated to him or her with respect to the administration of any Act must, at the time determined by the president and director general, send the president and director general a list of his or her interests in any partnership or legal person to which such an Act applies, as well as a list of the loans contracted with such enterprise and on which a balance remains due together with the related conditions.

32. No proceedings may be brought against the Agency, the president and director general, a superintendent, the secretary or any other member of the staff of the Agency by reason of acts performed in good faith in the exercise of his or her functions.

The same rule applies to every person who exercises a function or power under a delegation by the Agency.

33. The Agency may, as provided by law, enter into an agreement with a government other than the Government of Québec, a department of such a government, an international organization or a body of such a government or organization.

It may also, as provided by law, enter into an agreement with a person or an organization, from Québec or outside Québec, with a view to facilitating the application of this Act, an Act referred to in section 7, or a foreign Act on a similar subject.

34. The Agency shall publish a periodic bulletin to inform the financial institutions and the practitioners in the financial industry, as well as consumers and the public, on its activities. In particular, the Agency shall publish its draft regulations and regulations.

35. Chapter I of Title I of the Act respecting administrative justice (R.S.Q., chapter J-3) applies to the decisions of the Agency.

36. The Agency is subject to the Act respecting Access to documents held by public bodies and the Protection of personal information (R.S.Q., chapter A-2.1).

CHAPTER V

FINANCIAL PROVISIONS AND REPORTS

37. The Agency may, by regulation, prescribe the duties, fees and other charges payable for any formality provided for by this Act or the regulations, and for the services provided by the Agency as well as the terms and conditions of payment.

A regulation made pursuant to the first paragraph requires the approval of the Government which may approve it with or without amendment.

38. The expenses incurred for the application of this Act shall be borne, to the extent determined by the Government, by the persons, partnerships and other entities carrying on an activity governed by an Act referred to in section 7.

The Agency shall determine the share of the expenses that each person, partnership and entity must pay to it and may provide for cases of exemption, with or without conditions.

The share may vary according to categories of persons, partnerships and other entities and within the same category according to the nature of the activity they carry on, the nature of the services supplied by the Agency or the nature of the expenses the Agency incurs.

The attestation of the Agency shall establish the amount to be paid to it by each person, partnership and other entity under this section.

39. The Agency may not, without the authorization of the Government

(1) contract a loan that causes the aggregate of its outstanding loans to exceed the amount determined by the Government;

(2) make a financial commitment in excess of the limits or in contravention of the terms and conditions determined by the Government;

(3) acquire or transfer assets in excess of the limits or in contravention of the terms and conditions determined by the Government.

The Agency may not accept any gift, legacy or subsidy.

40. The Government may, on the conditions it determines

(1) guarantee the payment, in principal and interest, of any loan contracted by the Agency and any of its obligations;

(2) authorize the Minister of Finance to advance any amount to the Agency that is considered necessary for the performance of its obligations or the pursuit of its mission.

The sums required for the purposes of this section shall be taken out of the consolidated revenue fund.

41. The fiscal year of the Agency ends on 31 March.

42. The Agency must file with the Minister, no later than 31 July each year, its financial statements and a report on its activities for the previous fiscal year.

The financial statements and activity report must contain all the information required by the Minister.

The activity report of the Agency may assemble all the activity reports that must be filed by the Agency under any Act.

43. The Minister shall table the activity report and the financial statements of the Agency before the National Assembly within 30 days of their receipt or, if the Assembly is not sitting, within 30 days of resumption.

44. The books and accounts of the Agency shall be audited by the Auditor General each year and whenever the Government so orders.

The Auditor General's report must be filed with the activity report and the financial statements of the Agency.

45. The Agency must furnish to the Minister any information required by the Minister concerning its activities.

46. The Agency shall establish a plan of activities according to the form, content and timetable determined by the Government. The plan requires the approval of the Government.

47. Every year, the Agency shall submit to the Minister its budget estimates for the following fiscal year, at the time, and according to the form and content determined by the Minister.

The estimates require the approval of the Government.

TITLE II

CONSEIL CONSULTATIF DE RÉGIE ADMINISTRATIVE

CHAPTER I

ESTABLISHMENT

48. The "Conseil consultatif de régie administrative", hereinafter called the "Council", is established within the Agency.

49. The Council is composed of seven members, including a chair, appointed by the Minister.

These persons are chosen for their knowledge of the financial industry as well as for their expertise in the area of administrative management.

However, a person holding employment or an office or exercising a function for a person, partnership or any other entity governed by this Act or an Act referred to in section 7 may not be appointed as member of the Council.

The same applies to a person holding employment or an office or exercising a function or receiving any form of compensation, pecuniary benefit or any other income of any nature whatever that may, directly or indirectly, place the person's interest in conflict with the person's duties as a member of the Council.

50. The members of the Council shall be appointed for a term of not more than three years which may be renewed only once.

At the end of the term, the members of the Council remain in office until they are reappointed or replaced.

51. Any vacancy occurring during a term of office shall be filled by the Minister for the time specified in section 50.

52. The members of the Council shall receive no remuneration except in the cases, on the conditions and to the extent determined by the Government.

The members are, however, entitled to the reimbursement of expenses incurred in the exercise of their functions on the conditions and to the extent determined by the Government.

53. The Council meets as often as necessary, at the request of the chair or of a majority of the members.

The Council may sit anywhere in Québec.

54. No instrument, document or writing binds the Council unless it has been signed by the chair or by a member of the Council authorized to do so in the by-laws of the Council.

55. The minutes of the sittings of the Council, approved by the latter and certified true by the chair or by a member of the Council authorized to do so in the by-laws of the Council, are authentic. The same applies to the documents and copies emanating from the Council or forming part of its records when signed and certified true by any of those persons.

56. No member of the Council may, unless duly authorized, disclose or communicate to any other person confidential information that has come to his or her knowledge in the exercise of or in connection with the exercise of the member's functions. No member shall use information so obtained for personal benefit or that of a third person.

CHAPTER II

FUNCTIONS

57. With respect to the Agency, the functions of the Council are

- (1) to advise the Agency on the compatibility of its actions with its mission ;
- (2) to advise the Agency on its corporate governance, in particular as regards its budget estimates, staffing plan and activity plan ;
- (3) to make recommendations to the president and director general of the Agency concerning the appointment of superintendents of the Agency ;
- (4) to report to the Minister on any matter submitted to it by the Minister and make recommendations concerning the administration of the Agency and the efficient use of its resources.

58. Not later than 31 July each year, the Council must submit a report to the Minister on its activities for the previous fiscal year. The Council's report shall be appended to the activity report of the Agency.

TITLE III

SELF-REGULATORY ORGANIZATIONS

CHAPTER I

RECOGNITION OF SELF-REGULATORY ORGANIZATIONS

59. A legal person, a partnership or any other entity whose objectives are related to the mission of the Agency may, on the conditions determined by the latter, be recognized as a self-regulatory organization responsible for supervising an activity governed by an Act referred to in Schedule 1.

60. A legal person, a partnership or any other entity may monitor or supervise the conduct of its members or participants as regards the carrying on, in Québec, of an activity governed by an Act referred to in Schedule 1 only if it is recognized by the Agency as a self-regulatory organization, on the conditions determined by the Agency.

61. Subject to the applicable legislative provisions, the Agency may, on the conditions it determines, delegate to a recognized organization the exercise of all or part of the functions and powers conferred on it by law.

Such a delegation of functions and powers shall be subject to the approval of the Government, except where it concerns the carrying on of securities trading or clearing activities and is made to a legal person, a partnership or any other entity referred to in the second paragraph of section 170 of the Securities Act (R.S.Q., chapter V-1.1) that carries on securities trading or clearing activities.

The Agency's powers to make regulations, define a policy statement or establish a guideline that are provided for in an Act referred to in section 7 may not, however, be delegated.

62. The recognized organization may, with prior authorization from the Agency, delegate its functions and powers to a committee formed by it or to a member of its staff.

63. No proceedings may be brought against an organization recognized by the Agency or any person exercising a function or power delegated by the Agency by reason of acts performed in good faith in the exercise of the function or power.

64. The recognized organization may not renounce the exercise of functions or powers without prior authorization from the Agency. The Agency may make its authorization subject to the conditions it considers necessary for the protection of the members or participants of the organization, or of the public.

65. An application for recognition or delegation of functions or powers must be accompanied with the documents and information required by the Agency.

66. The Agency shall publish in its bulletin a notice of the application and invite interested parties to submit their observations in writing.

The first paragraph also applies where the conditions governing the recognition of a recognized organization are modified by the Agency or new functions or powers are delegated to the recognized organization.

67. The recognition of a legal person, partnership or other entity is subject to the discretion of the Agency.

The Agency shall exercise its discretion in the public interest. Recognition must, in particular, secure effective supervision of the financial industry in Québec, promote the development and soundness in the operation of the financial industry and foster the protection of the public.

68. The Agency shall, after having ascertained that the constituting documents, by-laws and operating rules of the legal person, partnership or entity are in compliance with sections 69 and 70, grant recognition where it considers that the legal person, partnership or entity has the administrative structure and the financial and other resources necessary to exercise its functions and powers in an objective, fair and efficient manner.

The Agency must also ensure that the legal person, partnership or entity has the possibility of exercising its functions and powers without the risk of conflict of interest.

69. The Agency must be satisfied that the constituting documents, by-laws and operating rules of the legal person, partnership or entity allow the power to make decisions relating to the supervision of an activity governed by an Act referred to in Schedule 1 to be exercised mainly by persons residing in Québec.

70. The constituting documents, by-laws and operating rules of the legal person, partnership or entity must allow

(1) unrestricted membership for any person who meets the admission criteria;

(2) equal access to the services offered.

In the case of a legal person, partnership or entity referred to in section 60, the constituting documents, by-laws and operating rules must allow the imposition of disciplinary sanctions for any violation of the by-laws or operating rules or contravention of the law.

71. Any provision of the constituting documents, by-laws or operating rules of a recognized organization that operates to limit competition shall be submitted to the Agency, which shall authorize it if it considers the provision necessary for the protection of the public.

Such a provision has effect only after it is authorized by the Agency.

72. The Agency may, by regulation, confer on some of the rules or standards established by a recognized organization, and any amendments made thereto, the force and effect of a regulation made under an Act referred to in Schedule 1.

A regulation made under this section requires the approval of the Government with or without amendment.

A draft regulation shall also be published in the Agency's bulletin, accompanied with the notice required under section 10 of the Regulations Act (R.S.Q., chapter R-18.1).

A draft regulation may not be submitted for approval before the expiry of a period of 30 days from the day of its publication.

The regulation comes into force on the date of its publication in the *Gazette officielle du Québec* or on any later date specified in the regulation. It shall also be published in the Agency's bulletin.

73. The Agency may, on the conditions it determines, exempt a legal person, partnership or other entity from all or part of the requirements of this Title where it considers that the exemption does not adversely affect the protection of the public.

Such an exemption must be submitted to the Government for approval, except where it concerns a securities trading or clearing activity and where it is granted to a legal person, partnership or other entity referred to in section 170 of the Securities Act that carries on a securities trading or clearing activity.

CHAPTER II

CONTROL EXERCISED BY THE AGENCY

74. Every draft amendment pertaining to the constituting documents, the by-laws or the operating rules of a recognized organization requires the approval of the Agency.

75. The amendment is deemed to be approved on the expiry of a period of 30 days, or any other period agreed with the organization concerned, unless the Agency has invited it to present observations on the merits of the proposed amendment.

76. The Agency may, at any time, suspend, according to the terms and conditions it considers appropriate, the application of a provision of the by-laws or operating rules of a recognized organization.

77. The Agency may order a recognized organization to amend its constituting documents, by-laws or operating rules where it considers that an amendment is necessary to render such texts consistent with the applicable legislative provisions.

78. The Agency has the power to inspect the affairs of a recognized organization to ascertain the extent to which it complies with the provisions of the Acts and recognition requirements that are applicable to it and the decisions of the Agency and the manner in which it exercises its functions and powers.

79. Sections 9 to 11 and sections 18 and 19 apply, with the necessary modifications, to the inspection of a recognized organization.

80. The Agency may order a recognized organization to take a course of action if the Agency considers it necessary for the soundness of operation of that organization or the protection of the public.

81. Within the scope of the exercise of its functions and powers, a recognized organization must, before rendering a decision unfavourably affecting the rights of a person, partnership or entity, give the person, partnership or entity an opportunity to present observations.

The second, third and fourth paragraphs of section 90 apply, with the necessary modifications.

82. A recognized organization examining a disciplinary matter must do so at a public sitting.

However, it may, on its own initiative or on request, order a closed-door hearing or prohibit the publication or release of information or documents indicated by the Agency in the interest of good morals or public order.

83. A recognized organization shall, as soon as possible, communicate to the Agency its decisions rendered in the exercise of its functions and powers concerning the admission of a member or a disciplinary matter.

84. A person, partnership or other entity directly affected by a decision rendered in the exercise of a power sub-delegated pursuant to section 62 may within 30 days apply for a review of the decision by the recognized organization.

85. A person, partnership or other entity directly affected by a decision rendered by a recognized organization may within 30 days apply for a review of the decision by the Agency.

86. A recognized organization shall file with the Agency, within 90 days after the end of its fiscal year, the financial statements, the auditor's report and any other information, according to the requirements set by the Agency.

87. A recognized organization shall keep and maintain the books, registers or other documents determined by the Agency.

88. A recognized organization that wishes to terminate its activities must apply for authorization to the Agency.

The Agency shall give the authorization on the conditions it determines where it believes the interests of the organization's members and the public are sufficiently protected.

89. The Agency may, at any time, modify, suspend or withdraw all or part of the recognition granted to an organization if it considers that the organization has failed to comply with undertakings given to the Agency or is of the opinion that the interests of the organization's members or the public would be better protected.

The Agency may also, for the same reasons, modify, suspend or withdraw an exemption granted to a legal person, a partnership or any other entity.

90. The Agency must, before making a decision or an order under section 76, 77, 80 or 89, give the organization concerned notice in writing of its intentions indicating the grounds on which it is based, the date on which the order is to take effect and the right of the organization to present observations or produce documents to complete the file.

However, the Agency may, without prior notice, make a decision or a provisional order valid for a period not exceeding 15 days if the Agency is of the opinion that there is urgency or that any period of time granted to the organization concerned to present observations may be detrimental.

The decision or order must state the reasons on which it is based and becomes effective on the day it is served on the organization to which it applies. That organization may, within six days of receiving the decision or order, present observations to the Agency.

The Agency may revoke a decision or order made under those sections.

91. The costs incurred by the Agency for the administration of this Title shall be borne by the recognized self-regulatory organizations.

Such costs, established for each self-regulatory organization by the Agency at the end of its fiscal year, shall comprise a minimum contribution fixed by the Agency and the amount, if any, by which actual costs exceed the contribution. The actual costs shall be established on the basis of the rate schedule established by regulation.

A regulation made pursuant to this section requires the approval of the Government, which may approve it with or without amendment.

TITLE IV

BUREAU DE DÉCISION ET DE RÉVISION EN VALEURS MOBILIÈRES

92. A board called the “Bureau de décision et de révision en valeurs mobilières” is hereby established.

93. At the request of the Agency or any interested person, the board shall exercise the powers provided for in the Securities Act (R.S.Q., chapter V-1.1) as concerns:

(1) the revocation, suspension or imposition of restrictions on the rights granted by registration to a dealer or adviser under section 152 of that Act;

(2) an order prescribing a course of action concerning a legal person, partnership or entity carrying on securities trading or clearing activities under section 172 of that Act;

(3) a freeze order under Title IX of that Act;

(4) the recommendation to the Minister for the appointment of a provisional administrator, the winding-up of a person’s property or of a company under sections 257 and following of that Act;

(5) the refusal of an exemption under section 264 of that Act;

(6) an order prescribing the cessation of an activity in respect of a transaction in securities under section 265 of that Act, except as regards a failure to file financial statements as provided under Division II of Chapter II of Title III of that Act;

(7) an order directing a person to cease carrying on business as an adviser under section 266 of that Act;

(8) a prohibition or restrictions of representations in respect of a security determined under section 270 of that Act;

(9) a reprimand under section 273 of that Act;

(10) the imposition of an administrative penalty, the repayment of the cost of an investigation or an order prohibiting a person from acting as director or senior executive under sections 273.1 to 273.3 of that Act.

The board shall also exercise the powers of review with respect to decisions referred to in section 322 of that Act.

The board shall not, in appraising the facts or the law for the purposes of the second paragraph, substitute its appraisal of the public interest for the appraisal made by the Agency for the purposes of its decision.

94. At the request of the Agency, the board may take any measure conducive to ensuring compliance with the provisions of the Securities Act.

95. The head office of the Bureau de décision et de révision en valeurs mobilières shall be situated at the place determined by the Government; notice of the address of the head office shall be published in the *Gazette officielle du Québec* and in the bulletin published under section 34.

96. Sections 323 to 323.13 of the Securities Act apply to hearings and decisions of the board, with the necessary modifications.

97. The board shall be composed of members appointed by the Government, the number of which it shall determine.

The term of office of a member shall be five years.

The Government may determine a shorter term of office of a fixed duration in the instrument of appointment where the candidate so requests for a valid reason or where required by special circumstances stated in the instrument of appointment.

A member of the board who has been replaced shall continue the matters of which he or she had been seized.

98. No member of the board shall, on pain of forfeiture of office, have a direct or indirect interest in an enterprise or organization that may cause his or her personal interest to conflict with the duties of his or her office, except if the interest devolves to him or her by succession or gift, provided he or she renounces or disposes of it with diligence.

99. The Government shall designate, from among the members of the board, a chair and the number of deputy chairs, it determines.

They shall exercise their functions on a full-time basis.

The chair shall coordinate and assign the work of the members.

100. The Government shall designate the deputy chair who shall exercise the functions of the chair when the chair is absent or unable to act.

101. The Government shall determine the remuneration, employee benefits and other conditions of employment of the members of the board.

Once determined, a member's remuneration may not be reduced.

Notwithstanding the foregoing, the additional remuneration attaching to the duties of chair and deputy chair of the board shall cease when those functions cease to be exercised.

102. The pension plan of the full-time members of the board shall be determined pursuant to the Act respecting the Pension Plan of Management Personnel (2001, chapter 31).

103. A decision of the board shall be rendered by a single member.

The chair may, where he or she considers it expedient by reason of the complexity or importance of a matter, provide for a panel composed of two or more members.

In the event of a tie, the chair or the presiding deputy chair shall have a casting vote.

104. The secretary of the board and the other staff members of the board shall be appointed in accordance with the Public Service Act (R.S.Q., chapter F-3.1.1).

No proceedings shall be instituted against the secretary or staff members by reason of an act performed in good faith in the exercise of their functions.

105. The secretary shall have custody of the records of the board.

106. The documents emanating from the board are authentic if they are signed or, in the case of copies, if they are certified true by a member of the board, by the secretary or by any other person designated by the chair of the board.

107. The decisions of the board shall be published in the bulletin provided for in section 34.

108. The Government may make regulations to establish the tariff of duties, fees and other charges related to applications heard by the board as well as the categories of persons who may be exempted therefrom.

109. The fiscal year of the board ends on 31 March.

110. The chair of the board shall submit each year to the Minister the budget estimates of the board for the following fiscal year, according to the form, content and at the time determined by the Minister. The estimates shall be submitted to the Government for approval.

111. The books and accounts of the board shall be audited by the Auditor General each year and whenever the Government so orders.

112. Not later than 31 July each year, the board shall submit to the Minister its financial statements as well as a report on its activities for the previous fiscal year.

The report shall not refer by name to any person involved in an application heard by the board.

113. The Minister shall table the activity report and the financial statements of the board before the National Assembly within 30 days of their receipt or, if the Assembly is not sitting, within 30 days of resumption.

The Auditor General's report must accompany the activity report and the financial statements of the board.

114. The amounts required for the application of this Title shall be taken out of the fund of the Bureau de décision et de révision en valeurs mobilières.

The fund shall be made up of

(1) the sums paid by the Agency in the amount and according to the terms and conditions determined by the Government ;

(2) the sums collected pursuant to the tariff of duties, fees and other charges related to applications heard by the board.

115. The Government may, according to the conditions it determines, authorize the Minister of Finance to advance to the fund of the Bureau de décision et de révision en valeurs mobilières sums taken out of the consolidated revenue fund. The advance paid shall be repayable out of the fund of the board.

TITLE V**BUREAU DE TRANSITION****CHAPTER I****STRUCTURE AND ORGANIZATION**

116. A transition bureau called the “Bureau de transition de l’encadrement du secteur financier” is hereby established. It shall be composed of five members, including a chair, appointed by the Minister.

The chair and at least two other members shall exercise their functions on a full-time basis.

No person who is a member or employee of an organization mentioned in Schedule 2 may be a member of the Bureau de transition.

117. The Bureau de transition is a legal person and a mandatary of the State.

The property of the Bureau forms part of the domain of the State but the execution of the obligations of the Bureau may be levied against its property.

The Bureau binds none but itself when it acts in its own name.

118. The Bureau de transition has its head office at the location determined by the Minister. A notice of the location, and of any change in its location, shall be published in the *Gazette officielle du Québec*.

119. The Bureau de transition is not a body forming part of the Administration within the meaning of the Public Administration Act (R.S.Q., chapter A-6.01).

120. A member of the Bureau de transition shall receive the remuneration and allowances determined by the Minister.

The Minister may determine any other condition of employment of a member and, in particular, the rules pertaining to the reimbursement of expenses incurred by the members in the exercise of their functions.

121. No instrument, document or writing binds the Bureau de transition unless it is signed by the chair, the secretary or by another staff member of the Bureau and, in the latter case, only to the extent determined by by-law of the Bureau.

The Bureau may, on the conditions and for the documents it determines by by-law, allow a signature to be affixed by means of an automatic device or a facsimile to be engraved, lithographed or printed. However, the facsimile shall have the same value as the signature itself only if the document is countersigned by a person authorized by the chair.

122. The minutes of the sittings of the Bureau de transition, approved by the latter and certified true by the chair, the secretary or another staff member authorized to do so by by-law, are authentic. The same applies to documents and copies emanating from the Bureau or forming part of its records if they are signed or certified true by any of such persons.

123. The Minister shall appoint the secretary of the Bureau de transition and determine his or her remuneration and other conditions of employment.

The secretary shall attend the sittings of the Bureau. The secretary shall keep the registers and have custody of the records and documents of the Bureau and shall exercise any other responsibility the Bureau determines.

If the secretary is unable to act, the Bureau may temporarily replace the secretary by assigning another person to act as secretary. One of the members of the Bureau may also act as secretary if the secretary is unable to act.

124. The Bureau de transition may hire the employees required for the discharge of its responsibilities and determine their conditions of employment. It may also retain the services of experts that it considers necessary.

125. The members and the employees of the Bureau de transition as well as the employees assigned to the Bureau by a body under section 144 may not be prosecuted by reason of official acts done in good faith in the exercise of their functions. Section 32 of the Public Service Act applies, with the necessary modifications, to such members and employees.

The Government shall assume any responsibility that may be attached to the protection of members and employees under the first paragraph.

126. The Bureau de transition may not, without the authorization of the Government, contract a loan that causes the total of its current outstanding loans to exceed the amount determined by the Government.

127. The Government may, subject to the conditions it determines,

(1) guarantee the payment, in principal and interest, of any loan contracted by the Bureau de transition and any of its obligations;

(2) authorize the Minister of Finance to advance to the Bureau any amount considered necessary for the performance of its obligations and the pursuit of its mission.

The sums required for the purposes of this section shall be taken out of the consolidated revenue fund.

128. The provisions of the Act respecting guarantee fees in respect of loans obtained by government agencies (R.S.Q., chapter F-5.1) do not apply to the Bureau de transition.

129. The Government may, on the conditions and according to the terms it determines, authorize the Minister of Finance to grant the Bureau de transition any sum the Minister considers necessary for its operation.

Such sums shall be taken out of the consolidated revenue fund.

130. Unless otherwise provided in a government order, the mandate of the Bureau de transition shall end on (*insert here the date occurring one year after the date of coming into force of section 116 of this Act*).

After that date, the members and the secretary of the Bureau and any other employee designated by the chair shall remain in office for the time required to prepare and finalize the report to be submitted under section 155.

131. Within three months after the end of the mandate of the Bureau de transition, the chair shall draw up a notice of dissolution in respect of the Bureau de transition. The notice shall be published in the *Gazette officielle du Québec*.

On the date of publication of the notice of dissolution, the Bureau de transition is dissolved. The property, rights and obligations of the Bureau de transition are transferred to the Agency.

CHAPTER II

MISSION

132. The mission of the Bureau de transition is the setting up of the Agence nationale d'encadrement du secteur financier.

It shall, in addition, facilitate the implementation of the new regulatory framework for the financial sector and make the promotion thereof among the practitioners of the financial industry.

It shall also inform the public on the new regulatory framework that applies in Québec's financial sector and on the new measures put in place for the protection of the public.

CHAPTER III

OPERATION, POWERS AND RESPONSIBILITIES

DIVISION I

OPERATION AND POWERS

133. The decisions of the Bureau de transition shall be made at a sitting of the Bureau de transition.

The quorum at a sitting of the Bureau de transition is a majority of the members.

134. Subject to the second paragraph of section 143, the Bureau de transition shall, during its mandate, provide the organizations referred to in Schedule 3 with any information it considers advisable to inform them of the progress of its mission.

The Minister may issue directives to the Bureau in that respect.

135. The Bureau de transition may adopt by-laws to establish its operating rules.

136. An advisory committee to the Bureau de transition is hereby established.

The members of the committee, at least three of whom shall be from the Bureau des services financiers, the Inspector General of Financial Institutions and the Commission des valeurs mobilières du Québec, shall be appointed by the Minister.

137. The Bureau de transition may seek the advice of the advisory committee on any matter. The advisory committee may communicate to the Bureau de transition its opinion on any matter related to the Bureau's mandate.

138. The Bureau de transition shall hold at least one meeting each month with the advisory committee. Any member of the advisory committee who is unable to attend may be replaced by a person he or she designates.

The by-laws of the Bureau de transition may prescribe the operating rules of the advisory committee.

139. The Bureau de transition may set up any other committee to examine specific matters, determine its method of operation and designate its members, including the chair.

A committee may include a member who is not a member of the Bureau.

140. The chair of the Bureau de transition may entrust the exercise of certain functions or the examination of any matter he or she indicates to one or more members of the Bureau or, as the case may be, of a committee.

141. The Bureau de transition may require any body listed in Schedule 2 to provide the Bureau with such information, records or documents belonging to the body that it considers necessary to consult.

The first paragraph also applies to information, records and documents pertaining to a pension plan applicable to any group of employees of a body

listed in Schedule 3, held by any administrator of such a plan or by any public body which, by law, exercises a responsibility regarding such a plan.

142. The Bureau de transition may require any body listed in Schedule 3 to make a report in respect of a decision or a matter related to the body's financial position, staff or to any of its employees.

A copy of a report concerning an employee of a body that is submitted to the Bureau de transition shall be transmitted by the body to the person concerned within seven days of the filing of the report.

143. Sections 141 and 142 shall apply notwithstanding the Act respecting Access to documents held by public bodies and the Protection of personal information (R.S.Q., chapter A-2.1).

The members of the Bureau de transition, the members of any committee, the employees of the Bureau and the employees assigned by a body to the Bureau under section 144 are required to keep confidential the information obtained under sections 141 and 142.

The board shall establish a procedure to protect the confidentiality of the information referred to in this section.

144. The Bureau de transition may, where considered expedient for the exercise of its responsibilities, make arrangements to use the services of an employee of any of the bodies listed in Schedule 3. The terms and conditions of the employee's assignment are established by agreement between the Bureau and the body concerned. Failing an agreement, the decision of the Bureau shall prevail.

145. Any member or employee of a body listed in Schedule 2 is required to cooperate with any member or employee of the Bureau de transition and with any employee assigned by a body to the Bureau, acting in the exercise of his or her functions.

DIVISION II

RESPONSIBILITIES

146. The Bureau de transition shall prepare and implement the establishment plan of the Agence nationale d'encadrement du secteur financier.

The plan must take into account, in particular, the human, financial, material and informational resources existing in the bodies listed in Schedule 3, which are transferred to the Agency pursuant to this Act.

It must also provide measures for the integration and redeployment of the resources within the Agency.

147. The Bureau de transition may enter into any contract it considers necessary to establish the Agency and foster the soundness of its activities and operations. For these purposes, the Bureau may make any necessary financial commitment for the amount and for the term it considers appropriate.

148. The first by-law of the Agency referred to in section 26 shall be made by the Bureau de transition.

149. The Bureau de transition may recruit the employees of the Agency other than the employees transferred to the Agency pursuant to this Act and the superintendents.

It shall designate the positions of and assign the functions to be exercised by the employees it recruits and the employees transferred to the Agency.

150. The Bureau de transition shall provide, for the employees of the bodies listed in Schedule 3 who are not represented by a certified association, the procedures pertaining to the rights and recourses of an employee who believes he or she has been wronged by the application of integration and redeployment measures.

151. The Bureau de transition must authorize all hiring of personnel by the Bureau des services financiers and by the Commission des valeurs mobilières du Québec that takes place after 8 May 2002. Where the hiring has been authorized, the employee is deemed to have commenced in office on that date.

Until such time as the Bureau de transition is constituted, any authorization required by this section shall be requested from the Minister.

The Bureau de transition may, for special reasons, approve the hiring of personnel in respect of which an authorization was required under this section. The approval of the Bureau de transition is deemed to constitute such an authorization.

152. The Bureau de transition shall establish the first budget estimates of the Agency covering a twelve-month period, including an activity plan for the same period.

The budget estimates shall be transmitted to the Minister not later than (*insert here the date occurring ten months after the date of coming into force of section 116 of this Act*) for approval. Once approved, the estimates are binding on the Agency.

153. Any financial commitment made by a body listed in Schedule 3 for a period extending beyond (*insert here the date occurring twelve months after the date of coming into force of section 116 of this Act*) must be authorized by the Bureau de transition if the commitment is made on or after 8 May 2002.

Any collective agreement or contract of employment entered into or amended on or after 8 May 2002 by the Bureau des services financiers, the Commission des valeurs mobilières du Québec or the Fonds d'indemnisation des services financiers must be authorized by the Bureau de transition.

The Bureau de transition may, for special reasons, approve a decision, a collective agreement or a contract of employment in respect of which an authorization was required under this section. The approval of the Bureau de transition is deemed to constitute such an authorization.

This section does not apply to a first collective agreement entered into pursuant to the provisions of Division I.1 of Chapter IV of the Labour Code (R.S.Q., chapter C-27).

The Bureau de transition may, at all times, approve a decision, a collective agreement or a contract of employment for which an authorization is required under the first, second or third paragraph. The approval of the Bureau de transition is deemed to constitute such an authorization.

154. The Bureau de transition must examine any other matter or carry out any other mandate that the Minister may entrust to the Bureau within the scope of its mission.

155. The Bureau de transition must, within three months following the end of its mandate, submit a report on its activities to the Minister.

The Bureau may include in the report any additional recommendation that should, in its opinion, be brought to the attention of the Minister concerning in particular

- (1) the recognition of self-regulatory organizations ;
- (2) the difficulties encountered in the application of this Act and the proposed amendments ;
- (3) the special provisions that should, in its opinion, be incorporated into the legal framework applicable to the regulation of the financial sector.

156. The Bureau de transition shall, in addition, provide to the Minister any information or report the Minister requires on its activities.

TITLE VI

AMENDING PROVISIONS

CIVIL CODE OF QUÉBEC

157. Article 306 of the Civil Code of Québec (1991, chapter 64) is amended by replacing “the Inspector General of Financial Institutions” in the fourth line by “the enterprise registrar”.

158. Article 358 of the said Code is amended by replacing “the Inspector General of Financial Institutions” in the second and third lines by “the enterprise registrar”.

159. Article 1339 of the said Code, amended by section 7 of chapter 19 of the statutes of 2002, is again amended by replacing “the Commission des valeurs mobilières” in paragraph 9 by “the Agence nationale d’encadrement du secteur financier”.

160. Article 1341 of the said Code is amended by replacing “the Régie de l’assurance-dépôts du Québec” by “the Agence nationale d’encadrement du secteur financier”.

161. Article 2442 of the said Code is amended by replacing “the Inspector General of Financial Institutions” in the second and third lines of the second paragraph by “the Agence nationale d’encadrement du secteur financier”.

FINANCIAL ADMINISTRATION ACT

162. Schedule 1 to the Financial Administration Act (R.S.Q., chapter A-6.001), amended by section 35 of chapter 28 of the statutes of 2002, is again amended

(1) by striking out “Inspector General of Financial Institutions”;

(2) by inserting “Enterprise registrar” in the appropriate alphabetical order.

163. Schedule 2 to the said Act, amended by section 145 of chapter 9, section 21 of chapter 11 and section 16 of chapter 28 of the statutes of 2001, is again amended by inserting “Agence nationale d’encadrement du secteur financier” in the appropriate alphabetical order and by striking out “Commission des valeurs mobilières du Québec”.

164. Schedule 3 to the said Act is amended by striking out “Régie de l’assurance-dépôts du Québec”.

AUTOMOBILE INSURANCE ACT

165. Section 93 of the Automobile Insurance Act (R.S.Q., chapter A-25) is amended by replacing “Inspector General of Financial Institutions” in the last line of the second paragraph by “Agence nationale d’encadrement du secteur financier”.

166. Section 97.1 of the said Act is amended

(1) by replacing “the Inspector General of Financial Institutions” in the first, second and third lines of the second paragraph by “the Agence nationale d’encadrement du secteur financier”;

(2) by replacing “the Inspector General of Financial Institutions” in the second line of the third paragraph by “the Agence nationale d’encadrement du secteur financier”;

(3) by replacing “The Inspector General of Financial Institutions” in the first line of the fourth paragraph by “The Agence nationale d’encadrement du secteur financier”.

167. Section 156 of the said Act is amended by replacing “the Inspector General of Financial Institutions” in the third line of the second paragraph by “the Agence nationale d’encadrement du secteur financier”.

168. Section 161 of the said Act is amended by replacing “The Inspector General of Financial Institutions” in the first line by “The Agence nationale d’encadrement du secteur financier”.

169. The heading of Title VII of the said Act is replaced by the following heading:

“POWERS OF THE AGENCE NATIONALE D’ENCADREMENT DU SECTEUR FINANCIER AS REGARDS STATISTICS AND RATES”.

170. Section 177 of the said Act is amended

(1) by replacing “The Inspector General of Financial Institutions” in the first line of the first paragraph by “The Agence nationale d’encadrement du secteur financier”, and “prescribed by him” in the second line by “prescribed by it”, “which he” in the third line by “which it” and “persons insured by him” in the fourth line by “the persons insured”;

(2) by replacing “Inspector General” in the first and in the fourth lines of the third paragraph by “Agence nationale d’encadrement du secteur financier”.

171. Section 178 of the said Act is amended

(1) by replacing “The Inspector General of Financial Institutions” in the first line of the first paragraph by “The Agence nationale d’encadrement du secteur financier” and “him” in the second line by “it”;

(2) by replacing “the Inspector General of Financial Institutions” in the third line of the third paragraph by “the Agence nationale d’encadrement du secteur financier”;

(3) by replacing “The Inspector General of Financial Institutions” in the first line of the fourth paragraph by “The Agence nationale d’encadrement du secteur financier”.

172. Section 179 of the said Act is amended by replacing “The Inspector General of Financial Institutions” in the first line by “The Agence nationale

d'encadrement du secteur financier” and “in the manner he” in the third line by “in the manner the Agency”.

173. Section 179.1 of the said Act is amended

(1) by replacing “The Inspector General of Financial Institutions” in the first line of the first paragraph by “The Agence nationale d'encadrement du secteur financier”;

(2) by replacing “The Inspector General” in the first line of the second paragraph by “The Agence nationale d'encadrement du secteur financier”;

(3) by replacing the third paragraph by the following paragraph:

“The Agency may also, on the conditions it determines, authorize the agency designated in section 178 to make such communications on its behalf.”

174. Section 179.2 of the said Act is amended by replacing “the Inspector General” in the third line by “the Agence nationale d'encadrement du secteur financier”.

175. Section 180 of the said Act is amended by replacing “the Inspector General of Financial Institutions” in the second line of the first paragraph by “the Agence nationale d'encadrement du secteur financier”.

176. Section 181 of the said Act is amended by replacing “the Inspector General of Financial Institutions” in the first and second lines by “the Agence nationale d'encadrement du secteur financier” and “he” in the second line by “it”.

177. Section 182 of the said Act is amended by replacing “The Inspector General of Financial Institutions” in the second and third lines of the first paragraph and in the first and second lines of the second paragraph by “the Agence nationale d'encadrement du secteur financier”, “his” in the second line of the second paragraph by “its” and “him” in the third line of the second paragraph by “it”.

178. Section 183 of the said Act is amended by replacing “The Inspector General of Financial Institutions” in the first line by “The Agence nationale d'encadrement du secteur financier” and “with him” in the second line by “with it”.

DEPOSIT INSURANCE ACT

179. Section 1 of the Deposit Insurance Act (R.S.Q., chapter A-26), amended by section 618 of chapter 29 of the statutes of 2000, is again amended

(1) by replacing paragraph *a* by the following paragraph:

“(a) “Agency”: the Agence nationale d’encadrement du secteur financier established under section 1 of the Act respecting the Agence nationale d’encadrement du secteur financier (2002, chapter 45);”;

(2) by replacing paragraph *b* by the following paragraph:

“(b) “bank”: a bank listed in Schedule I or II of the Bank Act (Revised Statutes of Canada, 1985, chapter B-1.01) and registered with the Canada Deposit Insurance Corporation;”;

(3) by replacing “the Board” in paragraph *h* by “the Agency”.

180. The heading of Division II of the said Act is replaced by the following heading:

“GENERAL PROVISIONS”.

181. Section 2 of the said Act is repealed.

182. Section 2.1 of the said Act is amended by replacing the introductory phrase by the following “The functions of the Agency are”.

183. Sections 3 to 16 of the said Act are repealed.

184. Section 17 of the said Act is amended

(1) by striking out the first and second paragraphs;

(2) by replacing “the board” in the first and in the sixth lines of the third paragraph by “the Agency”.

185. Section 19 of the said Act is repealed.

186. Section 20 of the said Act is replaced by the following section:

“**20.** The Agency shall, not later than 31 July each year, submit to the Minister a report of its activities related to the administration of the said Act for the preceding fiscal year.

The activity report must contain all the information required by the Minister.

The Minister shall table the activity report of the Agency before the National Assembly within 30 days of its receipt or, if the Assembly is not sitting, within 30 days of resumption.”

187. Sections 21 and 22 of the said Act are repealed.

188. Section 26 of the said Act is amended by replacing “Commission des valeurs mobilières du Québec” in the second line of paragraph *b* by “Agency under the Securities Act (chapter V-1.1)”.

189. Section 31.4 of the said Act is amended by replacing “the Inspector General of Financial Institutions” in the third and fourth lines of the first paragraph by “the Agency”.

190. Section 34.2 of the said Act is amended by replacing “the Inspector General of Financial Institutions” in the fourth line of the first paragraph by “the Agency”.

191. The heading of Division VI of the said Act is amended by replacing “THE BOARD” by “THE AGENCY”.

192. Section 42 of the said Act is amended

(1) by replacing “The Board” in the first line of the first paragraph by “The Agency”;

(2) by replacing the second paragraph by the following paragraph:

“However, the examination by the Agency of the affairs of an institution pursuant to any Act applicable to the institution shall stand in lieu of the examination of the affairs of that institution.”;

(3) by replacing the words “the Board” wherever they appear in the third paragraph by the words “the Agency”;

(4) by replacing the fourth paragraph by the following:

“Where the affairs of an institution are examined by the Agency pursuant to this Act as well as pursuant to another Act applicable to the institution, this fact shall be taken into consideration by the Agency in determining the expenses incurred for the examination of the affairs of the institution.”

193. Section 43 of the said Act, amended by section 621 of chapter 29 of the statutes of 2000, is again amended

(1) by replacing the words “the Board” wherever they appear by the words “the Agency”;

(2) by striking out “ruling upon any matter requisite for its internal management and” in paragraph *u*.

194. Section 45 of the said Act is replaced by the following:

“**45.** A regulation made under section 43 is approved, with or without amendment, by the Government and comes into force on the date of its

publication in the *Gazette officielle du Québec* or on any later date determined therein.

The Government may make any regulation under section 43 not made within the prescribed time by the Agency.”

195. Section 51 of the said Act is amended by replacing “the Board” in the second line by “the Agency” and “President of the Board” in the fourth line by “president and director general of the Agency”.

196. Section 52 of the said Act is replaced by the following section :

“**52.** The Agency shall maintain a deposit insurance fund.

All the Agency’s financial obligations under this Act shall be discharged out of the deposit insurance fund.”

197. Section 56 of the said Act, amended by section 622 of chapter 29 of the statutes of 2000, is again amended

(1) by replacing “The funds in the possession of the Board” in the first line of the first paragraph by “The amounts received by the Agency under this Act”;

(2) by inserting “or an authorized foreign bank listed in Schedule I, II or III of the Bank Act” after “bank” in the second line of the first paragraph;

(3) by replacing “the Board” in the first line of the second paragraph by “the Agency”.

198. Sections 18, 27, 31 to 31.2, 32.1 to 33.1, 34, 34.1, 34.3, 35, 40, 40.2 to 40.3.2, 40.4 to 41.2, 46, 52.1 to 54 and 57 of the said Act are amended by replacing the words “the Board” wherever they appear by the words “the Agency”.

ACT RESPECTING PRESCRIPTION DRUG INSURANCE

199. Section 4 of the Act respecting prescription drug insurance (R.S.Q., chapter A-29.01) is amended by replacing “Inspector General of Financial Institutions” in the first and second lines of the first paragraph by “the Agence nationale d’encadrement du secteur financier”.

ACT RESPECTING INSURANCE

200. Section 1 of the Act respecting insurance (R.S.Q., chapter A-32), amended by section 86 of chapter 6 of the statutes of 2002, is again amended by replacing paragraph *n* by the following paragraph :

“(n) “**Agency**”: the Agence nationale d’encadrement du secteur financier;”

201. Section 15 of the said Act is amended

(1) by replacing “The Inspector General may, when he” in the first line of the first paragraph by “The Agency may, when it” and “his competence” in the second line by “its competence”;

(2) by replacing the second paragraph by the following paragraph :

“The person whom the Agency has authorized to conduct an inquiry shall have the powers and immunity granted to commissioners appointed under the Act respecting public inquiry commissions (chapter C-37), except the power to order imprisonment.”

202. Section 16 of the said Act is amended by replacing the words “Inspector General” wherever they appear by the word “Agency” and by striking out the word “himself” in the fourth line of the second paragraph.

203. Section 24 of the said Act is amended

(1) by replacing “the Inspector General” in the first line of the first paragraph by “the Agency”;

(2) by replacing “the Inspector General shall deposit the notice in the register” in the fifth line of the first paragraph by “the Agency shall send the notice to the enterprise registrar who shall deposit it in the register”.

204. Section 38 of the said Act is amended

(1) by replacing “the Inspector General” in the third line by “the Agency”;

(2) by replacing “him for deposit” in the first and second lines of paragraph *b* by “the Agency which shall send it to the enterprise registrar who shall deposit it”.

205. Section 39 of the said Act is amended by replacing the first sentence by the following sentence: “The Agency shall transmit the letters patent together with a notice of the date of their coming into force to the enterprise registrar who shall deposit them in the register.”

206. Section 41 of the said Act is amended

(1) by replacing the second paragraph by the following paragraph :

“The Agency shall, before dissolving a company, give it at least 60 days’ notice of the omission and the penalty provided. The Agency shall transmit the notice to the enterprise registrar who shall deposit it in the register.”;

(2) by replacing the first sentence of the fourth paragraph by the following sentence: “The Agency shall dissolve an insurance company by drawing up an act of dissolution which it shall transmit to the enterprise registrar who shall deposit it in the register.”;

(3) by replacing the first sentence of the fifth paragraph by the following sentence: “However, upon the application of any interested person, the Agency may, on the conditions it determines, retroactively revoke the dissolution of the company by drawing up an order to that effect. The Agency shall transmit the order to the enterprise registrar who shall deposit it in the register.”

207. Section 77 of the said Act is amended by replacing the first paragraph by the following paragraph:

“**77.** The Agency shall, if the company has complied with this Act, transmit a notice setting forth the facts notified to it in accordance with section 76 to the enterprise registrar who shall deposit it in the register.”

208. Section 93.20 of the said Act is amended

(1) by replacing “the Inspector General” in the second line of the first paragraph by “the Agency” and “order him” in the same line by “order it”;

(2) by replacing “the Inspector General” in the introductory sentence of the second paragraph by “the Agency”;

(3) by replacing subparagraph 3 of the second paragraph by the following subparagraph:

“(3) transmit a copy of the certificate and of the articles as well as the accompanying documents referred to in paragraphs 2 to 4 of section 93.18 to the enterprise registrar who shall deposit them in the register.”;

209. Section 93.27 of the said Act is amended by replacing the first sentence of the first paragraph by the following sentences: “The decision of the Agency shall be in writing, give reasons and be signed. The Agency shall transmit the decision to the enterprise registrar who shall deposit it in the register.”

210. Section 93.27.2 of the said Act is amended

(1) by replacing the first paragraph by the following paragraph:

“**93.27.2.** Where the Agency assigns a name to the association, it shall issue a certificate in duplicate establishing the change and send one duplicate to the enterprise registrar who shall deposit it in the register.”;

(2) by replacing “The Inspector General” in the first line of the second paragraph by “The Agency”.

211. Section 93.117 of the said Act is replaced by the following section :

“93.117. The Agency shall dissolve the association by drawing up a notice to that effect which it shall transmit to the enterprise registrar who shall deposit it in the register. The association is dissolved from the date of the deposit.”

212. Section 93.120 of the said Act is amended by replacing the second paragraph by the following paragraph :

“The Minister may, if the Minister considers it advisable and after obtaining the advice of the Agency, order the Agency to revoke the dissolution retroactively to the date on which it took effect. The Agency shall revoke the dissolution by drawing up an order to that effect which it shall transmit to the enterprise registrar who shall deposit it in the register.”

213. Section 93.165.1 of the said Act is replaced by the following section :

“93.165.1. A federation may, by agreement with the Agency, inspect in accordance with the terms of the agreement those of its members that are registered as firms under the Act respecting the distribution of financial products and services (chapter D-9.2).

Sections 107 and 113 of that Act apply, with the necessary modifications, to inspections performed under this section.

An agreement may specify

- (1) the manner in which the federation is required to report to the Agency ;
- (2) the powers of inspection that the Agency may exercise in respect of the federation ;
- (3) any other measure that the Agency considers appropriate.”

214. Section 93.192 of the said Act is amended

(1) by replacing “The Inspector General or, if he is absent or unable to act” in the first line of the first paragraph by “The Agency”, “his” in the first line of that paragraph by “its” and “if he” in the sixth line of that paragraph by “if it” ;

(2) by replacing “he” in the second line of subparagraph 1 of the first paragraph by “it” ;

(3) by replacing “financial or administrative” in the fourth line of subparagraph 2 of the first paragraph by “management”.

215. Section 93.197 of the said Act is amended by replacing “the Inspector General,” in the second and third lines of the third paragraph by “the Agency which shall transmit it to the enterprise registrar”.

216. Section 93.202 of the said Act is amended by replacing “the Inspector General, who shall deposit it in the register, and forward to him” in the second and third lines of the first paragraph by “the Agency which shall transmit it to the enterprise registrar who shall deposit it in the register. The federation shall also forward the notice to the Agency”.

217. Section 93.212 of the said Act is amended by replacing “the Inspector General, who” in the second line by “the Agency which shall then transmit it to the enterprise registrar who”.

218. Section 93.214 of the said Act is amended

- (1) by replacing “The Inspector General” in the first line by “The Agency”;
- (2) by replacing “which he shall” in the third line by “which it shall transmit to the enterprise registrar who shall”.

219. Section 93.217 of the said Act is amended by replacing the second paragraph by the following paragraph:

“The Minister may, if the Minister considers it advisable and after obtaining the advice of the Agency, order the Agency to revoke the dissolution, retroactively to the date on which it took effect. The Agency shall revoke the dissolution by drawing up an order to that effect which it shall transmit to the enterprise registrar who shall deposit it in the register.”

220. Section 93.245 of the said Act is amended by replacing “financial and administrative” in the third and fourth lines by “management”.

221. Section 93.269 of the said Act is amended

- (1) by replacing “The Inspector General or, if he is absent or unable to act” in the first line of the first paragraph by “the Agency”, “his” in the first line of that paragraph by “its” and “if he” in the sixth line of that paragraph and in the first line of subparagraph 1 of that paragraph by “if it”;
- (2) by replacing “he” in the first line of subparagraph 1 of the first paragraph by “it”;
- (3) by replacing “administrative” in the fourth line of subparagraph 4 of the first paragraph by “management”.

222. Section 93.271 of the said Act is amended by replacing “the Inspector General, who shall” in the second line of the second paragraph by “the Agency which shall transmit it to the enterprise registrar who shall”.

223. Section 99 of the said Act is amended

(1) by replacing “the Inspector General” in the first and second lines of the first paragraph by “the Agency”;

(2) by replacing the second sentence of the first paragraph by the following sentence: “The Agency shall transmit the notice to the enterprise registrar who shall deposit it in the register.”

224. Section 102 of the said Act is amended by replacing the first paragraph by the following paragraph:

“**102.** The Agency shall send one copy of the declaration to the enterprise registrar who shall deposit it in the register. It shall return the other copy to the provisional secretary of the association.”

225. Section 121 of the said Act is amended by replacing the second paragraph by the following paragraph:

“Such by-law shall not come into force until the Agency approves it and sends a notice to that effect to the enterprise registrar who shall deposit it in the register.”

226. Section 188 of the said Act is amended by replacing “the Inspector General, who shall” in the fourth line by “the Agency which shall transmit it to the enterprise registrar who shall”.

227. Section 191 of the said Act is amended

(1) by replacing “the Inspector General” in the first line of the first paragraph by “the Agency” and “his” in the third line of that paragraph by “its”;

(2) by replacing the second paragraph by the following paragraph:

“The Agency shall send the letters patent or one copy of the amalgamation agreement, as the case may be, to the enterprise registrar for deposit in the register.”

228. Section 197 of the said Act is amended by replacing “the Inspector General, who shall deposit it” in the fourth line by “the Agency which shall transmit it to the enterprise registrar who shall deposit it”.

229. Section 199 of the said Act is replaced by the following section:

“**199.** If the Minister accepts the petition, the Minister shall send the conversion by-law to the Agency which shall transmit it to the enterprise registrar who shall deposit it in the register. In the case of companies, the Agency shall issue letters patent which it shall transmit to the enterprise registrar who shall deposit them in the register.”

230. Section 200.6 of the said Act is replaced by the following section :

“**200.6.** If the Minister confirms the by-law, the Agency shall issue the letters patent, which it shall transmit to the enterprise registrar who shall deposit them in the register.”

231. Section 211 of the said Act is amended

(1) by replacing “The Inspector General” in the first line by “The Agency”;

(2) by replacing paragraph *d* by the following paragraph :

“(d) adheres to sound and prudent management practices, in particular those relating to commercial practices;”.

232. Section 245.0.1 of the said Act is amended by replacing “the Régie de l’assurance-dépôts du Québec” in paragraph *d* by “the Agence nationale d’encadrement du secteur financier pursuant to the Deposit Insurance Act (chapter A-26)”.

233. The said Act is amended by inserting the following after section 285.26:

“CHAPTER III.2

“EXAMINATION OF COMPLAINTS AND DISPUTE RESOLUTION

“**285.27.** Every insurer must provide equitable resolution of complaints filed with the insurer. To that end, an insurer must establish a policy dealing with

(1) the examination of complaints and claims filed by persons having an interest in a product or service it has provided ;

(2) the resolution of disputes pertaining to a product or service it has provided.

“**285.28.** A person who is dissatisfied with the examination of a complaint by a mutual insurance company or with its outcome may refer the matter to the federation of which the company is a member.

The federation may make recommendations to the mutual insurance company as regards the complaint filed.

“**285.29.** Every insurer shall, each year, within two months of the closing date of its fiscal year or on any other date determined by the Agency, submit a report to that date concerning the policy it has established pursuant to section 285.27.

The report shall mention, in particular, the number and nature of the complaints filed.

“285.30. The Agency may, if it considers it appropriate, give written instructions to an insurer regarding the policy referred to in section 285.27.

Before exercising the power provided for under the first paragraph, the Agency must notify the insurer of its intent and give it the opportunity to present observations.

“285.31. Every insurer shall inform each complainant, in writing and without delay, that a complainant may, if he or she is dissatisfied with the complaint examination procedure or its outcome, request the insurer or, in the case of a mutual insurance company, the federation, to forward a copy of the complaint file to the Agency.

Where requested by a complainant, the insurer or the federation, as the case may be, shall forward a copy of the complaint file to the Agency.

The Agency shall examine the complaint file and may, if it considers it appropriate, act as a mediator if the interested parties agree.

“285.32. Notwithstanding sections 9 and 83 of the Act respecting Access to documents held by public bodies and the Protection of personal information (chapter A-2.1), the Agency may not communicate a complaint file without the authorization of the insurer or the federation that has transmitted it.

“285.33. The Agency may, with the authorization of the Government, enter into an agreement with any body or legal person in respect of the examination of complaints filed by persons dissatisfied with the complaint examination procedure or its outcome.

Such an agreement may also provide that the body or legal person may, where they consider it expedient, act as a mediator if the interested parties agree thereto.

“285.34. A mediator may not be compelled to disclose anything revealed to or learned by the mediator in the exercise of his or her functions or to produce a document prepared or obtained in the course of such exercise before a court of justice or before a person or body of the administrative branch exercising adjudicative functions.

Notwithstanding section 9 of the Act respecting Access to documents held by public bodies and the Protection of personal information, no person may have access to a document contained in the mediation record.”

234. Section 318 of the said Act is amended by replacing paragraph *c* by the following paragraph :

“(c) the management practices of the insurer;”.

235. The said Act is amended by replacing the heading of Chapter V.1 of Title IV with the following heading:

“GUIDELINES AND ORDERS OF THE AGENCY”.

236. The said Act is amended by inserting the following sections after the heading of Chapter V.1 of Title IV:

“**325.0.1.** The Agency may, after consultation with the Minister, give the guidelines applicable to one or more categories of the following legal persons or companies:

- (1) life insurance companies;
- (2) property insurance companies;
- (3) downstream holdings;
- (4) mutual insurance companies;
- (5) federations of mutual insurance companies;
- (6) guarantee funds;
- (7) mutual benefit associations;
- (8) professional orders, with regard to their insurance funds.

“**325.0.2.** The guidelines are not regulations. They are indicative of the exercise of the discretionary powers conferred by this Act on the Agency, concerning:

- (1) the policy insurers must establish pursuant to section 285.27;
- (2) any other sound and prudent management practices, in particular those relating to the marketing of insurance products.

“**325.0.3.** A legal person or company that fails to comply with the guidelines is, for the purposes of sections 325.5 and 378 to 389, deemed to have failed to adhere to sound and prudent management practices.”

237. Section 325.1 of the said Act is amended

- (1) by replacing “the Inspector General” in the first lines of the first and second paragraphs by “the Agency” and “he may order him or it” in the fourth line of the first paragraph by “the Agency may order the person or body”;

(2) by replacing “does not adhere to sound financial practices” in the second and third lines of the first paragraph by “has failed to adhere to sound and prudent management practices, in particular those relating to commercial practices”.

238. Section 358 of the said Act is amended

(1) by replacing the words “Inspector General” wherever they appear by the word “Agency”, and making the necessary modifications ;

(2) by replacing “sound financial and commercial practices” in paragraph *g* by “sound and prudent management practices, in particular those relating to commercial practices”.

239. Section 378 of the said Act is amended

(1) by replacing “The Inspector General or, if he is absent or unable to act” in the first line of the first paragraph by “The Agency” and “his” in the first line by “its”;

(2) by replacing “if he” in the seventh line and in subparagraph *a* of the first paragraph by “the Agency”;

(3) by replacing “administrative” in subparagraph *e* of the first paragraph by “management”.

240. Section 387 of the said Act is amended

(1) by replacing “The Inspector General, or any person designated by the Minister at the request of the Inspector General or in cases when he is absent or unable to act,” in the first and second lines of the first paragraph by “The Agency or any person designated by the Minister at the request of the Agency”;

(2) by replacing “Inspector General” in subparagraph *c* of the first paragraph by “Agency”.

241. Section 395 of the said Act is amended by replacing “the Inspector General by filing” in the second line of the first paragraph by “the Agency and file” and “forward to him a copy” in the fourth line by “forward a copy to the Agency”.

242. Section 420 of the said Act is amended

(1) by replacing “Inspector General” in paragraphs *g* to *j* and *y* by “Agency”;

(2) by inserting the following paragraph at the end :

“(av) determine the policy that must be established by every insurer pursuant to section 285.27 or elements of such a policy ;”.

243. Sections 5, 10, 11, 12, 12.1, 13, 18, 19, 21, 22, 23, 29, 31, 32, 37, 46, 48, 50.1, 50.2, 50.3, 68, 75, 76, 79, 80, 93.1, 93.7, 93.10, 93.17, 93.19, 93.25, 93.26, 93.27.1, 93.27.3, 93.27.4, 93.30, 93.34, 93.46, 93.48, 93.53, 93.56, 93.88, 93.89, 93.108, 93.110, 93.111, 93.114, 93.115, 93.116, 93.118, 93.125, 93.126, 93.130, 93.131, 93.132, 93.133, 93.154.3, 93.160, 93.167, 93.168, 93.180, 93.184, 93.186, 93.187, 93.188, 93.189, 93.191, 93.204, 93.205, 93.208, 93.210, 93.211, 93.215, 93.220, 93.224, 93.225, 93.230, 93.231, 93.238.3, 93.252, 93.259, 93.263, 93.264, 93.265, 93.266, 93.268, 95, 98, 100.1, 101, 109, 127, 171, 174.1, 174.2, 174.4, 174.5, 174.17, 174.18, 190, 198, 200.5, 201, 205, 209, 212, 218, 219, 219.1, 220, 222, 226, 230, 231, 233, 234, 235, 237, 238, 239, 242, 245.1, 247.1, 270, 275, 275.3, 275.4, 275.5, 277, 282, 283, 284, 285.7, 285.11, 285.13, 285.14, 285.15, 285.16, 285.17, 285.18, 285.19, 285.22, 285.23, 291.1, 292, 294.2, 294.3, 298, 298.2, 298.5, 298.7, 298.12, 298.13, 298.14, 298.15, 298.16, 303, 304, 305, 309, 311, 313, 314, 315, 316, 317, 319, 320, 321, 322, 323, 324, 325, 325.2, 325.3, 325.4, 325.5, 325.6, 325.7, 361, 362, 363, 364, 380, 384, 396, 397, 398, 400, 405, 406, 411, 415, 416, 422 and 422.1 of the said Act, amended by chapter 34 of the statutes of 2001, are amended by replacing the words “the Inspector General”, wherever they appear, by “the Agency”, and making the necessary modifications.

ACT RESPECTING THE CAISSES D’ENTRAIDE ÉCONOMIQUE

244. Section 17 of the Act respecting the caisses d’entraide économique (R.S.Q., chapter C-3) is amended by replacing “the Régie de l’assurance-dépôts du Québec” in the second line of the first paragraph by “the Agence nationale d’encadrement du secteur financier”.

245. Section 18 of the said Act is amended by inserting “or an authorized foreign bank listed in Schedule I, II or III of the Bank Act (Revised Statutes of Canada, 1985, chapter B-1.01)” after “bank” in the second line of the second paragraph.

246. Section 22 of the said Act is amended by replacing “the Régie de l’assurance-dépôts du Québec” in the fourth line by “the Agence nationale d’encadrement du secteur financier”.

247. Section 31 of the said Act is replaced by the following section :

“**31.** The Agence nationale d’encadrement du secteur financier is responsible for the administration of this Act.”

ACT RESPECTING CERTAIN CAISSES D’ENTRAIDE ÉCONOMIQUE

248. Sections 107 and 108 of the Act respecting certain caisses d’entraide économique (R.S.Q., chapter C-3.1) are repealed.

249. Section 146.1 of the said Act is replaced by the following section :

146.1. The Agence nationale d'encadrement du secteur financier is responsible for the administration of this Act to the extent that is within the jurisdiction of the Minister of Finance."

250. Sections 105, 106 and 109 of the said Act are amended by replacing the words "the Régie de l'assurance-dépôts du Québec" or "the Board", wherever they appear, by "the Agence nationale d'encadrement du secteur financier", and making the necessary modifications.

ACT RESPECTING CERTAIN INTERNATIONAL FINANCIAL CENTRES

251. Section 4 of the Act respecting certain international financial centres (R.S.Q., chapter C-8.3), amended by section 1 of chapter 9 of the statutes of 2002, is again amended by replacing "the Commission des valeurs mobilières du Québec" in the third and fourth lines of the definition of "organization" by "the Agence nationale d'encadrement du secteur financier".

CHARTER OF VILLE DE QUÉBEC

252. Section 35.9 of the Charter of Ville de Québec (R.S.Q., chapter C-11.5), introduced by section 10 of Order 1309-2001 dated 1 November 2001 (2001, G.O. 2, 5949), is amended by replacing "to the Inspector General of Financial Institutions" by "to the enterprise registrar".

253. Section 35.11 of the said Charter, introduced by section 10 of Order 1309-2001 dated 1 November 2001 (2001, G.O. 2, 5949), is amended by replacing "the Inspector General of Financial Institutions" in both paragraphs by "the enterprise registrar".

254. Section 35.13 of the said Charter, introduced by section 10 of Order 1309-2001 dated 1 November 2001 (2001, G.O. 2, 5949), is amended by replacing "the Inspector General of Financial Institutions" in the first paragraph by "the enterprise registrar".

255. Section 35.14 of the said Charter, introduced by section 10 of Order 1309-2001 dated 1 November 2001 (2001, G.O. 2, 5949), is amended by replacing "to the Inspector General of Financial Institutions" by "to the enterprise registrar".

CINEMA ACT

256. Section 144.4 of the Cinema Act (R.S.Q., chapter C-18.1) is amended by replacing "the Régie de l'assurance-dépôts du Québec" in the first and second lines of paragraph 3 by "the Agence nationale d'encadrement du secteur financier pursuant to the Deposit Insurance Act (chapter A-26)".

CITIES AND TOWNS ACT

257. Section 465.5 of the Cities and Towns Act (R.S.Q., chapter C-19) is amended by replacing “of the Inspector General of Financial Institutions” by “or the Agence nationale d’encadrement du secteur financier”.

258. Section 465.6 of the said Act is amended

(1) by replacing “Inspector General” in the first line of the English text of the first paragraph by “Agence nationale d’encadrement du secteur financier” and by replacing “à ce dernier” in the second line of the French text of the first paragraph by “à cette dernière”;

(2) by replacing “The Inspector General shall deposit the letters patent he issues” in the first line of the third paragraph by “The Agency shall send the letters patent to the enterprise registrar who shall deposit them”.

259. Section 465.13 of the said Act is amended by replacing “the Inspector General” in the first line of the first paragraph by “the Agence nationale d’encadrement du secteur financier”, “he may” in the fifth line by “the Agency may” and “he determines” in the seventh line by “that the Agency determines”.

260. Section 465.15 of the said Act is amended

(1) by replacing, wherever they appear, “the Inspector General” by “the Agence nationale d’encadrement du secteur financier” and making the necessary modifications;

(2) by replacing “he shall deposit a notice to that effect in the register” in the first and second lines of the second paragraph by “it shall transmit a notice to that effect to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons”.

261. Sections 458.16, 458.17.2, 458.18, 458.19, 458.21, 458.40, 465.8 and 465.9 of the said Act, amended by chapters 6, 25, 26, 35, 60 and 68 of the statutes of 2001, are again amended by replacing the words “the Inspector General of Financial Institutions” and “the Inspector General”, wherever they appear, by the words “the enterprise registrar”, and making the necessary modifications.

FISH AND GAMES CLUBS ACT

262. Section 1 of the Fish and Games Clubs Act (R.S.Q., chapter C-22) is amended

(1) by replacing “Inspector General of Financial Institutions” and “Inspector General” in the second line of the first paragraph and in the first line of the third, fourth and fifth paragraphs by “enterprise registrar”;

(2) by striking out “of Finance” in the third line of the sixth paragraph.

263. Sections 2 and 4 of the said Act are amended by replacing the words “the Inspector General of Financial Institutions” wherever they appear by the words “the enterprise registrar”.

264. The said Act is amended by adding the following sections after section 6:

“**7.** The enterprise registrar is responsible for the administration of this Act.

“**8.** The Minister of Industry and Trade is responsible for the application of this Act.”

AMUSEMENT CLUBS ACT

265. Sections 1, 1.2 and 4 of the Amusement Clubs Act (R.S.Q., chapter C-23) are amended by replacing the words “the Inspector General of Financial Institutions” and “the Inspector General”, wherever they appear, by the words “the enterprise registrar”, and making the necessary modifications.

266. The said Act is amended by adding the following sections after section 10:

“**11.** The enterprise registrar is responsible for the administration of this Act.

“**12.** The Minister of Industry and Trade is responsible for the application of this Act.”

CODE OF CIVIL PROCEDURE

267. Article 833 of the Code of Civil Procedure (R.S.Q., chapter C-25) is amended by replacing “to the Inspector General of Financial Institutions” in the third and fourth lines of the first paragraph by “to the enterprise registrar”.

PROFESSIONAL CODE

268. Section 16.8 of the Professional Code (R.S.Q., chapter C-26) is amended by replacing “the Régie de l’assurance-dépôts du Québec” in the first and second lines of paragraph 2 by “the Agence nationale d’encadrement du secteur financier pursuant to the Deposit Insurance Act (chapter A-26)”.

LABOUR CODE

269. Section 149 of the Labour Code (R.S.Q., chapter C-27) is amended by replacing “the Inspector General of Financial Institutions” in the second line of the second paragraph by “the enterprise registrar”.

MUNICIPAL CODE OF QUÉBEC

270. Article 711.7 of the Municipal Code of Québec (R.S.Q., chapter C-27.1) is amended

(1) by replacing “Inspector General” in the first line of the first paragraph by “Agence nationale d’encadrement du secteur financier” and by replacing “the latter” in the second line of that paragraph by “the Agency”;

(2) by replacing “The Inspector General shall deposit the letters patent he issues” in the first line of the third paragraph by “The Agency shall transmit the letters patent to the enterprise registrar who shall deposit them”.

271. Article 711.14 of the said Code is amended by replacing “The Inspector General” in the first line of the first paragraph by “The Agence nationale d’encadrement du secteur financier”, “he may” in the fifth line by “the Agency may” and “he determines” in the seventh line by “that the Agency determines”.

272. Article 711.16 of the said Code is amended

(1) by replacing “the Inspector General” by “the Agence nationale d’encadrement du secteur financier” and making the necessary modifications;

(2) by replacing “he shall deposit a notice to that effect in the register” in the first and second lines of the seventh paragraph by “it shall transmit a notice to that effect to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons”.

273. Articles 649, 650.2, 651, 652, 654 and 673 of the said Code, amended by chapters 6, 25, 26, 35 and 68 of the statutes of 2001, are again amended by replacing the words “the Inspector General of Financial Institutions”, wherever they appear, by “the enterprise registrar” and making the necessary modifications.

274. Articles 711.6, 711.9 and 711.10 of the said Code are amended by replacing the words “the Inspector General of Financial Institutions” and “the Inspector General”, wherever they appear, by the words “the Agence nationale d’encadrement du secteur financier”, and making the necessary modifications.

COMPANIES ACT

275. Section 1 of the Companies Act (R.S.Q., chapter C-38) is amended by replacing “Minister of Finance” by “Minister of Industry and Trade”.

276. Section 31 of the said Act is amended by replacing “the Inspector General” in the fifth line of subparagraph *j* of the second paragraph by “the Agence nationale d’encadrement du secteur financier”.

277. Section 134 of the said Act is amended by replacing “the Inspector General” in the fifth line of subparagraph *j* of the second paragraph by “the Agence nationale d’encadrement du secteur financier”.

278. Sections 1.1, 1.2, 2.4, 2.5, 2.7, 4, 6, 7, 8, 9, 9.2, 10, 10.1, 11, 12, 14, 15, 16, 17, 18, 18.1, 18.2, 19, 20, 21, 23, 28, 28.1, 28.2, 34.1, 38, 39, 40, 49, 50, 59, 62, 64, 65, 87, 110, 111, 113, 123.0.1, 123.11, 123.14, 123.15, 123.23, 123.24, 123.26, 123.27, 123.27.1, 123.27.2, 123.27.3, 123.27.4, 123.27.5, 123.27.6, 123.81, 123.104, 123.105, 123.108, 123.109, 123.118, 123.119, 123.135, 123.136, 123.141, 123.142, 123.143, 123.144, 123.145, 123.147, 123.148, 123.160, 123.161, 123.162, 123.163, 123.164, 123.169, 123.171, 126.1, 128, 131, 147, 148, 155, 156, 157, 180, 203, 204, 206, 218, 219, 220, 221, 221.1, 221.2, 228, 231 and 232 of the said Act are amended by replacing the words “the Inspector General of Financial Institutions” and “the Inspector General”, wherever they appear, by the words “the enterprise registrar” and making the necessary modifications.

CEMETERY COMPANIES ACT

279. Sections 1, 3.1, 4, 5 and 11 of the Cemetery Companies Act (R.S.Q., chapter C-40) are amended by replacing the words “the Inspector General of Financial Institutions” and “the Inspector General”, wherever they appear, by “the enterprise registrar” and making the necessary modifications.

280. The said Act is amended by adding the following sections after section 13:

“**14.** The enterprise registrar is responsible for the administration of this Act.

“**15.** The Minister of Industry and Trade is responsible for the application of this Act.”

ACT RESPECTING ROMAN CATHOLIC CEMETERY COMPANIES

281. Sections 2, 7.1, 8, 29, 30, 46 and 50 of the Act respecting Roman Catholic cemetery companies (R.S.Q., chapter C-40.1) are amended by replacing the words “the Inspector General of Financial Institutions” and “the Inspector General”, wherever they appear, by the words “the enterprise registrar”, and making the necessary modifications.

282. The said Act is amended by adding the following sections after section 51:

“**52.** The enterprise registrar is responsible for the administration of this Act.

“**53.** The Minister of Industry and Trade is responsible for the application of this Act.”

TIMBER-DRIVING COMPANIES ACT

283. Sections 6, 30, 56, 64 and 65 of the Timber-Driving Companies Act (R.S.Q., chapter C-42) are amended by replacing the words “the Inspector General of Financial Institutions” and “the Inspector General”, wherever they appear, by the words “the enterprise registrar”, and making the necessary modifications.

GAS, WATER AND ELECTRICITY COMPANIES ACT

284. Section 8 of the Gas, Water and Electricity Companies Act (R.S.Q., chapter C-44) is amended

(1) by replacing “the Inspector General of Financial Institutions” in the third and fourth lines of the first paragraph by “the enterprise registrar”;

(2) by replacing “The Inspector General” in the first line of the second paragraph by “The enterprise registrar”.

285. The said Act is amended by adding the following sections after section 97:

“**98.** The enterprise registrar is responsible for the administration of this Act.

“**99.** The Minister of Industry and Trade is responsible for the application of this Act.”

TELEGRAPH AND TELEPHONE COMPANIES ACT

286. Sections 4, 6, 14 and 25 of the Telegraph and Telephone Companies Act (R.S.Q., chapter C-45) are amended by replacing the words “the Inspector General of Financial Institutions” and “the Inspector General”, wherever they appear, by the words “the enterprise registrar” and making the necessary modifications.

287. Section 26 of the said Act is amended by replacing “Minister of Finance” by “Minister of Industry and Trade”.

288. The said Act is amended by adding the following section after section 27:

“**28.** The enterprise registrar is responsible for the administration of this Act.”

MINING COMPANIES ACT

289. Sections 5, 8, 11, 12, 13, 14, 15, 17 and 23 of the Mining Companies Act (R.S.Q., chapter C-47) are amended by replacing the words “the Inspector

General of Financial Institutions” and “the Inspector General”, wherever they appear, by the words “the enterprise registrar” and making the necessary modifications.

290. Section 24 of the said Act is amended by replacing “Minister of Finance” by “Minister of Industry and Trade”.

ACT RESPECTING THE CONSEIL DES ARTS ET DES LETTRES DU QUÉBEC

291. Section 25 of the Act respecting the Conseil des arts et des lettres du Québec (R.S.Q., chapter C-57.02) is amended by replacing “the Régie de l’assurance-dépôts du Québec” in the first and second lines of paragraph 3 by “the Agence nationale d’encadrement du secteur financier pursuant to the Deposit Insurance Act (chapter A-26)”.

ACT RESPECTING THE CONSERVATOIRE DE MUSIQUE ET D’ART DRAMATIQUE DU QUÉBEC

292. Section 61 of the Act respecting the Conservatoire de musique et d’art dramatique du Québec (R.S.Q., chapter C-62.1) is amended by replacing “the Régie de l’assurance-dépôts du Québec” in the first and second lines of paragraph 3 by “the Agence nationale d’encadrement du secteur financier pursuant to the Deposit Insurance Act (chapter A-26)”.

ACT RESPECTING THE CONSTITUTION OF CERTAIN CHURCHES

293. Sections 4 and 5 of the Act respecting the constitution of certain Churches (R.S.Q., chapter C-63) are amended by replacing the words “the Inspector General of Financial Institutions” and “the Inspector General”, everywhere they appear, by the words “the enterprise registrar” and making the necessary modifications.

294. The said Act is amended by adding the following sections after section 14:

“**15.** The enterprise registrar is responsible for the administration of this Act.

“**16.** The Minister of Industry and Trade is responsible for the application of this Act.”

COOPERATIVES ACT

295. Sections 13, 19, 121, 162.1, 171.1, 181.1, 182, 185.4, 189, 189.1, 190, 193, 211.6, 221.8, 226.10, 226.12, 226.13, 253 and 266 of the Cooperatives Act (R.S.Q., chapter C-67.2), amended by chapter 36 of the statutes of 2001, are again amended by replacing the words “the Inspector General of Financial

Institutions” and “the Inspector General”, everywhere they appear, by the words “the enterprise registrar” and making the necessary modifications.

ACT RESPECTING FINANCIAL SERVICES COOPERATIVES

296. Section 11 of the Act respecting financial services cooperatives (R.S.Q., chapter C-67.3) is amended by replacing “the Inspector General of Financial Institutions” in the second and third lines by “the Agence nationale d’encadrement du secteur financier”.

297. Section 15 of the said Act is amended

(1) by replacing both occurrences of the words “the Inspector General” in the second line of the first paragraph by “the Agency”;

(2) by replacing “the Inspector General” in the introductory sentence of the second paragraph by “the Agency”;

(3) by replacing subparagraph 4 of the second paragraph by the following subparagraph :

“(4) transmit a duplicate of the certificate and of the articles and a duplicate of the documents referred to in paragraphs 2 to 4 of section 12 to the enterprise registrar who shall deposit them in the register established under the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons (chapter P-45);”.

298. Section 20 of the said Act is amended by replacing “The Inspector General shall refuse to deposit articles in the register” in the first line by the words “The Agency shall not transmit articles to the enterprise registrar” and by replacing “paragraph,” in the third line by “paragraph or”.

299. Section 25 of the said Act is amended

(1) by replacing the first paragraph by the following paragraph :

“**25.** The decision of the Agency must be in writing, contain reasons and be signed. A copy of the decision is transmitted without delay to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons. The Agency shall also send a copy of the decision to each of the parties.”;

(2) by replacing “123.146 of the Companies Act (chapter C-38)” in the second paragraph by “25.1”;

(3) by striking out the third paragraph.

300. The said Act is amended by inserting the following sections after section 25 :

“25.1. Any person who believes he or she has been wronged by a decision of the Agency under section 20, 22 or 23, may, within 30 days of being notified, contest the decision before the Administrative Tribunal of Québec.

“25.2. Notwithstanding the second paragraph of section 15 of the Act respecting administrative justice (chapter J-3), the Tribunal may only confirm or quash the disputed decision contested.

“25.3. Where the contested decision is a decision made under section 23, the Agency shall transmit a notice of the notification of the application to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons.

“25.4. The decision of the Tribunal is transmitted to the enterprise registrar who shall, where applicable, make the necessary changes to the register of sole proprietorships, partnerships and legal persons, together with an entry to the effect that the decision was rendered by the Québec Administrative Tribunal in the case of a decision made by the Agency under section 23. A copy of the decision shall also be transmitted to the Agency.”

301. Section 27 of the said Act is amended

(1) by replacing the first paragraph by the following paragraph :

“27. When assigning a name to a financial services cooperative, the Agency shall issue, in duplicate, a certificate attesting the change of name. The Agency shall transmit one copy to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons, and transmit the other copy to the cooperative.”;

(2) by replacing “The Inspector General” in the first line of the second paragraph by “The Agency”.

302. Section 31 of the said Act is amended by adding the following paragraph at the end :

“The cooperative must give notice of the change to the Agency within the same time limit.”

303. Section 37 of the said Act is amended

(1) by replacing “the Inspector General” in the introductory sentence by “the Agency”;

(2) by adding the following paragraph at the end :

“The Agency shall transmit a copy of the list of the names and addresses of the members of the board of directors to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons.”

304. Section 39 of the said Act is amended

- (1) by replacing “the Inspector General” in the second line by “the Agency”;
- (2) by adding the following paragraph at the end:

“The Agency shall transmit a copy of the articles of replacement or amendment of the financial services cooperative to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons.”

305. Section 43 of the said Act is amended

(1) by replacing “required by the Inspector General, the Inspector General may amend or replace the articles if the Inspector General” in the third and fourth lines of the first paragraph by “required by the Agency, the Agency may amend or replace the articles if it”;

(2) by replacing “the Inspector General” in the first and the fourth and fifth lines of the second paragraph by “the Agency”;

- (3) by adding the following paragraph at the end:

“The Agency shall send a copy of the certificate attesting the replacement or amendment to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons.”

306. Section 70 of the said Act is amended by replacing “in accordance with this Act” in the fourth line of the English text by “according to law”.

307. Section 81 of the said Act is amended

(1) by replacing “the Commission des valeurs mobilières du Québec” in the first and second lines of paragraph 5 by “the Agency”;

- (2) by replacing “the Inspector General” in paragraph 8 by “the Agency”.

308. Section 100 of the said Act is amended

- (1) by replacing “the Inspector General” in the first line by “the Agency”;
- (2) by adding the following paragraph at the end:

“The Agency shall transmit a list of the names and addresses of such officers to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons.”

309. The said Act is amended by inserting the following after section 131 :

“CHAPTER V.1

“EXAMINATION OF COMPLAINTS AND DISPUTE RESOLUTION

“131.1. Every financial services cooperative must provide equitable resolution of complaints filed with the cooperative. To that end, a cooperative must establish a policy dealing with

(1) the examination of complaints and claims filed by persons having an interest in a product or service it has provided ;

(2) the resolution of disputes pertaining to a product or service it has provided.

“131.2. Every financial services cooperative shall, each year, within two months of the closing date of its fiscal year or on any other date determined by the Agency, submit to the latter a report to that date concerning the policy it has established pursuant to section 131.1.

The report shall mention, in particular, the number and nature of the complaints filed.

“131.3. The Agency may, if it considers appropriate, give written instructions to a financial services cooperative concerning the policy referred to in section 131.1.

Before exercising the power provided for in the first paragraph, the Agency must notify the cooperative of its intention and give it the opportunity to present observations.

“131.4. Every credit union shall inform each complainant, in writing and without delay, that a complainant who has filed a complaint with the federation under the second paragraph of section 258 may, if he or she is dissatisfied with the complaint examination procedure or its outcome, request the federation to forward a copy of the complaint file to the Agency.

Every federation shall inform each complainant, in writing and without delay, that a complainant may, if he or she is dissatisfied with the complaint examination procedure or its outcome in relation to a product or service the federation has provided, request the federation to forward a copy of the complaint file to the Agency.

Where requested by a complainant, the federation shall forward a copy of the complaint file to the Agency.

The Agency shall examine the complaint and may, if it considers it appropriate, act as a mediator if the interested parties agree.

“**131.5.** Notwithstanding sections 9 and 83 of the Act respecting Access to documents held by public bodies and the Protection of personal information (chapter A-2.1), the Agency may not communicate a complaint file without the authorization of the credit union or the federation that has transmitted it.

“**131.6.** The Agency may, with the authorization of the Government, enter into an agreement with any body or legal person in respect of the examination of complaints filed by persons dissatisfied with the complaint examination procedure or its outcome.

Such an agreement may also provide that the body or legal person may, where they consider it expedient, act as a mediator if the interested parties agree thereto.

“**131.7.** A mediator may not be compelled to disclose anything revealed to or learned by the mediator in the exercise of his or her functions or to produce a document prepared or obtained in the course of such exercise before a court of justice or before a person or body of the administrative branch exercising adjudicative functions.

Notwithstanding section 9 of the Act respecting Access to documents held by public bodies and the Protection of personal information, no person may have access to a document contained in the mediation record.”

310. Section 162 of the said Act is amended

(1) by replacing “159” in paragraph 7 by “151”;

(2) by replacing “the Inspector General” in paragraph 10 by “the Agency”.

311. Section 167 of the said Act is amended

(1) by replacing the first paragraph by the following paragraph:

“**167.** Every financial services cooperative shall provide the Agency, at its request and on the dates and in the form it determines, the statements, statistics, reports and other information that the Agency considers necessary for the application of the said Act.”;

(2) by replacing “The Inspector General” in the first line of the second paragraph by “The Agency”.

312. Section 171 of the said Act is amended by replacing the first paragraph by the following paragraph:

“**171.** Every financial services cooperative that has decided to wind up its operations must transmit to the Agency a certified true copy of the resolution of winding up. It must also notify the enterprise registrar by producing a declaration to that effect, in accordance with the Act respecting the legal

publicity of sole proprietorships, partnerships and legal persons (chapter P-45), within ten days of passing the resolution.”

313. Section 183 of the said Act is amended by replacing the first sentence by the following sentence: “The Agency shall dissolve the financial services cooperative by drawing up an act of dissolution and transmitting a certified true copy to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons.”

314. Section 187 of the said Act is amended by replacing “the Inspector General” in the second line of the first paragraph by “the Agency”.

315. Section 258 of the said Act is amended by striking out “if need be” in the second line of the first paragraph.

316. Section 280 of the said Act is amended

(1) by replacing “by the Inspector General, the Inspector General may authorize the amalgamation if the Inspector General” in the third and fourth lines of the first paragraph by “by the Agency, the Agency may authorize the amalgamation if the Agency”;

(2) by replacing “the Inspector General” in the first line of the second paragraph by “the Agency”;

(3) by adding the following paragraph at the end:

“The Agency shall transmit a copy of the certificate attesting the amalgamation to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons.”

317. Section 333 of the said Act is amended

(1) by replacing “the Inspector General” in the second and third lines by “the Agency”;

(2) by adding the following paragraph at the end:

“The Agency shall transmit the list of the names and addresses of officers to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons.”

318. Section 377 of the said Act is amended by replacing “the Inspector General” in the first line of the third paragraph by “the Agency”.

319. Section 436 of the said Act is amended

(1) by replacing “by the Inspector General, the Inspector General may authorize the amalgamation if the Inspector General” in the third and fourth

lines of the first paragraph by “by the Agency, the Agency may authorize the amalgamation if the Agency”;

(2) by replacing “the Inspector General” in the first line of the second paragraph by “the Agency”;

(3) by adding the following paragraph at the end:

“The Agency shall send a copy of the certificate attesting the amalgamation to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons.”

320. Section 480 of the said Act is amended by replacing the third paragraph by the following paragraph:

“Notwithstanding sections 123.15, 123.105, 123.119, 123.136 and 123.160 of the Companies Act, any provision relating to the objects of a legal person constituted under Part IA of the Companies Act and referred to in the first paragraph must receive prior approval from the Agency. Following such approval, the Agency shall issue a certificate and transmit it to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons in accordance with the procedure set out in section 123.15 of that Act.”

321. Section 495 of the said Act is replaced by the following section:

“**495.** The Government shall transmit a notice of constitution to the Agency. It also shall transmit a notice to that effect to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons.”

322. Section 505 of the said Act is amended by replacing the second paragraph by the following paragraph:

“Such by-law must be approved by the Agency. If it approves the by-law, the Agency shall transmit a notice to that effect to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons. The by-law comes into effect on the date of deposit.”

323. Section 528 of the said Act is amended by replacing “Inspector General, who shall send a copy of it to the Régie de l’assurance-dépôts du Québec,” in the second and third lines and “Inspector General” in the fourth line by “Agency”.

324. Section 532 of the said Act is amended by replacing “the Inspector General” in the second paragraph by “the president and director general of the Agency or by any staff member so authorized by by-law”.

325. Section 533 of the said Act is repealed.

326. Section 548 of the said Act is replaced by the following section :

“548. Where the Agency is of the opinion that the value of an immovable securing a claim of a financial services cooperative is less than the amount of the loan granted, including accrued interest, or where the Agency considers the immovable to be insufficient security, the Agency may require the cooperative to cause an appraisal of the immovable to be made by an appraiser who must receive the approval of the Agency, or the Agency may itself cause the appraisal to be made.

The Agency may, following such appraisal, reduce the value of the loan entered in the books of the cooperative.”

327. Section 549 of the said Act is replaced by the following section :

“549. Where the Agency is of the opinion that the market value of the assets of a financial services cooperative is less than the recorded book value, it may require that such cooperative cause an appraisal of the immovable to be made by an appraiser who must receive the approval of the Agency, or the Agency may itself cause the appraisal to be made.

The Agency may, following such appraisal, reduce the value of the loan entered in the books of the cooperative.”

328. Section 556 of the said Act is amended

(1) by replacing “Inspector General” in the first and second lines of the first paragraph and in the first and fourth lines of the second paragraph by “Agency”;

(2) by replacing “on his or her own” in the first line of the first paragraph by “on the Agency’s own”.

329. Section 560 of the said Act is amended by replacing “the Inspector General” in the third line by “the president and director general of the Agency or by any staff member so authorized by by-law”.

330. Section 567 of the said Act is replaced by the following section :

“567. The Agency may order a financial services cooperative to cease a course of action or to implement specified measures if the Agency is of the opinion that the cooperative is not adhering to sound and prudent management practices or is not complying with

(1) a provision of this Act, a prescriptive instrument adopted by the Government or a federation under this Act, an order made under the second paragraph of section 67, or a written instruction ;

(2) a compliance program ;

(3) an undertaking under this Act.

The Agency may also order a legal person or partnership controlled by a financial services cooperative to cease a course of action or to implement specified measures if the Agency is of the opinion that the legal person or partnership is not complying with a provision of this Act, a prescriptive instrument adopted under this Act or a written instruction or an undertaking under this Act.”

331. Section 585 of the said Act is amended

(1) by replacing both occurrences of the words “the Inspector General” in the first and second lines of the first paragraph by the words “the Agency”;

(2) by replacing the second paragraph by the following paragraph :

“The signature of the president and director general of the Agency, or any staff member authorized by by-law, on copies of documents, registers or archives is proof of the fact that such documents exist and are in the lawful possession of the Agency.”;

(3) by replacing “the Inspector General” in the first line of the third paragraph by “one of the persons referred to in the second paragraph” and by replacing “the Inspector General” in the third line of the third paragraph by “such person”.

332. Section 586 of the said Act is amended

(1) by replacing “The Inspector General” in the first paragraph by “The Agency”;

(2) by replacing the third paragraph by the following paragraph :

“The Agency shall transmit a certified copy of the completed or corrected certificate to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons.”

333. Section 588 of the said Act is amended by replacing “the Inspector General” in the second and third lines by “the Agency or the enterprise registrar” and “by the Inspector General” in the third line by “by the president and director general of the Agency or by any staff member so authorized by by-law or, as the case may be, by the enterprise registrar”.

334. Section 599 of the said Act is amended

(1) by inserting the following subparagraphs after subparagraph 7 of the first paragraph :

“(7.1) determine the policy the caisses must adopt in accordance with section 131.1 or elements of such a policy;

“(7.2) determine the policy that a federation must adopt in accordance with section 131.1 or elements of such a policy;”;

(2) by inserting “and inspection” after “audit” in subparagraph 9 of the first paragraph.

335. Section 721 of the said Act is amended by replacing “fund corporations” in the second line of the English text by “funds”.

336. Section 727 of the said Act is replaced by the following section:

“**727.** The Agence nationale d’encadrement du secteur financier is responsible for the administration of this Act.”

337. Section 731 of the said Act is amended by replacing “sections 126 718” in the third line of the English text of the first paragraph by “sections 718”.

338. Sections 13, 14, 21 to 24, 26, 42, 61, 71, 82, 113, 120, 122, 123, 127, 132, 135, 136, 138, 142, 146, 147, 151, 152, 157, 158, 160, 163, 166, 170, 175 to 182, 184, 185, 188 to 192, 194, 231, 243, 259, 265, 266, 268, 277 to 279, 283, 292, 314, 316, 325, 348, 350, 353, 355, 376, 379 to 381, 387, 389 to 391, 399, 403, 404, 406, 413, 424, 426, 427, 433 to 435, 442, 443, 445 to 449, 452, 453, 455 to 460, 463, 465, 467, 471, 478, 483, 485, 487, 488, 519, 523, 529 to 531, 534, 537, 538, 543, 545, 550 to 554, 557, 559, 562 to 565, 568 to 574, 581, 584, 587, 589, 590, 595, 597, 598, 605 and 609 of the said Act are amended by replacing the words “the Inspector General” and the words “the Inspector General of Financial Institutions”, wherever they appear, by the words “the Agency”, and making the necessary modifications.

RELIGIOUS CORPORATIONS ACT

339. Sections 2, 5, 5.1, 6, 7, 15 and 16 of the Religious Corporations Act (R.S.Q., chapter C-71) are amended by replacing the words “the Inspector General of Financial Institutions” and the words “the Inspector General”, wherever they appear, with the words “the enterprise registrar”, and making the necessary modifications.

340. The said Act is amended by adding the following sections after section 18:

“**19.** The enterprise registrar is responsible for the administration of this Act.

“**20.** The Minister of Industry and Trade is responsible for the application of this Act.”

341. Form 1 of the said Act is amended by replacing “The Inspector General of Financial Institutions” in the first line by “The enterprise registrar”.

REAL ESTATE BROKERAGE ACT

342. Section 1 of the Real Estate Brokerage Act (R.S.Q., chapter C-73.1) is amended by striking out “to a loan secured by immovable hypothec,” in the fifth line.

343. Section 2 of the said Act, amended by section 722 of chapter 29 of the statutes of 2000, is again amended

- (1) by striking out “to a loan secured by hypothec or” in paragraph 5;
- (2) by striking out “or engaging in a transaction relating to a loan secured by hypothec” in paragraph 6;
- (3) by striking out paragraph 9.

344. Section 25 of the said Act is amended by replacing “of the Bureau” in the fourth line by “of the Agence nationale d’encadrement du secteur financier”.

345. The heading of Chapter VII of the said Act is replaced by the following heading:

“ENTERPRISE REGISTRAR”.

346. Sections 61, 62, 75, 79, 101, 105, 106, 142, 144, 146 to 154, 160.3, 164, 166 and section 189 of the said Act are amended by replacing “the Inspector General of Financial Institutions” and the words “the Inspector General”, wherever they appear, by the words “the enterprise registrar”, and by making the necessary modifications.

347. Section 190 of the said Act is replaced by the following section:

“**190.** The Minister of Industry and Trade is responsible for the application of this Act.”

FORESTRY CREDIT ACT

348. Section 46.5 of the Forestry Credit Act (R.S.Q., chapter C-78) is amended by replacing “the Régie de l’assurance-dépôts du Québec” in the third line by “the Agence nationale d’encadrement du secteur financier pursuant to the Deposit Insurance Act (chapter A-26)”.

ACT TO PROMOTE FOREST CREDIT BY PRIVATE INSTITUTIONS

349. Section 58 of the Act to promote forest credit by private institutions (R.S.Q., chapter C-78.1) is amended by replacing “the Régie de l’assurance-

dépôts du Québec” in the second and third lines of the first paragraph by “the Agence nationale d’encadrement du secteur financier pursuant to the Deposit Insurance Act (chapter A-26)”.

DEPOSIT ACT

350. Section 8 of the Deposit Act (R.S.Q., chapter D-5) is amended

(1) by inserting “listed in Schedule I or II to the Bank Act (Revised Statutes of Canada, 1985, chapter B-1.01)” after “bank” in the fourth line of the first paragraph;

(2) by inserting “listed in Schedule I or II to the Bank Act” after “bank” in the fourth line of the second paragraph.

ACT RESPECTING THE DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES

351. Section 5 of the Act respecting the distribution of financial products and services (R.S.Q., chapter D-9.2) is amended by replacing “the Bureau des services financiers” in the last line of the second paragraph by “the Agence nationale d’encadrement du secteur financier”.

352. Section 17 of the said Act is amended by replacing “of the Bureau or, as the case may be, of the Commission des valeurs mobilières du Québec” in the third and fourth lines by “of the Agency”.

353. Section 28 of the said Act is replaced by the following section:

“28. Insurance representatives must, before making an insurance contract, describe the proposed product to the client in relation to the needs identified and specify the nature of the coverage offered.

Insurance representatives must also indicate clearly to the client any particular exclusion of coverage, if any, having regard to the needs identified and provide the client with the required explanations regarding such exclusions.”

354. Section 56 of the said Act is amended by replacing “the Bureau” in the third line by “the Agency”.

355. Section 58 of the said Act is repealed.

356. Section 59 of the said Act is amended

(1) by replacing “Bureau” in the seventh line of the first paragraph by “Agency”;

(2) by adding the following paragraph at the end:

“However, the provisions of this chapter do not apply to a member of an order who holds a certificate issued by the Agency in a sector other than financial planning or who is an executive officer or employee of a firm registered for a sector other than financial planning, where the member acts in the field of financial planning for the firm.”

357. Section 72 of the said Act, amended by section 637 of chapter 29 of the statutes of 2000, is again amended

(1) by replacing “the Bureau” in the second line of the first paragraph by “the Agency”;

(2) by replacing “banks governed by the Bank Act (Statutes of Canada, 1991, chapter 46);” in the second paragraph by “banks or authorized foreign banks listed in Schedule I, II or III to the Bank Act (Revised Statutes of Canada, 1985, chapter B-1.01)”.

358. Section 77 of the said Act is amended

(1) by replacing the first paragraph by the following paragraph:

“**77.** The legal person that registers must, in addition to paying the fees required for registration, pay the contribution payable to the Fonds d’indemnisation des services financiers pursuant to section 278.”;

(2) by replacing “to the Bureau” in the second line of the second paragraph by “to the Agency”.

359. Section 81 of the said Act is amended

(1) by replacing the first paragraph by the following paragraph:

“**81.** While registered, a firm must pay the annual fees prescribed by regulation to the Agency.”;

(2) by replacing the second paragraph by the following paragraph:

“A firm must also pay the contribution payable to the Fonds d’indemnisation des services financiers pursuant to section 278.”

360. Section 83 of the said Act is amended

(1) by replacing “the Bureau” in the third and seventh lines of the first paragraph by “the Agency”;

(2) by replacing “Notwithstanding sections 115 to 125, the Bureau” in the first line of the second paragraph by “Notwithstanding sections 115, 117, 119, 121, 122 and 124, the Agency” and by replacing “the Bureau” in the fifth line by “the Agency”.

361. Section 96 of the said Act is amended by striking out “through an insurance representative or securities representative” in the third line.

362. Section 103 of the said Act is replaced by the following sections :

“**103.** Every firm must provide equitable resolution of complaints filed with the firm. To that end, a firm must establish a policy dealing with

(1) the examination of complaints and claims filed by persons having an interest in a product or service it has distributed ;

(2) the resolution of disputes pertaining to a product or service it has distributed.

“**103.1.** Every firm shall, each year, within two months after the closing date of its fiscal year or on any other date determined by the Agency, submit to the latter a report to that date concerning the policy it has established pursuant to section 103.

The report shall mention, in particular, the number and nature of the complaints filed.

“**103.2.** Every firm shall inform each complainant, in writing and without delay, that a complainant may, if he or she is dissatisfied with the complaint examination procedure or its outcome, request the firm to forward a copy of the complaint file to the Agency.

Where requested by a complainant, the firm shall forward a copy of the complaint file to the Agency.

The Agency shall examine the complaint and may, where it considers it appropriate, act as a mediator if the interested parties agree.

“**103.3.** Notwithstanding sections 9 and 83 of the Act respecting Access to documents held by public bodies and the Protection of personal information (chapter A-2.1), the Agency may not communicate a complaint file without the authorization of the firm that has transmitted it.

“**103.4.** A mediator may not be compelled to disclose anything revealed to or learned by the mediator in the exercise of his or her functions or to produce a document prepared or obtained in the course of such exercise before a court of justice or before a person or body of the administrative branch exercising adjudicative functions.

Notwithstanding section 9 of the Act respecting Access to documents held by public bodies and the Protection of personal information, no person may have access to a document contained in the mediation record.”

363. Section 114 of the said Act is repealed.

364. Section 116 of the said Act is repealed.

365. Section 118 of the said Act is repealed.

366. Section 119 of the said Act is replaced by the following section :

“**119.** An appeal lies to the Court of Québec from any decision rendered by the Agency pursuant to section 115.”

367. Section 120 of the said Act is repealed.

368. Section 121 of the said Act is amended by striking out “or, as the case may be, the Commission” in the second line.

369. Section 122 of the said Act is amended by striking out the second paragraph.

370. Section 123 of the said Act is repealed.

371. Section 124 of the said Act is replaced by the following section :

“**124.** The secretary of the Agency shall transmit the record to the Court of Québec.”

372. Section 125 of the said Act is repealed.

373. Section 133 of the said Act is amended by replacing “collected by the Bureau on behalf of the financial services compensation fund and the dues collected on behalf of the Chambers” in the first paragraph by “payable to the Fonds d’indemnisation des services financiers pursuant to section 278”.

374. Section 135 of the said Act is amended

(1) by replacing “to the Bureau” in the second line of the first paragraph by “to the Agency”;

(2) by replacing “collected by the Bureau on behalf of the financial services compensation fund and the dues collected on behalf of the Chambers” in the second paragraph by “payable to the Fonds d’indemnisation des services financiers pursuant to section 278”.

375. Section 136 of the said Act is amended

(1) by replacing “the Bureau” in the third and fourth lines of the first paragraph by “the Agency”;

(2) by replacing “Notwithstanding sections 115 to 125, the Bureau” in the first line of the third paragraph by “Notwithstanding sections 115, 117, 119, 121, 122 and 124, the Agency”.

376. Section 145 of the said Act is repealed.

377. Section 146 of the said Act is amended

(1) by replacing “103, 106 to 113, 115 to 117 and 119 to 127” in the first paragraph by “103 to 103.4, 106 to 113, 115, 117, 119, 121, 122, 124 and 126”;

(2) by replacing “103, 106 to 113, 115 to 117 and 119 to 127” in the second line of the second paragraph by “103 to 103.2, 106 to 113, 115, 117, 119, 121, 122, 124, 126 and 127”.

378. The said Act is amended by inserting the following after section 157:

“TITLE II.1

“MORTGAGE BROKER

“**157.1.** A mortgage broker is a person or partnership that engages in brokerage activities regarding loans secured by immovable hypothecs.

“**157.2.** No person or body may act as a mortgage broker, or represent himself or itself as such, unless the person or body holds a licence issued for such purpose by the Agency.

“**157.3.** The Agency may refuse to issue a mortgage broker licence if the applicant or a director or officer of the applicant does not, in the opinion of the Agency, show the required honesty or competence.

“**157.4.** The Agency may revoke a mortgage broker’s licence, suspend it or attach restrictions or conditions to it, if it considers that a broker is not complying with the provisions of this Act or where necessary in order to protect the public.

The Agency may also impose a penalty not exceeding \$100,000 on the broker.

“**157.5.** Sections 106 to 109, 111, 112, 117, 119, 121, 122 and 124 apply, with the necessary modifications.

“**157.6.** The provisions of this Title do not apply to banks, financial services cooperatives, insurance companies, mutual insurance companies, mutual benefit associations, savings companies and trust companies, or to their employees and exclusive representatives.

The provisions of this Title do not apply to firms, independent partnerships and independent representatives registered with the Agency under this Act.

The provisions of this Title do not apply to a person who only communicates to a client the name and address of a person or partnership offering hypothecary loans or otherwise puts them in contact, if the person does so as an ancillary activity.”

379. Chapter I of Title III of the said Act comprising sections 158 to 183 is repealed.

380. The heading of Chapter II of Title III of the said Act is amended by adding “OF THE AGENCY” at the end.

381. Section 184 of the said Act is amended

(1) by replacing the first paragraph by the following paragraph :

“**184.** The Agency’s mission is to see to the protection of the public regarding the exercise of the activities governed by this Act.”;

(2) by replacing “The Bureau” in the first line of the second paragraph by “The Agency”.

382. Section 186 of the said Act is amended

(1) by replacing “Bureau” in the first line of the first paragraph by “Agency”;

(2) by striking out the second paragraph.

383. The said Act is amended by inserting the following section after section 186 :

“**186.1.** In the case of a complaint filed against a certificate holder, the Agency shall advise the firm or the independent partnership to which the certificate holder is attached of the filing of the complaint and its nature.

The Agency shall also advise the certificate holder.”

384. Section 187 of the said Act is replaced by the following section :

“**187.** The Agency shall also receive complaints filed against mortgage brokers and distributors.

The Agency shall investigate complaints of a penal nature and, if it considers that there exists sufficient evidence that an offence has been committed, it shall institute proceedings.

The Agency shall examine complaints of a civil nature and may forward them to the mortgage broker and lender concerned or, as the case may be, to the distributor and the insurer concerned.

The Agency shall, in a periodic report published in its information bulletin, state the types of complaints of a civil nature it has received.”

385. Section 188 of the said Act is amended by replacing “The Bureau shall forward every complaint it receives concerning a representative to the syndic having jurisdiction or to the co-syndic” in the first and second lines by “The Agency shall forward every complaint it receives concerning a representative to the syndic having jurisdiction”.

386. Section 189 of the said Act is amended

(1) by replacing the first paragraph by the following paragraph :

“**189.** The Agency may enter into agreements with the Government, a government body or any other person in Québec.”;

(2) by replacing “The Bureau may, after obtaining the advice of the Commission, enter into agreements authorized by law” in the first and second lines of the second paragraph by “The Agency may, in accordance with the applicable legislative provisions, enter into agreements”.

387. The said Act is amended by inserting the following section after section 189:

“**189.1.** The Agency may, with the authorization of the Government, enter into an agreement with any body or legal person concerning the examination of complaints filed by persons dissatisfied with the examination procedure or its outcome.

Such an agreement may provide that the body or legal person may, where it considers it advisable, act as a mediator if the interested parties agree.”

388. Section 191 of the said Act is amended

(1) by replacing “The Bureau” in the first line by “The Agency”;

(2) by striking out “or the co-syndic” in the first and second lines.

389. Section 192 of the said Act is replaced by the following section :

“**192.** The Agency may request from a chamber or a syndic any information or document necessary for the exercise of its functions.”

390. Section 193 of the said Act is replaced by the following section :

“**193.** The Agency shall periodically publish an information bulletin to inform representatives, firms, independent representatives and independent partnerships as well as the public of its activities. In particular, the hearing schedule of the discipline committees, a summary of the decisions reached by

the Agency regarding firms, independent representatives and independent partnerships, mortgage brokers and holders of restricted-practice certificates, decisions reached regarding representatives and a summary of the Agency's activity report must be published."

391. Section 194 of the said Act is amended

(1) by replacing the first paragraph by the following paragraph :

"**194.** The Agency shall publish its draft regulations in the information bulletin.";

(2) by replacing the third paragraph by the following paragraph :

"The Agency shall also publish all the regulations approved by the Government in the information bulletin."

392. Section 195 of the said Act is repealed.

393. Section 196 of the said Act is amended

(1) by replacing "The Bureau" in the first line of the first paragraph by "The Agency";

(2) by striking out the third paragraph.

394. Section 198 of the said Act is amended

(1) by replacing "The Bureau" in the first line of the first and second paragraphs by "the Agency";

(2) by striking out the third paragraph;

(3) by replacing "174.1 to 174.11 and 174.13 to 174.18" in the first line of the fourth paragraph by "174.13 to 174.16" and by replacing "the Bureau" in the third line by "the Agency";

(4) by striking out the fifth paragraph.

395. Section 200 of the said Act is amended

(1) by replacing the introductory sentence by the following sentence :

"The Agency may, for each discipline, determine by regulation";

(2) by inserting the following paragraph after paragraph 5 :

“(5.1) the rules relating to compulsory professional development of financial planners, after consultation with the Institut québécois de planification financière;”.

396. Section 201 of the said Act is replaced by the following section :

“**201.** The Agency may, by regulation, determine the rules of ethics applicable to securities representatives.”

397. Section 202 of the said Act is amended

(1) by replacing the introductory sentence in the first paragraph by the following sentence :

“**202.** The Agency may, for each sector, determine by regulation” ;

(2) by striking out the second paragraph.

398. The said Act is amended by inserting the following section after section 202 :

“**202.1.** The Agency shall determine, by regulation,

(1) the rules of ethics applicable to representatives, other than securities representatives, of each sector or class of sector ;

(2) the rules governing compulsory professional development for representatives of each sector or class of sector other than financial planning.”

399. Section 203 of the said Act is amended

(1) by replacing “The Bureau” in the first line of the first paragraph by “The Agency” ;

(2) by striking out the second paragraph.

400. The said Act is amended by inserting the following section after section 203 :

“**203.1.** The Agency may, with respect to mortgage brokers, determine by regulation

(1) the conditions and restrictions that apply to the pursuit of mortgage broker activities ;

(2) the rules applicable to client solicitation and the representations made by brokers ;

- (3) the services information that a broker must give to a client, and the manner of giving such information;
- (4) the period of validity of a broker's licence;
- (5) the fees payable by a broker for the issuance and renewal of a licence;
- (6) the rules and procedure governing the issue and renewal of a licence;
- (7) the manner in which and the time within which the Agency must be informed by a broker of any change affecting the information entered in the register in respect of that broker.

The Agency may exercise the powers conferred on it by subparagraphs 1 to 3 regarding the holder of a mortgage broker licence and regarding the broker's employees."

401. Section 204 of the said Act is replaced by the following section :

"204. The Agency may exercise the powers conferred on it by sections 200 to 203 according to such classes of sector it may determine."

402. Section 205 of the said Act is replaced by the following section :

"205. The Agency may, for each sector, allow representatives of a given sector to pursue activities in Québec from a base in another province or another country, and fix the professional requirements for the pursuit of such activities."

403. Section 206 of the said Act is replaced by the following section :

"206. The Agency may, by regulation, determine the conditions to be met by a firm, an independent partnership or an independent representative before engaging in brokerage operations in connection with loans secured by immovable hypothec."

404. Section 207 of the said Act is replaced by the following section :

"207. The Agency may, by regulation, determine what constitutes a business relationship and the rules relating to the disclosure of business relationships for the purposes of sections 26 and 53."

405. Section 217 of the said Act is replaced by the following section :

"217. A regulation made pursuant to this Act shall be submitted to the Government for approval with or without amendment.

The Government may make any regulation the Agency fails to make within the time the Government indicates."

406. Section 221 of the said Act is repealed.

407. Section 223 of the said Act is amended

(1) by replacing “The Bureau” in the introductory sentence of the first paragraph by “the Agency”;

(2) by replacing subparagraph 8 of the first paragraph by the following subparagraph:

“(8) the rules relating to the keeping of records and the register of commissions;”;

(3) by striking out subparagraph 10 of the first paragraph;

(4) by striking out the second and third paragraphs.

408. Section 224 of the said Act is amended

(1) by replacing “The Bureau” in the first line of the first paragraph by “The Agency”;

(2) by striking out the second paragraph.

409. The said Act is amended by inserting the following section after section 224:

“**224.1.** The Agency may, by regulation, determine the conditions to be met by an executive officer of a firm acting through a securities representative.”

410. Section 225 of the said Act is amended

(1) by replacing “The Bureau” in the first line of the first paragraph by “The Agency”;

(2) by striking out the second paragraph.

411. Section 226 of the said Act is amended

(1) by replacing “The Bureau” in the first line of the first paragraph by “the Agency”;

(2) by striking out the second paragraph.

412. Section 227 of the said Act is amended

(1) by replacing “The Commission” in the introductory sentence of the first paragraph by “The Agency”;

(2) by striking out the second paragraph.

413. Section 228 of the said Act is amended

(1) by replacing “The Bureau” in the introductory sentence of the first paragraph by “The Agency”;

(2) by striking out subparagraphs 1 and 2 of the first paragraph;

(3) by striking out the second paragraph.

414. Section 230 of the said Act is amended

(1) by replacing “by the Bureau” in the first line by “by the Agency”;

(2) by striking out “or 116” in the fourth line.

415. Section 233 of the said Act is repealed.

416. The said Act is amended by inserting the following section after section 235:

“235.1. The Agency shall keep and maintain a register of mortgage brokers to whom it has issued a licence.

This register shall contain, if the holder of the licence is a natural person, the holder’s name, the address of the establishment to which the holder is attached, the conditions and restrictions that may apply to the holder’s licence and the period of validity of the licence.

The register shall contain, if the holder of the licence is a legal person, the address of its head office and of any establishment it maintains in Québec as well as the conditions and restrictions that may apply to its licence and the period of validity of the licence.

If the holder of the licence is a partnership, the register shall contain, in addition to the information specified in the third paragraph, the name of each partner.

This register shall also contain any other information relating to the holder of the licence that the Agency considers appropriate.”

417. Section 237 of the said Act is repealed.

418. Section 238 of the said Act is amended by replacing “and independent partnerships shall inform the Bureau” in the first and second lines by “, independent partnerships as well as mortgage brokers shall inform the Agency”.

419. Section 244 of the said Act is amended

(1) by replacing “The Bureau” in the first line by “The Agency”;

(2) by adding “relating to the administration of this Act” at the end.

420. Sections 245 to 247 of the said Act are repealed.

421. Section 248 of the said Act is replaced by the following section :

“**248.** Subject to the contributions payable to an insurance fund or to the Fonds d’indemnisation des services financiers, the amounts payable to the Agency under this Act shall be part of its revenues. Such revenues shall be applied to the payment of its expenses incurred for the purposes of the administration of this Act.”

422. Sections 250 to 255 of the said Act are repealed.

423. Section 256 of the said Act is replaced by the following section :

“**256.** The Agency must, no later than 31 July of each year, file with the Minister a report on its activities relating to the administration of this Act for the preceding fiscal year.

The report must contain all the information required by the Minister.

The report shall mention the Agency’s findings regarding the manner in which firms, independent representatives, independent partnerships and the holders of restricted-practice certificates protect the personal information they hold on their clients.”

424. Section 258 of the said Act is amended by adding the following paragraph after the first paragraph :

“The fund shall be assigned to the payment of indemnities payable to victims of fraud, fraudulent tactics or embezzlement for which a firm, an independent representative or an independent partnership is responsible.”

425. This Act is amended by inserting the following section after section 258 :

“**258.1.** The Fonds d’indemnisation des services financiers shall be constituted of dues paid by firms, independent representatives or independent partnerships pursuant to section 278 as well as of amounts recovered under section 277.”

426. Sections 259 to 273 of the said Act are repealed.

427. Section 274 of the said Act is replaced by the following sections :

“**274.** The amounts constituting the Fonds d’indemnisation des services financiers are managed by the Agency. The Agency shall keep separate books in respect of such amounts and the costs incurred for the administration and operation of the fund pursuant to this Title shall be defrayed out of the amounts constituting the fund.

The assets of the fund are not part of the assets of the Agency and may not be used for the execution of the Agency’s obligations.

“**274.1.** The Agency, in accordance with the rules determined by regulation, shall rule on the admissibility of claims submitted to it and shall decide the amount of the indemnities to be paid.”

428. Section 275 of the said Act is repealed.

429. Section 276 of the said Act is amended by replacing “The fund” in the first line by “The Agency”.

430. Section 277 of the said Act is amended

(1) by replacing “The fund” in the first line by “The Agency”;

(2) by adding the following sentence at the end : “The amounts so recovered shall be paid into the fund.”

431. Section 278 of the said Act is amended

(1) by replacing “The fund” in the first paragraph by “The Agency”;

(2) by replacing “The fund” in the second paragraph by “The Agency”;

(3) by striking out the third paragraph.

432. Section 279 of the said Act is amended by replacing “made by” in the first line by “of the amounts constituting”.

433. Sections 280 to 283 of the said Act are repealed.

434. Section 292 of the said Act is repealed.

435. Section 293 of the said Act is replaced by the following section :

“**293.** Each member is entitled to stand as a candidate for a vacant position and to vote. However, a member may stand as a candidate for only one position.”

436. Section 294 of the said Act is amended by striking out the second paragraph.

437. Section 295 of the said Act is amended

(1) by replacing “The secretary of the Bureau” in the first line of the first paragraph by “The Chamber”;

(2) by replacing the second paragraph by the following paragraph :

“The Chamber shall then forward a list of the candidates declared elected to the Minister and to the Agency, which shall publish the list in its information bulletin.”

438. Section 296 of the said Act is amended by striking out the second paragraph.

439. Section 297 of the said Act is amended by striking out the second paragraph.

440. Section 298 of the said Act is amended by adding the following paragraph at the end :

“Notwithstanding the expiry of their terms, the members of the board shall remain in office until they are replaced or re-elected.”

441. Section 300 of the said Act is amended by striking out “held by the secretary of the Bureau” in the second line of the second paragraph.

442. Section 312 of the said Act is replaced by the following section :

“312. The mission of a Chamber shall be to ensure the protection of the public by maintaining discipline among and supervising the training and ethics of its members.

The Chambers shall exercise the functions and powers provided for in this chapter, Chapter III of this Title and Chapters I and II of Title VI of this Act as recognized self-regulatory organizations to which the provisions of Title III of the Act respecting the Agence nationale d’encadrement du secteur financier (2002, chapter 45) apply, with the necessary modifications.

In addition, they shall exercise any other function or power delegated to them by the Agency under section 58 of that Act.

They shall also exercise, in respect of their members, the regulatory power provided for in section 202.1.

The representatives referred to in the first paragraph of section 289 are members of the Chambre de la sécurité financière and the representatives

referred to in the first paragraph of section 290 are members of the *Chambre de l'assurance de dommages*.”

443. Section 313 of the said Act is amended

(1) by striking out subparagraphs 1 and 2 of the first paragraph;

(2) by replacing the second paragraph by the following paragraph:

“Section 217 does not apply to a regulation made under the first paragraph.”

444. Section 315 of the said Act is amended

(1) by replacing “contributors” in the first line by “members”;

(2) by adding the following paragraph at the end:

“Section 217 does not apply to a regulation made under the second paragraph.”

445. Section 320 of the said Act is replaced by the following sections:

“320. A Chamber shall, by regulation, determine the amount of the annual contribution its members must pay to it and the date before which such contribution must be paid.

The regulation shall be submitted to the members for approval.

Section 217 does not apply to a regulation made under the first paragraph.

“320.1. Each member must, within the time prescribed, pay the contribution determined pursuant to section 320 to the Chamber.

“320.2. The Chamber must notify the Agency if a member fails to pay the annual contribution.

“320.3. The Agency shall serve on a member who fails to pay the annual contribution to a Chamber a 15-day notice of the date on which the representative’s certificate of the member will be suspended for failure to pay the annual contribution within the time prescribed.

Upon the expiry of the time prescribed, the Agency shall suspend the representative’s certificate of the member having failed to pay the amount of the annual contribution and the applicable fees. The Agency shall then indicate in the register that the certificate has been suspended and notify the member, the Chamber and, where applicable, the firm or independent partnership for which the member is acting, that the member may no longer act as or purport to be a representative.

“320.4. A member whose representative’s certificate has been suspended for failure to pay the annual contribution may request that the Agency lift the suspension of the certificate after paying directly to the Agency the amount of the contribution together with the applicable fees.

Upon payment of the contribution and applicable fees, the Agency shall lift the suspension and issue a representative’s certificate to the member, unless other grounds exist that prevent a certificate being issued to the member.

The Agency shall in such case enter in the register an indication to that effect and notify the persons referred to in the second paragraph of section 320.3. The Agency shall remit the contribution received to the Chamber and retain the fees collected.

“320.5. At the request of a Chamber, the Agency shall collect the annual contributions from its members. The collection costs incurred by the Agency shall be borne by the Chamber.”

446. Sections 321 and 322 of the said Act are repealed.

447. Section 324 of the said Act is repealed.

448. Section 325 of the said Act is repealed.

449. Section 326 of the said Act is repealed.

450. Section 327 of the said Act is amended by striking out the second paragraph.

451. Section 328 of the said Act is amended by striking out the second paragraph.

452. Section 329 of the said Act is amended by striking out “and of the co-syndic” in the first line.

453. Section 330 of the said Act is replaced by the following section :

“330. The duties of the syndic of the Chambre de la sécurité financière shall relate to representatives in insurance of persons, group insurance representatives, financial planners and securities representatives.

The duties of the syndic of the Chambre de l’assurance de dommages shall relate to damage insurance agents, damage insurance brokers and claims adjusters.

A syndic shall have jurisdiction to act in respect of a representative authorized to act in more than one sector if one of such sectors falls within the syndic’s jurisdiction.”

454. Section 331 of the said Act is amended by striking out the second paragraph.

455. Section 332 of the said Act is amended

(1) by striking out “or co-syndic” in the first line and the second line of the first paragraph;

(2) by striking out “or co-syndic” in the second paragraph.

456. Section 333 of the said Act is amended by striking out “or co-syndic” in the second line of the first paragraph.

457. Section 334 of the said Act is amended by striking out “, co-syndic” in the first line.

458. Section 335 of the said Act is replaced by the following section :

“335. The syndics may exchange personal information with each other and with the Agency for the purpose of detecting or repressing offences under this Act or the regulations.

They may also obtain any information from the Agency concerning the Fonds d’indemnisation des services financiers.”

459. Section 336 of the said Act is replaced by the following section :

“336. Upon receiving a complaint, a syndic shall immediately advise the Agency of the filing and nature of the complaint. The first paragraph of section 186.1 applies to such a complaint.

The syndic shall also advise another syndic having jurisdiction in respect of the certificate holder as well as the certificate holder against whom the complaint is directed.”

460. Section 337 of the said Act is amended by striking out “or the co-syndic” in the second line.

461. Section 338 of the said Act is amended by striking out “and the co-syndic” in the first line.

462. Section 339 of the said Act is amended by striking out “or by the co-syndic” in the second line.

463. Section 343 of the said Act is amended by striking out “, the co-syndic” in the first and second lines.

464. Section 344 of the said Act is amended

(1) by striking out “or the co-syndic” in the first line of the first paragraph ;

(2) by replacing “ the Bureau or by the Commission” at the end of the second paragraph by “the Agency”.

465. Section 345 of the said Act is amended by striking out “or co-syndic” in the second line.

466. Section 347 of the said Act is amended by replacing the first paragraph by the following paragraph :

“**347.** A person who requested that an inquiry be held shall be informed, in writing, by the syndic of any decision not to file a complaint, of the reasons for the decision and of the possibility of seeking the opinion of the Agency’s review committee.”

467. Sections 348 to 350 of the said Act are amended by striking out the words “or the co-syndic” and the words “or co-syndic”, wherever they appear.

468. Section 351 of the said Act is replaced by the following section :

“**351.** The syndics shall report on their activities to the Chambers and to the Agency in the manner determined by the Agency.”

469. The said Act is hereby amended by inserting the following after section 351 :

“TITLE V.1

“REVIEW COMMITTEE

“**351.1.** A review committee is hereby established within the Agency.

The purpose of the committee is to give any person who so requests an opinion concerning the decision of the syndic or syndic’s assistant of one of the Chambers not to file a complaint following an inquiry held at the person’s request.

The committee shall be made up of the members appointed by the Agency, whose number it shall determine.

At least two of the persons appointed shall be chosen from among the persons whose names appear on a list that the Agency may draw up for such purpose. The persons appointed in accordance with this paragraph shall be entitled, to the extent and subject to the conditions determined by the Government, to an attendance allowance and to the reimbursement of reasonable expenses incurred in the performance of their functions. The allowance and reimbursement shall be borne by the Agency.

The committee shall sit with three persons, at least one of whom shall be a member chosen in accordance with the fourth paragraph.

If the number of persons appointed so permits, the committee may sit in divisions of three persons, at least one of whom shall be a member chosen in accordance with the fourth paragraph.

“351.2. The person who requested the syndic to hold an inquiry may, within 30 days following the date of receipt of the decision of the syndic or syndic’s assistant not to file a complaint before the discipline committee, request the opinion of the review committee.

Within 90 days following the date of receipt of a request for an opinion referred to in the first paragraph, the review committee shall render its decision in writing after examining the entire record and the evidence, which the syndic or syndic’s assistant shall transmit to the committee, and after hearing the syndic or syndic’s assistant as well as the person who requested the inquiry.

“351.3. In its opinion, the review committee may

(1) conclude that there is no reason to file a complaint before the discipline committee;

(2) ask the syndic or syndic’s assistant to complete the inquiry; or

(3) conclude that there is reason to file a complaint before the discipline committee and suggest the name of a person who, acting in the capacity of a syndic, may file a complaint.”

470. Section 359 of the said Act is amended by replacing “contributors” in the second line by “members”.

471. The said Act is amended by inserting the following section after section 366:

“366.1. Section 124 of the Professional Code (chapter C-26) applies to members and secretaries of the discipline committees and to syndics, syndics’ assistants and members of their personnel and to members of the review committee, with the necessary modifications.”

472. Section 379 of the said Act is amended by striking out “with respect to a representative, except a representative authorized to act in the securities field,” in the first and second lines of the first paragraph.

473. Section 380 of the said Act is repealed.

474. Section 381 of the said Act is amended by striking out “or, as the case may be, the Commission” in the second line.

475. Section 382 of the said Act is amended

(1) by replacing “under section 379 or 380” in the first line of the first paragraph by “under section 379”;

(2) by striking out the second and third paragraphs.

476. Section 383 of the said Act is amended by striking out “or, as the case may be, to the Commission,” in the second line.

477. Section 384 of the said Act is repealed.

478. Chapters I and II of Title VII of the said Act, comprising sections 385 to 402, are repealed.

479. Section 419 of the said Act is replaced by the following section :

“**419.** Where an insurer fails to comply with an order of the Agency, the Agency may order the insurer to cease distributing the product through distributors.”

480. Section 449 of the said Act is amended

(1) by replacing “The Bureau” in the introductory sentence of the first paragraph by “The Agency”;

(2) by striking out the second paragraph.

481. Section 454 of the said Act is amended by replacing “The Bureau, or a panel of three of its members established for the purpose,” in the first and second lines by “The Agency”.

482. Section 456 of the said Act is amended by replacing “the Bureau or by a panel of its members” in the first and second lines of the first paragraph by “the Agency”.

483. The said Act is amended by inserting the following section after section 467 :

“**467.1.** Subject to the provisions of section 157.6, every person that acts as a mortgage broker or purports to be one without being the holder of a mortgage broker licence or without being a partner or an employee of a holder of such a licence is guilty of an offence.”

484. Section 468 of the said Act is amended by inserting “, mortgage broker” after “firm”.

485. Section 483 of the said Act is amended

- (1) by inserting “partner,” after “director,” in the first line ;
- (2) by inserting “or partnership” after “legal person” in the first and second lines ;
- (3) by replacing “a legal person” in the third line by “the legal person or partnership”.

486. Section 484 of the said Act is repealed.

487. Section 492 of the said Act is replaced by the following section :

“492. Proceedings for an offence under any of sections 461 to 483 may be instituted by the Agency.

When the Agency has taken charge of the prosecution, the fine imposed to punish the offence belongs to the Agency.”

488. Section 493 of the said Act is repealed.

489. Section 494 of the said Act is amended by replacing “of the Bureau or of the Commission” in the first line of the second paragraph by “of the Agency”.

490. The said Act is amended by inserting the following after section 494 :

“TITLE IX.1

“REGULATORY POWERS OF THE GOVERNMENT

“494.1. The Government may, by regulation,

- (1) determine the policy that firms must adopt pursuant to section 103 or elements of such policy ;
- (2) determine the policy that independent representatives must adopt pursuant to section 103 or elements of such policy ;
- (3) determine the policy that independent partnerships must adopt pursuant to section 103 or elements of such policy.”

491. Section 542 of the said Act is amended by adding “in accordance with the provisions of Title II.1” at the end.

492. Section 553 of the said Act is amended

- (1) by inserting “on behalf of a firm” after “immovable hypothec” in the second line of the first paragraph ;

(2) by replacing “the Bureau” in the second line of the second paragraph by “the Agency”.

493. Section 559 of the said Act is amended by replacing “The Fonds d’indemnisation des services financiers” in the first line by “The Agency”.

494. Section 560 of the said Act is amended by replacing “the Fonds d’indemnisation des services financiers” in the third and fourth lines of the first paragraph by “the Agency”.

495. Section 561 of the said Act is replaced by the following section :

“561. The Government may, from 1 October 2004, authorize the Agency to integrate into the Fonds d’indemnisation des services financiers the amounts deriving from the three separate funds referred to in section 558.”

496. Section 563 of the said Act is repealed.

497. Section 566 of the said Act is amended

(1) by replacing “The Bureau” in the first line of the first paragraph by “The Agency”;

(2) by replacing “117 to 127” in the second paragraph by “117, 119, 121, 122, 124, 126 and 127”.

498. The said Act is amended by inserting the following section after section 580:

“580.1. The Agence nationale d’encadrement du secteur financier is responsible for the administration of this Act.”

499. Sections 12, 13, 19, 22, 29, 41, 44, 46, 57, 64, 69, 71 to 73, 74, 76, 78, 79, 88, 93, 104 to 108, 112, 115, 117, 122, 126 to 128, 130 to 132, 139, 144, 185, 186.1, 190, 197, 199, 208 to 213, 215, 216, 218 to 220, 222, 229, 231, 232, 234 to 236, 239 to 243, 249, 286, 314, 317, 318, 336, 346, 368 to 370, 413, 414, 416 to 418, 422, 423, 428, 432, 440, 443, 445, 447, 450 to 452, 455, 457 to 462, 465, 474, 476, 535, 539, 540, 545, 549, 554 and 567 of the said Act, amended by chapter 29 of the statutes of 2000 and by chapter 9 of the statutes of 2001, are amended by replacing the words “the Bureau”, wherever they appear, by the words “the Agency”, and making the necessary modifications.

500. Sections 53 to 55, 98, 99, 214 and 319 of the said Act, amended by chapter 29 of the statutes of 2000 and by chapter 9 of the statutes of 2001, are amended by replacing the words “the Commission”, wherever they appear, by the words “the Agency”, and making the necessary modifications.

ROMAN CATHOLIC BISHOPS ACT

501. Sections 2.2, 3, 6, 13, 17 and 19 of the Roman Catholic Bishops Act (R.S.Q., chapter E-17) are amended by replacing the words “the Inspector General of Financial Institutions” or “the Inspector General”, wherever they appear, by the words “the enterprise registrar”, and making the necessary modifications.

502. The said Act is amended by adding the following sections after section 21 :

“**22.** The enterprise registrar is responsible for the administration of this Act.

“**23.** The Minister of Industry and Trade is responsible for the application of this Act.”

ACT RESPECTING NASDAQ STOCK EXCHANGE ACTIVITIES
IN QUÉBEC

503. Section 2 of the Act respecting Nasdaq stock exchange activities in Québec (R.S.Q., chapter E-20.01) is replaced by the following section :

“**2.** Nasdaq Canada Inc., a company legally incorporated under the Canada Business Corporations Act (Revised Statutes of Canada, 1985, chapter C-44), is recognized as a self-regulatory organization within the meaning of the second paragraph of section 170 of the Securities Act (chapter V-1.1) and is authorized to carry on its securities trading and clearing activities in Québec within the meaning of section 169 of the Securities Act (chapter V-1.1).”

504. Section 5 of the said Act is amended by replacing “26 of section 331” in the third line of the second paragraph by “32 of section 331.1”.

505. Section 6 of the said Act is amended by replacing “the Commission des valeurs mobilières du Québec” in the third and fourth lines by “the Agence nationale d’encadrement du secteur financier” and “Securities Act (chapter V-1.1)” in the fifth line by “Act respecting the Agence nationale d’encadrement du secteur financier”.

506. Section 7 of the said Act is amended

(1) by replacing “the Commission des valeurs mobilières du Québec under sections 177 to 181 of the Securities Act (chapter V-1.1)” in the first, second and third lines of the first paragraph by “the Agence nationale d’encadrement du secteur financier under sections 74 to 80 of the Act respecting the Agence nationale d’encadrement du secteur financier (2002, chapter 45)”;

(2) by replacing “the Commission” in the sixth line of the first paragraph and the first line of the second paragraph by “the Agency”;

(3) by replacing “180.1 and following of the Securities Act” in the third and fourth lines of the second paragraph by “73 and following of the Act respecting the Agence nationale d’encadrement du secteur financier”.

507. Section 8 of the said Act is amended

(1) by replacing “the Commission des valeurs mobilières du Québec” in the second line by “the Agence nationale d’encadrement du secteur financier”;

(2) by inserting “stock exchange and” after “as a” in the third line;

(3) by adding “and of the Act respecting the Agence nationale d’encadrement du secteur financier (2002, chapter 45)” at the end.

ACT RESPECTING FABRIQUES

508. Sections 2, 11, 16 and 21 of the Act respecting fabriques (R.S.Q., chapter F-1) are amended by replacing the words “the Inspector General of Financial Institutions” and “the Inspector General”, wherever they appear, by the words “the enterprise registrar”, and making the necessary modifications.

509. The said Act is amended by adding the following sections after section 74:

“**75.** The enterprise registrar is responsible for the administration of this Act.

“**76.** The Minister of Industry and Trade is responsible for the application of this Act.”

ACT TO ESTABLISH FONDATION, LE FONDS DE DÉVELOPPEMENT DE LA CONFÉDÉRATION DES SYNDICATS NATIONAUX POUR LA COOPÉRATION ET L’EMPLOI

510. Section 7 of the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l’emploi (R.S.Q., chapter F-3.1.2) is amended by replacing “the Inspector General of Financial Institutions” in the second and third lines of the second paragraph by “the enterprise registrar”.

511. Section 21 of the said Act is amended by inserting “or an authorized foreign bank listed in Schedule I, II or III to the Bank Act (Revised Statutes of Canada, 1985, chapter B-1.01)” after “bank” in subparagraph 3 of the fourth paragraph.

512. Section 37 of the said Act is amended

(1) by replacing “the Commission des valeurs mobilières du Québec” in the second line of the first paragraph by “the Agence nationale d’encadrement du secteur financier”;

(2) by replacing “The Commission” in the first line of the third paragraph by “The Agency”.

ACT TO ESTABLISH THE FONDS DE SOLIDARITÉ DES TRAVAILLEURS DU QUÉBEC (F.T.Q.)

513. Section 6 of the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (R.S.Q., chapter F-3.2.1) is amended by replacing “the Inspector General of Financial Institutions” in the third and fourth lines of the second paragraph by “the enterprise registrar”.

514. Section 16 of the said Act is amended by inserting “or an authorized foreign bank listed in Schedule I, II or III to the Bank Act (Revised Statutes of Canada, 1985, chapter B-1.01)” after “bank” in subparagraph 3 of the fourth paragraph.

515. Section 29 of the said Act is amended by replacing “the Commission des valeurs mobilières du Québec” in the first and second lines of the second paragraph by “the Agence nationale d’encadrement du secteur financier”.

516. Section 30 of the said Act is amended

(1) by replacing “the Commission des valeurs mobilières du Québec” in the second line of the first paragraph by “the Agence nationale d’encadrement du secteur financier”;

(2) by replacing “The Commission” in the first line of the third paragraph by “The Agency”.

TAXATION ACT

517. Section 1 of the Taxation Act (R.S.Q., chapter I-3), amended by section 1 of chapter 7, section 17 of chapter 51 and section 1 of chapter 53 of the statutes of 2001, is again amended by inserting “from the Agence nationale d’encadrement du secteur financier or” after “obtained” in subparagraph ii of paragraph *b* of the definition of “registered securities dealer”.

518. Section 895 of the said Act is amended by inserting “the Agence nationale d’encadrement du secteur financier,” after “the promoter with” in the second line of paragraph *b*.

519. Section 897 of the said Act is amended by inserting “the Agence nationale d’encadrement du secteur financier,” after “such a prospectus with” in the fourth line.

520. Sections 346.2, 998, 999.0.1 and 1175.1 of the said Act are amended by replacing the words “the Inspector General of Financial Institutions”, wherever they appear, by the words “the Agence nationale d’encadrement du secteur financier”, and making the necessary modifications.

521. Sections 965.1, 965.6.23.1, 965.7, 965.9.2, 965.9.7.0.2, 965.9.7.1, 965.9.7.2, 965.9.7.3, 965.24.2, 965.28, 965.28.1, 965.28.2, 965.31.5, 979.1, 1029.8.36.95, 1029.8.36.147, 1049.2.8 and 1049.2.9 of the said Act are amended by replacing the words “the Commission des valeurs mobilières du Québec” and “the Commission”, wherever they appear, by the words “the Agence nationale d’encadrement du secteur financier” and making the necessary modifications.

ACT RESPECTING THE DISCLOSURE OF THE COMPENSATION RECEIVED BY THE EXECUTIVE OFFICERS OF CERTAIN LEGAL PERSONS

522. Section 3 of the Act respecting the disclosure of the compensation received by the executive officers of certain legal persons (R.S.Q., chapter I-8.01) is amended by striking out the second paragraph.

523. Section 6 of the said Act is amended by replacing “A body responsible for the administration of this Act” in the first line by “The Agence nationale d’encadrement du secteur financier”.

524. Section 7 of the said Act, amended by section 99 of chapter 38 of the statutes of 2001, is replaced by the following section :

“**7.** The Agence nationale d’encadrement du secteur financier is responsible for the administration of this Act.

It may, in this respect, exercise the powers conferred on it by the Securities Act.”

ACT RESPECTING THE INSPECTOR GENERAL OF FINANCIAL INSTITUTIONS

525. The title of the Act respecting the Inspector General of Financial Institutions (R.S.Q., chapter I-11.1) is replaced by the following title :

“An Act respecting the enterprise registrar”.

526. Section 1 of the said Act is amended

(1) by replacing the first paragraph by the following paragraph :

“**1.** An enterprise registrar shall perform the functions and powers conferred on him or her by the Companies Act (chapter C-38), the Real Estate Brokerage Act (chapter C-73.1), the Winding-up Act (chapter L-4), the Act

respecting the special powers of legal persons (chapter P-16), the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons (chapter P-45) or by other Acts and is responsible for carrying on the administration of every Act or legislative provision assigned to the enterprise registrar by an Act or by the Government.”;

(2) by striking out “supervise and inspect financial institutions and” in the second paragraph.

527. Section 8 of the said Act is amended

(1) by replacing “The Inspector General” in the first line of the first paragraph by “The enterprise registrar”;

(2) by striking out the second paragraph.

528. Section 18 of the said Act is amended by replacing “Inspector” in the second line by “enterprise registrar”.

529. Section 26 of the said Act is amended by replacing “the Inspector General” and “Deputy Inspector General” in the first line of the first paragraph by “the enterprise registrar” and “deputy enterprise registrar” and by striking out “as a shareholder” in the second line of the first paragraph.

530. Section 27 of the said Act is repealed.

531. Section 28 of the said Act is repealed.

532. Section 32 of the said Act is amended by replacing “sections 14 and 28” by “section 14”.

533. Sections 36 to 41 of the said Act are repealed.

534. Section 42 of the said Act is replaced by the following section :

“**42.** The enterprise registrar is authorized to use any document or means of identification already printed with the name of Inspector General of Financial Institutions until they are replaced with documents and means of identification printed with the name of the enterprise registrar.”

535. Section 44 of the said Act is amended

(1) by replacing ““Minister of Financial Institutions and Cooperatives”, “Superintendent of Insurance”” in the second and third lines of the first paragraph by ““Inspector General of Financial Institutions” or “Inspector General””;

(2) by replacing the second paragraph by the following paragraph :

“The regulation made under this section may have effect as of any date not earlier than (*insert here the date of coming into force of section 526*).”

536. Section 45 of the said Act is replaced by the following section:

“**45.** In any order, order in council, proclamation, contract or document, the expressions “Inspector General of Financial Institutions” and “Inspector General” designate the enterprise registrar with respect to the duties or powers that are entrusted to the enterprise registrar or, if the Government decides otherwise, any other person or organization designated by the Government.

An order of the Government made pursuant to the first paragraph may have effect from any date not prior to (*insert here the date of coming into force of section 526*).”

537. Section 46 of the said Act is amended by striking out “, for the fiscal years 1982-1983 and 1983-1984 out of the consolidated income fund and, for subsequent years,”.

538. Section 55 of the said Act is repealed.

539. Section 275 of the said Act is amended by replacing “of Finance” by “of Industry and Trade”.

540. Sections 2 to 7, 9, 9.1, 10 to 14, 16, 17, 20 to 25, 29 to 31, 34, 35 and 43 of the said Act are amended by replacing the words “Inspector General”, wherever they appear, by the words “enterprise registrar”.

ACT RESPECTING THE INSTITUT DE LA STATISTIQUE DU QUÉBEC

541. Section 39 of the Act respecting the Institut de la statistique du Québec (R.S.Q., chapter I-13.011), amended by section 660 of chapter 29 of the statutes of 2000, is again amended by inserting “or an authorized foreign bank listed in Schedule I, II or III to the Bank Act (Revised Statutes of Canada, 1985, chapter B-1.01)” after “bank” in the second line of paragraph 1.

THE EDUCATION ACT FOR CREE, INUIT AND NASKAPI NATIVE PERSONS

542. Section 233 of the Education Act for Cree, Inuit and Naskapi Native Persons (R.S.Q., chapter I-14) is amended by replacing “the Inspector General of Financial Institutions” in the second line of the third paragraph by “the Agence nationale d’encadrement du secteur financier”.

WINDING-UP ACT

543. Sections 9, 17, 18, 19, 25.1, 32 and 32.1 of the Winding-up Act (R.S.Q., chapter L-4) are amended by replacing the words “the Inspector General of Financial Institutions” and “the Inspector General”, wherever they

appear, by the words “the enterprise registrar” and making the necessary modifications.

544. The said Act is amended by adding the following sections after section 33:

“34. The enterprise registrar is responsible for the administration of this Act.

“35. The Minister of Industry and Trade is responsible for the application of this Act.”

ACT RESPECTING THE MINISTÈRE DE LA CULTURE ET DES COMMUNICATIONS

545. Section 18 of the Act respecting the Ministère de la Culture et des Communications (R.S.Q., chapter M-17.1) is amended by replacing “to the Inspector General of Financial Institutions” in the second and third lines of the first paragraph by “to the enterprise registrar”.

546. Section 38 of the said Act is amended by replacing “the Inspector General of Financial Institutions” by “the enterprise registrar” in the first and second lines.

ACT RESPECTING THE SPECIAL POWERS OF LEGAL PERSONS

547. Sections 5, 7, 14, 17, 19, 20, 24 and 53 of the Act respecting the special powers of legal persons (R.S.Q., chapter P-16) are amended by replacing the words “the Inspector General of Financial Institutions” and “the Inspector General”, wherever they appear, by the words “the enterprise registrar”, and making the necessary modifications.

548. Section 54 of the said Act is amended by replacing “Minister of Finance” by “Minister of Industry and Trade”.

PUBLIC PROTECTOR ACT

549. Section 15 of the Public Protector Act (R.S.Q., chapter P-32) is amended by replacing paragraph 5 by the following paragraph:

“(5) the Agence nationale d’encadrement du secteur financier”.

CONSUMER PROTECTION ACT

550. Section 321 of the Consumer Protection Act (R.S.Q., chapter P-40.1) is amended by replacing “the Inspector General of Financial Institutions” in the last line by “the Agence nationale d’encadrement du secteur financier”.

ACT RESPECTING THE LEGAL PUBLICITY OF SOLE
PROPRIETORSHIPS, PARTNERSHIPS AND LEGAL PERSONS

551. Sections 8, 9, 10, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, 29, 31, 32, 38, 39, 41, 42, 43, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 73.1, 74, 75, 76, 77, 78, 79, 80, 81, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 96, 98, 110, 517, 519, 520, 521, 527, 533, 534 and 538 of the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons (R.S.Q., chapter P-45), amended by chapters 20 and 34 of the statutes of 2001, are again amended by replacing the words “the Inspector General of Financial Institutions” and “the Inspector General”, wherever they appear, by the words “the enterprise registrar”, and making the necessary modifications.

552. Section 539 of the said Act is replaced by the following section :

“**539.** The Minister of Industry and Trade is responsible for the application of this Act.”

553. Schedule 1 to the said Act is amended by inserting “Act respecting financial services cooperatives (chapter C-67.3)” after “Cooperatives Act (chapter C-67.2)”.

ACT RESPECTING THE PROCESS OF NEGOTIATION
OF COLLECTIVE AGREEMENTS IN THE PUBLIC AND PARAPUBLIC
SECTORS

554. Schedule C to the Act respecting the process of negotiation of collective agreements in the public and parapublic sectors (R.S.Q., chapter R-8.2) is amended by inserting “The Agence nationale d’encadrement du secteur financier”, in alphabetical order.

ACT RESPECTING THE GOVERNMENT AND PUBLIC EMPLOYEES
RETIREMENT PLAN

555. Schedule I to the Act respecting the Government and Public Employees Retirement Plan (R.S.Q., chapter R-10), amended by the Conseil du Trésor’s decisions no. 196698 dated 26 June 2001, 196963 dated 21 August 2001, 197036 and 197037 dated 11 September 2001, 197300, 197301, 197302 and 197303 dated 20 November 2001, 197373 and 197375 dated 4 December 2001, 197464 dated 18 December 2001 and 198080 dated 16 April 2002, by section 361 of chapter 31 of the statutes of 2001 and section 71 of chapter 30 of the statutes of 2002, is again amended

(1) by inserting the following mention in alphabetical order in paragraph 1 :

“The Agence nationale d’encadrement du secteur financier, in respect of employees who were transferred from the Commission des valeurs mobilières du Québec, from the Inspector General of Financial Institutions and from the

Régie de l'assurance-dépôts du Québec pursuant to the Act respecting the Agence nationale d'encadrement du secteur financier (2002, chapter 45)";

(2) by striking out the following mention in paragraph 1: "the Commission des valeurs mobilières du Québec";

(3) by striking out "the Commission des valeurs mobilières du Québec if they are employed full-time" in paragraph 3;

(4) by striking out "the Commission des valeurs mobilières du Québec" in paragraph 4.

ACT RESPECTING HEALTH SERVICES AND SOCIAL SERVICES

556. Sections 318, 321, 322, 328, 331, 333, 451.14, 533 and 548 of the Act respecting health services and social services (R.S.Q., chapter S-4.2), amended by chapters 24, 43, 60 and 78 of the statutes of 2001, are again amended by replacing the words "the Inspector General of Financial Institutions" and "the Inspector General", wherever they appear, by the words "the enterprise registrar", and making the necessary modifications.

ACT RESPECTING HEALTH SERVICES AND SOCIAL SERVICES FOR CREE NATIVE PERSONS

557. Sections 64, 66 to 67 and 119 to 121 of the Act respecting health services and social services for Cree Native persons (R.S.Q., chapter S-5) are amended by replacing the words "the Inspector General of Financial Institutions", wherever they appear, by the words "the enterprise registrar", and making the necessary modifications.

558. Section 134 of the said Act is amended by replacing "the Régie de l'assurance-dépôts du Québec" in the second and third lines of the fourth paragraph by "the Agence nationale d'encadrement du secteur financier pursuant to the Deposit Insurance Act (chapter A-26)".

ACT RESPECTING THE SOCIÉTÉ DES LOTERIES DU QUÉBEC

559. Section 18 of the Act respecting the Société des loteries du Québec (R.S.Q., chapter S-13.1) is amended

(1) by inserting "or an authorized foreign bank listed in Schedule I, II or III to the Bank Act (Revised Statutes of Canada, 1985, chapter B-1.01)" after "bank" in the first line;

(2) by replacing "the Régie de l'assurance-dépôts du Québec" in the second line by "the Agence nationale d'encadrement du secteur financier pursuant to the Deposit Insurance Act (chapter A-26)".

ACT RESPECTING THE SOCIÉTÉ NATIONALE DU CHEVAL DE COURSE

560. Section 17 of the Act respecting the Société nationale du cheval de course (R.S.Q., chapter S-18.2.0.1) is amended by replacing “à l’Inspecteur général des institutions financières” in the second and third lines of paragraph 2 by “au registraire des entreprises” and by replacing “to the Inspector General of Financial Institutions” in the seventh and eighth lines of that paragraph by “to the registrar of enterprise”.

ACT RESPECTING FARMERS’ AND DAIRYMEN’S ASSOCIATIONS

561. Sections 4, 5.3, 5.5, 5.8 and 5.10 of the Act respecting farmers’ and dairymen’s associations (R.S.Q., chapter S-23) are amended by replacing the words “The Inspector General of Financial Institutions” or “the Inspector General”, wherever they appear, by the words “the enterprise registrar”, and making the necessary modifications.

ACT RESPECTING MIXED ENTERPRISE COMPANIES IN THE MUNICIPAL SECTOR

562. Section 17 of the Act respecting mixed enterprise companies in the municipal sector (R.S.Q., chapter S-25.01) is amended by replacing “the Inspector General of Financial Institutions” in the first and second lines of the first paragraph by “the enterprise registrar”.

ACT RESPECTING THE SOCIÉTÉS D’ENTRAIDE ÉCONOMIQUE

563. Section 112 of the Act respecting the sociétés d’entraide économique (R.S.Q., chapter S-25.1) is amended by replacing “bank, a savings bank” in the first line of paragraph 1 by “bank listed in Schedule I or II to the Bank Act (Revised Statutes of Canada, 1985, chapter B-1.01) registered with the Canada Deposit Insurance Corporation”.

564. Sections 37, 40, 41, 91, 101 to 104, 108, 110, 111, 113, 116, 118, 121, 122, 125, 131, 133 to 135, 137, 144, 145, 147, 149 to 153, 155, 157, 158, 160, 161, 169, 170, 175, 190, 192 and 202 of the said Act are amended by replacing the words “the Inspector General of Financial Institutions” and “the Inspector General”, wherever they appear, by the words “the Agence nationale d’encadrement du secteur financier”, and making the necessary modifications.

HORTICULTURAL SOCIETIES ACT

565. Sections 3.1 and 10.1 of the Horticultural Societies Act (R.S.Q., chapter S-27) are amended by replacing the words “the Inspector General of Financial Institutions” and “the Inspector General”, wherever they appear, by the words “the enterprise registrar”, and making the necessary modifications.

ACT RESPECTING TRUST COMPANIES AND SAVING COMPANIES

566. Section 2 of the Act respecting trust companies and savings companies (R.S.Q., chapter S-29.01) is amended by replacing “the Régie de l’assurance-dépôts du Québec” in the third line of the first paragraph by “the Agence nationale d’encadrement du secteur financier pursuant to the Deposit Insurance Act (chapter A-26)”.

567. Section 3 of the said Act, amended by section 722 of chapter 29 of the statutes of 2000, is again amended by replacing “by Part I of the Bank Act (Revised Statutes of Canada 1985, chapter B-1) or the Québec Savings Banks Act (Revised Statutes of Canada 1970, chapter B-4)” in the third, fourth and fifth lines of the second paragraph by “and the bank or the authorized foreign bank listed in Schedule I, II or III to the Bank Act (Revised Statutes of Canada, 1985, chapter B-1.01)”.

568. Section 13 of the said Act is amended

(1) by replacing the first paragraph by the following paragraphs:

“**13.** The applicants shall transmit to the Agence nationale d’encadrement du secteur financier a notice signed by them indicating their wish to be incorporated as a trust company or a savings company, accompanied with the fees prescribed by regulation.

The Agency shall transmit the notice to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons.”;

(2) by replacing the words “the Inspector General of Financial Institutions” in the first and second lines of the second paragraph by “the Agency”.

569. Section 15 of the said Act is amended

(1) by inserting “or an authorized foreign bank listed in Schedule I, II or III to the Bank Act” after “bank” in the second line of paragraph 2;

(2) by replacing the words “the Régie de l’assurance-dépôts du Québec” in the second line of paragraph 2 by “the Agence nationale d’encadrement du secteur financier pursuant to the Deposit Insurance Act”.

570. Section 16 of the said Act is amended

(1) by replacing “the Inspector General” in the second line by “the Agency”;

(2) by replacing the second paragraph by the following paragraph:

“The Agency shall transmit the letters patent to the enterprise registrar who shall deposit them in the register of sole proprietorships, partnerships and legal persons.”

571. Section 18 of the said Act is amended

(1) by replacing “the Inspector General” in the second line of the first paragraph by “the Agency”;

(2) by replacing the first sentence of the second paragraph by the following sentence: “The Agency shall transmit the letters patent and a notice indicating their date of taking effect to the enterprise registrar who shall deposit them in the register of sole proprietorships, partnerships and legal persons.”

572. Section 19 of the said Act is amended

(1) by replacing “the Inspector General” in the third line of the first paragraph by “the Agency”;

(2) by replacing paragraph 2 by the following paragraph:

“(2) a notice summarizing the by-law has been sent to the Agency, accompanied with the fees prescribed by regulation and transmitted to the enterprise registrar for deposit in the register of sole proprietorships, partnerships and legal persons, at least one week before the presentation of the application.”

573. Section 24 of the said Act is amended by replacing the first sentence by the following sentence: “The company shall send a notice of the by-law to the Agency, which shall transmit it to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons.”

574. Section 30 of the said Act is replaced by the following section:

“**30.** The Agency shall transmit the letters patent to the enterprise registrar who shall deposit them in the register of sole proprietorships, partnerships and legal persons.”

575. Section 37 of the said Act is amended by replacing “the Inspector General, who shall deposit it in the register” in the second line by “the Agency, which shall transmit it to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons.”

576. Section 43 of the said Act is replaced by the following section:

“**43.** The Agency shall transmit the letters patent to the enterprise registrar who shall deposit them in the register of sole proprietorships, partnerships and legal persons.”

577. Section 50 of the said Act is replaced by the following section:

“**50.** The company shall send a notice of the by-law accompanied with the fees prescribed by regulation to the Agency, which shall cause it to appear

for four consecutive weeks in a daily newspaper published in the locality of the head office of the company. The Agency shall send the notice to the enterprise registrar for deposit in the register of sole proprietorships, partnerships and legal persons.”

578. Section 56 of the said Act is replaced by the following section :

“**56.** The Agency shall transmit the letters patent to the enterprise registrar who shall deposit them in the register of sole proprietorships, partnerships and legal persons.”

579. Section 97 of the said Act is replaced by the following section :

“**97.** A Québec company must give notice to the Agency of the resignation of a director within 10 days of the resignation and must file a copy of the statement referred to in section 96. The Agency shall send the notice and the copy of the statement to the enterprise registrar who shall deposit them in the register of sole proprietorships, partnerships and legal persons.”

580. Section 102 of the said Act is amended

(1) by replacing “the Inspector General” in the third line of the first paragraph by “the Agency”;

(2) by replacing the second paragraph by the following paragraph :

“The Agency shall register the notice in the register of trust companies and savings companies.”

581. Section 125 of the said Act is amended

(1) by replacing “the Régie de l’assurance-dépôts du Québec” in the second line of paragraph 1 by “the Agence nationale d’encadrement du secteur financier pursuant to the Deposit Insurance Act” ;

(2) by replacing “the Inspector General” in the third line of paragraph 4 by “the Agency”.

582. The said Act is amended by inserting the following chapter after section 153 :

“CHAPTER XI.1

“EXAMINATION OF COMPLAINTS AND DISPUTE RESOLUTION

“**153.1.** Every company must provide equitable resolution of complaints filed with the company. To that end, a company must establish a policy dealing with

(1) the examination of complaints and claims filed by persons having an interest in a product or service it has provided;

(2) the resolution of disputes pertaining to a product or service it has provided.

“153.2. Every company shall, each year within two months of the closing date of its fiscal year or on any other date determined by the Agency, submit to the latter a report to that date concerning the policy it has established pursuant to section 153.1.

The report shall mention, in particular, the number and nature of the complaints filed.

“153.3. The Agency may, if it considers it appropriate, give written instructions to a company concerning the policy referred to in section 153.1.

Before exercising the power provided for in the first paragraph, the Agency must notify the company of its intention and give it the opportunity to present observations.

“153.4. Every company shall inform each complainant, in writing and without delay, that a complainant may, if he or she is dissatisfied with the complaint examination procedure or its outcome, request the company to forward a copy of the complaint file to the Agency.

Where requested by a complainant, the company shall forward a copy of the complaint file to the Agency.

The Agency shall examine the complaint file and may, where it considers it appropriate, act as a mediator if the interested parties agree.

“153.5. Notwithstanding sections 9 and 83 of the Act respecting Access to documents held by public bodies and the Protection of personal information (chapter A-2.1), the Agency may not communicate a complaint file without the authorization of the company that has transmitted it.

“153.6. The Agency may, with the authorization of the Government, enter into an agreement with any body or legal person in respect of the examination of complaints filed by persons dissatisfied with the complaint examination procedure or its outcome.

Such an agreement may also provide that the body or legal person may, where they consider it expedient, act as a mediator if the interested parties agree thereto.

“153.7. A mediator may not be compelled to disclose anything revealed to or learned by the mediator in the exercise of his or her functions or to produce a document prepared or obtained in the course of such exercise before

a court of justice or before a person or body of the administrative branch exercising adjudicative functions.

Notwithstanding section 9 of the Act respecting Access to documents held by public bodies and the Protection of personal information, no person may have access to a document contained in the mediation record.”

583. Section 155 of the said Act is amended

(1) by replacing paragraph 3.1 by the following paragraph :

“(3.1) a notice of the agreement, accompanied with the fees prescribed by regulation, must be transmitted to the Agency, which shall transmit it to the enterprise registrar for deposit in the register of sole proprietorships, partnerships and legal persons;”;

(2) by replacing “the Inspector General” in the second line of paragraph 7 by “the Agency”.

584. Section 163 of the said Act is amended by replacing “the Inspector General” in the second line of the first paragraph by “the Agency”, “him” in that line by “the Agency” and “the Inspector General, who shall deposit it in the register,” in the third and fourth lines by “the Agency, which shall send it to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons,”.

585. Section 169.1 of the said Act is amended

(1) by replacing “the Inspector General” in the first line of the first paragraph by “the Agency” and by replacing “and shall deposit the notice in the register” in the third line by “and shall send the notice to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons”;

(2) by replacing “The Inspector General shall send” in the first line of the second paragraph by “The Agency shall send”.

586. Section 169.2 of the said Act is amended

(1) by replacing the first sentence of the first paragraph by the following sentence: “The Agency shall dissolve the company by drawing up an act of dissolution and transmitting it to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons.”;

(2) by replacing “the Inspector General” in the first line of the second paragraph by “the Agency”, “he” in the second line by “the Agency” and “which he shall deposit in the register” in the third and fourth lines by “which it shall send to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons”.

587. Section 172 of the said Act is amended by replacing “the Régie de l’assurance-dépôts du Québec” in the fifth paragraph by “the Agence nationale d’encadrement du secteur financier pursuant to the Deposit Insurance Act”.

588. Section 177 of the said Act is amended by replacing “the Régie de l’assurance-dépôts du Québec” in the fourth paragraph by “The Agence nationale d’encadrement du secteur financier pursuant to the Deposit Insurance Act”.

589. Section 194 of the said Act is amended

(1) by inserting “or an authorized foreign bank listed in Schedule I, II or III to the Bank Act” after “bank” in the second line;

(2) by replacing “the Régie de l’assurance-dépôts du Québec” in the third and fourth lines by “the Agence nationale d’encadrement du secteur financier pursuant to the Deposit Insurance Act”.

590. Section 203 of the said Act is amended

(1) by inserting “listed in Schedule I, II or III to the Bank Act and registered with the Canada Deposit Insurance Corporation” after “bank” in the second line of subparagraph 5 of the first paragraph;

(2) by replacing “the Régie de l’assurance-dépôts du Québec” in the first and second lines of subparagraph 6 of the first paragraph by “the Agence nationale d’encadrement du secteur financier pursuant to the Deposit Insurance Act”.

591. Section 216 of the said Act is amended

(1) by replacing “the Régie de l’assurance-dépôts du Québec” in the second line by “the Agence nationale d’encadrement du secteur financier pursuant to the Deposit Insurance Act”;

(2) by striking out “outside Canada” in the third line.

592. Section 226 of the said Act is amended

(1) by replacing “Inspector General” in the second line of the second paragraph by “Agency”;

(2) by adding the following paragraphs at the end:

“The representative shall ensure that the policy referred to in section 153.1 is applied and that a response is given to all requests for information.

The company shall facilitate the representative's access, at its head office and at any business location, to any information and document the representative considers useful for the accomplishment of his or her duties."

593. Section 227 of the said Act is amended

(1) by replacing the words "Inspector General", wherever they appear, by the word "Agency";

(2) by replacing subparagraph 3 of the first paragraph by the following subparagraph:

"(3) adheres to sound and prudent management practices, in particular those relating to commercial practices;"

594. Section 234 of the said Act is amended

(1) by replacing "the Inspector General" in the second line of the first paragraph by "the Agency" and by replacing "his" in that line by "its";

(2) by replacing the second paragraph by the following paragraph:

"Where of its own initiative, the Agency assigns a name to a Québec company, it shall issue supplementary letters patent in duplicate and send one copy to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons."

595. Section 236 of the said Act is amended

(1) by replacing "the Inspector General" in the second line of the first paragraph by "the Agency";

(2) by replacing the second paragraph by the following paragraph:

"The Agency shall change the licence accordingly and send a notice of name change to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons."

596. Section 242 of the said Act is amended

(1) by replacing "Inspector General" in the first line of the first and second paragraphs by "Agency";

(2) by inserting "and in the bulletin of the Agency" after "du Québec" in the second line of the first and second paragraphs.

597. Section 244 of the said Act is amended

(1) by replacing the words “Inspector General”, wherever they appear, by the word “Agency”;

(2) by replacing “sound commercial and financial practices” in paragraph 3 by “sound and prudent management practices, in particular those relating to commercial practices”.

598. The heading of Division IV of Chapter XVI of the said Act is replaced by the following heading :

“ANNUAL STATEMENT FOR THE AGENCY”.

599. Section 293 of the said Act is amended

(1) by replacing “the Inspector General” in the third line of the first paragraph and in the second and third lines of the third paragraph by “the Agency”;

(2) by adding the following paragraph at the end :

“The Agency shall transmit to the enterprise registrar the information referred to in the second paragraph.”

600. Section 295 of the said Act is amended by replacing “sound financial practices” in paragraph 4 by “sound and prudent management practices”.

601. The heading of Division VI of Chapter XVI of the said Act is replaced by the following heading :

“REPORT OF THE AGENCY”.

602. Section 313 of the said Act is replaced by the following section :

“**313.** The Agency must, no later than 31 July of each year, submit a report on the financial position of the companies to the Minister. Such report shall include all the information that the Agency considers appropriate.”

603. Section 314 of the said Act is replaced by the following section :

“**314.** The Minister shall table the Agency’s report on the state of the affairs of companies in Québec in the National Assembly within 30 days of its receipt or, if the Assembly is not sitting, within 30 days of resumption.”

604. The said Act is amended by replacing the heading of Division VII of Chapter XVI by the following heading :

“GUIDELINES AND ORDERS OF THE AGENCY”.

605. The said Act is amended by inserting the following sections after the heading of Division VII of Chapter XVI:

“**314.1.** The Agency may, after consulting with the Minister, issue guidelines applicable to companies.

The guidelines are not regulations. They are indicative of the exercise of the discretionary powers conferred on the Agency by this Act concerning :

- (1) the adequacy of the capital base ;
- (2) the adequacy of liquid assets ;
- (3) the policy that companies must adopt in compliance with section 153.1 ;
- (4) any other sound and prudent management practices, in particular those relating to commercial practices.

“**314.2.** A company that does not comply with the guidelines is presumed, for the purposes of sections 328 and 337 to 349, not to be adhering to sound and prudent management practices.”

606. Section 315 of the said Act is amended

(1) by replacing the words “Inspector General” , wherever they appear, by the word “Agency” and making the necessary modifications ;

(2) by replacing the words “does not adhere to sound financial practices” in the second line of the first paragraph by “does not adhere to sound and prudent management practices”.

607. Section 333 of the said Act is amended by inserting “or a foreign authorized bank listed in Schedule I, II or III to the Bank Act” after “bank” in the first line.

608. Section 351 of the said Act is amended

(1) by replacing the words “Inspector General”, wherever they appear, by the word “Agency” ;

(2) by adding the following paragraph at the end :

“(35) the policy that companies must adopt in compliance with section 153.1 or elements of such policy.”

609. Section 396 of the said Act is repealed.

610. Section 408 of the said Act is replaced by the following section :

“**408.** The Minister of Finance is responsible for the application of this Act.”

611. Sections 14, 25 to 28, 38 to 41, 51, 52, 54, 67, 71, 75, 77, 96, 98, 108, 118, 119, 121 to 123, 130, 133, 137, 148, 149, 156, 164 to 167, 169, 192, 195 to 199, 210 to 212, 214, 222, 228, 233, 235, 237, 238, 240, 241, 243, 245 to 248, 251, 264, 265, 270, 271, 276, 280, 285, 286, 294, 296 to 298, 302 to 310, 312, 316 to 329, 331, 335 to 337, 339, 341, 344 to 346, 356, 361, 382, 385, 388 to 395, 401, 406 and 407 of the said Act are amended by replacing the words “Inspector General of Financial Institutions”, wherever they appear, by the words “Agence nationale d’encadrement du secteur financier” and the words “Inspector General”, wherever they appear, by the word “Agency”, and making the necessary modifications.

LOAN AND INVESTMENT SOCIETIES ACT

612. The Loan and Investment Societies Act (R.S.Q., chapter S-30) is repealed.

NATIONAL BENEFIT SOCIETY ACT

613. Section 1.2 of the National Benefit Society Act (R.S.Q., chapter S-31) is amended by replacing “The Inspector General of Financial Institutions” by “The enterprise registrar”.

614. The said Act is amended by adding the following sections after section 6 :

“**7.** The enterprise registrar is responsible for the administration of this Act.

“**8.** The Minister of Industry and Trade is responsible for the application of this Act.”

ACT RESPECTING SOCIETIES FOR THE PREVENTION OF CRUELTY TO ANIMALS

615. Sections 1 and 1.2 of the Act respecting societies for the prevention of cruelty to animals (R.S.Q., chapter S-32) are amended by replacing the words “the Inspector General of Financial Institutions” and “the Inspector General”, wherever they appear, by the words “the enterprise registrar”, and making the necessary modifications.

616. The said Act is amended by adding the following sections after section 3 :

“4. The enterprise registrar is responsible for the administration of this Act.

“5. The Minister of Industry and Trade is responsible for the application of this Act.”

PROFESSIONAL SYNDICATES ACT

617. Section 9 of the Professional Syndicates Act (R.S.Q., chapter S-40), amended by section 236 of chapter 6 of the statutes of 2002, is again amended by replacing “the Inspector General” in the last line of subparagraph 1 of the second paragraph by “the Agence nationale d’encadrement du secteur financier”.

618. Section 20 of the said Act is amended by replacing “the Inspector General” in the first line of the second paragraph by “the Agence nationale d’encadrement du secteur financier”.

619. Sections 1, 10, 11 and 26 of the said Act are amended by replacing “the Inspector General of Financial Institutions” and “the Inspector General”, wherever they appear, by the words “the enterprise registrar”, and making the necessary modifications.

620. The said Act is amended by adding the following sections after section 29:

“30. The enterprise registrar is responsible for the administration of this Act.

“31. The Minister of Industry and Trade is responsible for the application of this Act.”

ACT RESPECTING THE QUÉBEC SALES TAX

621. Section 1 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) is amended by replacing “the Régie de l’assurance-dépôts du Québec” in subparagraph 7 of the definition of “listed financial institution” by “the Agence nationale d’encadrement du secteur financier”.

622. Section 519 of the said Act is amended by replacing “the Inspector General of Financial Institutions” in the second and third lines by “the Agence nationale d’encadrement du secteur financier”.

SECURITIES ACT

623. Section 3 of the Securities Act (R.S.Q., chapter V-1.1), amended by section 674 of chapter 29 of the statutes of 2000 and by section 3 of chapter 38 of the statutes of 2001, is again amended

(1) by replacing “bank governed by the Bank Act (Revised Statutes of Canada, 1985, chapter B-1) or by the Quebec Savings Bank Act (Revised Statutes of Canada, 1970, chapter B-4)” in paragraph 9 by “bank listed in Schedule I or II to the Bank Act (Revised Statutes of Canada, 1985, chapter B-1.01) and registered with the Canada Deposit Insurance Corporation”;

(2) by replacing “a bank established under the Bank Act or the Quebec Savings Bank Act” in paragraph 14 by “a bank listed in Schedule I or II to the Bank Act and registered with the Canada Deposit Insurance Corporation”.

624. Section 44 of the said Act, amended by section 675 of chapter 29 of the statutes of 2000, is again amended

(1) by replacing paragraph 2 by the following paragraph :

“(2) a bank or an authorized foreign bank listed in Schedule I, II or III to the Bank Act;”;

(2) by replacing paragraph 4 by the following paragraph :

“(4) a financial services cooperative within the meaning of the Act respecting financial services cooperatives (chapter C-67.3);”;

(3) by replacing “the Commission” in the first line of paragraph 12 by “the Agency”.

625. Section 92 of the said Act is amended

(1) by replacing “an option” in the first line by “a derivative financial instrument”;

(2) by adding the following paragraph at the end :

“The Agency may, by regulation, determine any other securities transaction effecting a change in the control of a security.”

626. The said Act is amended by inserting the following section after section 151.1 :

“151.1.1. The Agency may inspect the affairs of a mutual fund, a person acting as depositary, trustee or manager of such a fund or any other market participant determined by regulation to assess compliance with a provision of this Act or a regulation.

Sections 151.2 to 151.4 apply to such an inspection, with the necessary modifications.”

627. Section 154 of the said Act, amended by section 677 of chapter 29 of the statutes of 2000, is again amended

(1) by replacing “a bank constituted under the Bank Act (Revised Statutes of Canada, 1985, chapter B-1) or the Quebec Savings Banks Act (Revised Statutes of Canada, 1970, chapter B-4)” in paragraph 1 by “a bank or an authorized foreign bank listed in Schedule I, II or III to the Bank Act”;

(2) by replacing “a bank constituted under the Bank Act or the Quebec Savings Banks Act” in paragraph 2 by “a bank or an authorized foreign bank listed in Schedule I, II or III to the Bank Act”;

(3) by replacing “bank constituted under the Act respecting banks and banking” in paragraph 3 by “bank or an authorized foreign bank listed in Schedule I, II or III to the Bank Act”.

628. Section 156 of the said Act, amended by section 678 of chapter 29 of the statutes of 2000, is again amended by replacing paragraph 4 by the following paragraph:

“(4) a bank or an authorized foreign bank listed in Schedule I, II or III to the Bank Act”.

629. The heading of Chapter III of Title V of the said Act is amended by replacing “THE COMMISSION” by “THE AGENCY”.

630. The said Act is amended by inserting the following sections after section 168.1:

“**168.1.1.** Every securities dealer or adviser must provide equitable resolution of complaints filed with the dealer or adviser. To that end, the dealer or adviser must establish a policy dealing with

(1) the examination of complaints and claims filed by persons having an interest in a product or service it has provided;

(2) the resolution of disputes pertaining to a product or service it has provided.

“**168.1.2.** Every securities dealer or adviser shall, each year, within two months of the end of its fiscal year or on any other date determined by the Agency, submit to the latter a report to that date concerning the policy it has established pursuant to section 168.1.1.

The report shall mention, in particular, the number and nature of the complaints filed.

“**168.1.3.** Every securities dealer or adviser shall inform each complainant, in writing and without delay, that a complainant may, if he or she is dissatisfied with the complaint examination procedure or its outcome, request the securities dealer or adviser to forward a copy of the complaint file to the Agency.

Where requested by a complainant, the securities dealer or adviser shall forward a copy of the complaint file to the Agency.

The Agency shall examine the complaint and may, if it considers it appropriate, act as a mediator if the parties agree.

“168.1.4. Notwithstanding sections 9 and 83 of the Act respecting Access to documents held by public bodies and the Protection of personal information (chapter A-2.1), the Agency may not communicate a complaint file without the authorization of the securities dealer or adviser that has transmitted it.

“168.1.5. A mediator may not be compelled to disclose anything revealed to or learned by the mediator in the exercise of his or her functions or to produce a document prepared or obtained in the course of such exercise before a court of justice or before a person or body of the administrative branch exercising adjudicative functions.

Notwithstanding section 9 of the Act respecting Access to documents held by public bodies and the Protection of personal information, no person may have access to a document contained in the mediation record.”

631. Title VI of the said Act, comprising sections 169 to 186, is replaced by the following Title :

“TITLE VI

“SELF-REGULATORY ORGANIZATIONS AND SECURITIES TRADING OR CLEARING

“169. No legal person, partnership or other entity may carry on securities trading or clearing activities in Québec without the authorization of the Agency.

“170. The Agency may authorize the carrying on of an activity mentioned in section 169 on the conditions it determines.

The Agency may also determine that a legal person, partnership or other entity that carries on such an activity or any other activity governed by this Act is to be recognized as a self-regulatory organization under Title III of the Act respecting the Agence nationale d’encadrement du secteur financier (2002, chapter 45).

The organization referred to in the second paragraph shall also be subject to the provisions of this Act which are applicable to a self-regulatory organization.

“171. The Agency may grant a legal person, a partnership or any other entity the authorization to operate an electronic securities trading system in Québec under a special framework established by the Agency in its regard, or register the legal person, partnership or other entity as a securities dealer.

In making a decision under this section, the Agency shall determine the connecting factors that are relevant for the protection of investors.

“172. The Agency may prescribe a course of action to a legal person, a partnership or any other entity authorized to carry on securities trading or clearing activities in Québec under section 169 where it considers it necessary for the proper operation of the legal person, partnership or entity or for public protection.”

632. Section 195 of the said Act is amended

(1) by replacing “Commission” in paragraphs 1, 2 and 4 by “Agency”;

(2) by inserting the following paragraph after paragraph 4:

“(5) to attempt, in any manner, to hinder a representative of the Agency in the exercise of his or her functions in the course or for the purposes of an inspection or an investigation.”

633. The said Act is amended by inserting the following section after section 195.1:

“195.2. Influencing or attempting to influence the market price or the value of securities by means of unfair, improper or fraudulent practices is an offence.”

634. Section 204 of the said Act is amended by inserting “195.2,” before “196” in the first line of the first paragraph.

635. The said Act is amended by inserting the following section after section 208:

“208.1. Every person who makes a distribution of securities in contravention of section 11 or who contravenes any of sections 187 to 190, 195.2, 196, 197, 205, 207 and 208 is liable, in addition to the fine provided for in the applicable penal provision, to imprisonment not exceeding five years, notwithstanding article 231 of the Code of Penal Procedure (chapter C-25.1).”

636. Section 234 of the said Act is amended by replacing “one year” in the second line by “three years”.

637. Section 235 of the said Act is amended by replacing “one year” in the first and second lines by “three years”.

638. Section 236 of the said Act is amended

(1) by replacing “three” in paragraph 1 by “five”;

(2) by replacing “three” by “five” and “Commission” by “Agency” in paragraph 2.

639. Section 249 of the said Act is amended by replacing the introductory phrase by the following :

“**249.** The Agency may, for the purposes of or in the course of an investigation, request the Bureau de décision et de révision en valeurs mobilières to”.

640. Section 253 of the said Act is amended by inserting “or an authorized foreign bank listed in Schedule I, II or III to the Bank Act, a” after “bank” in the first line.

641. Section 273.1 of the said Act, enacted by section 73 of chapter 38 of the statutes of 2001, is amended

(1) by replacing “Commission” in the first and fifth lines of the first paragraph by “Agency” and by replacing “sour le régime d’une dispense” in the third line of the first paragraph of the French text by “sous le régime d’une dispense”;

(2) by inserting the following paragraph after the first paragraph :

“Where the Bureau de décision et de révision en valeurs mobilières becomes aware of facts establishing that a senior executive or an insider has, by an act or omission, contravened or assisted a person in contravening a provision of this Act or a regulation thereunder, it may impose an administrative penalty on the person.”;

(3) by replacing “under the first paragraph” in the fourth paragraph by “by the Agency pursuant to this section”.

642. The heading of Chapter III of Title IX of the said Act is replaced by the following heading :

“OTHER POWERS OF THE AGENCY”.

643. The heading of Chapter I of Title X of the said Act is replaced by the following heading :

“GENERAL PROVISIONS”.

644. Section 276 of the said Act is replaced by the following section :

“276. The Agence nationale d’encadrement du secteur financier established under section 1 of the Act respecting the Agence nationale d’encadrement du secteur financier is responsible for the administration of this Act and shall discharge the functions and exercise the powers specified thereunder.

In addition, the Agency’s mission is

- (1) to promote efficiency in the securities market;
- (2) to protect investors against unfair, improper or fraudulent practices;
- (3) to regulate the information that must be disclosed to security holders and to the public in respect of persons engaging in the distribution of securities and in respect of the securities issued by these persons;
- (4) to define a framework for the activities of the professionals of the securities market and organizations responsible for the operation of a stock market.”

645. Section 276.1 of the said Act is repealed.

646. Section 276.4 of the said Act is replaced by the following section:

“276.4. The Agency may, in the pursuit of its mission under this Act, set up a contingency reserve or, with the authorization of the Government, a designated fund into which it may deposit part of the revenues generated under this Act.”

647. Sections 276.5 to 282 of the said Act are repealed.

648. Section 283 of the said Act, replaced by section 78 of chapter 38 of the statutes of 2001, is amended by replacing “the Commission, a member of the Commission or” in the first and second lines by “the Agency, a member”.

649. Section 284 of the said Act is amended by replacing “the Commission or its members or” in the third line by “the Agency, the members of its personnel or its”.

650. Sections 287 to 291 of the said Act are repealed.

651. Section 292 of the said Act is amended by replacing “The Commission” in the first line by “The Agency” and “for the exercise of its functions” in the second line by “in the pursuit of the mission conferred on it by this Act”.

652. Section 293 of the said Act is replaced by the following section:

“293. Every document required under this Act or a regulation made hereunder must be forwarded to or deposited at the office of the Agency, at the

place determined by the Agency; notice of the address of the office shall be published in the *Gazette officielle du Québec* and in the Agency's bulletin."

653. The said Act is amended by inserting the following section after section 295.1 :

"295.2. The Agency may, with the authorization of the Government, enter into an agreement with any organization or legal person for the examination of complaints filed by persons who are dissatisfied with the examination procedure or its outcome.

Such an agreement may also provide that the organization or legal person may, if it considers it appropriate, act as a mediator if the concerned parties agree."

654. Sections 299 to 301.1 of the said Act are repealed.

655. Section 302 of the said Act is replaced by the following section :

"302. The Agency must, no later than 31 July each year, submit to the Minister a report of its activities related to the administration of this Act for the preceding year.

The Minister shall table the Agency's activities report in the National Assembly within 30 days of its receipt or, if the Assembly is not sitting, within 30 days of resumption."

656. Section 303 of the said Act is replaced by the following section :

"303. The Agency shall furnish to the Minister any information and any report that the Minister may require on the activities of the Agency."

657. Sections 304 and 305 of the said Act are repealed.

658. Section 307 of the said Act is amended by replacing "The Commission may, subject to section 308, delegate to one of its members or" in the first and second lines by "The president and director general may, subject to section 308, delegate".

659. Section 308 of the said Act, replaced by section 84 of chapter 38 of the statutes of 2001, is again replaced by the following section :

"308. The Agency may only delegate to a superintendent the powers to review its decisions, to order an investigation under section 239, to institute court proceedings under this Act in the name of the Agency and to render a decision pursuant to Title VI."

660. The heading of Chapter III of Title X of the said Act is replaced by the following heading :

“CONTROL EXERCISED BY THE AGENCY”.

661. Section 309 of the said Act is amended by replacing “Commission” in the first line by “Agency” and by replacing “statuer” in the second line of the French text by “décider”.

662. Section 310 of the said Act is replaced by the following section :

“**310.** The Agency may, of its own initiative, review any decision made by a person exercising a delegated power or by a self-regulatory organization.

The Agency must give the person or self-regulatory organization an opportunity to present observations within the time prescribed in section 318.”

663. Section 311 of the said Act is replaced by the following section :

“**311.** Any person examining a matter pursuant to a delegation of power may refer it to the Agency.”

664. The heading of Chapter IV of Title X of the said Act is replaced by the following heading :

“RULES APPLICABLE TO DECISIONS OF THE AGENCY”.

665. Section 312 of the said Act is replaced by the following section :

“**312.** The Agency may, within the scope of its powers, participate in the making of any decision in conjunction with any other authority responsible for the supervision of securities trading.”

666. Section 312.1 of the said Act, enacted by section 85 of chapter 38 of the statutes of 2001, is replaced by the following section :

“**312.1.** A member of the personnel of the Agency or a person exercising a delegated power who has examined a matter for the purposes of undertaking an investigation ordered under section 239 must refrain from participating in the making of any decision pertaining to the matter, unless the parties consent thereto.”

667. Section 313 of the said Act is replaced by the following section :

“**313.** The Agency shall exercise its powers according to the rules referred to in section 35 of the Act respecting the Agence nationale d’encadrement du secteur financier.

The Agency shall determine the supplementary rules of procedure applicable to the conduct of its affairs.”

668. Section 314 of the said Act is repealed.

669. Section 314.1 of the said Act, introduced by section 86 of chapter 38 of the statutes of 2001, is replaced by the following section :

“**314.1.** By way of exception, the Agency may suspend the making of a decision until the applicant undertakes to pay the cost of the research work that the Agency considers necessary in order to make a decision on the application filed with it.

Similarly, the Agency may require the applicant to pay the representation costs incurred by investors or, if it is in the public interest, it may pay such costs itself.”

670. Section 315 of the said Act is repealed.

671. The said Act is amended by striking out the following headings after section 315:

“CHAPTER V
“DECISIONS”.

672. Section 317 of the said Act is repealed.

673. Section 318 of the said Act is replaced by the following section :

“**318.** The Agency or a person exercising a delegated power must, before making a decision unfavourably affecting the rights of a person, give that person a 15-day prior notice of the Agency’s or person’s intention indicating the grounds on which it is based and the right of the person to present observations or produce documents to complete the person’s record.

However, the Agency or the person exercising a delegated power may, without prior notice, make a decision valid for a period not exceeding 15 days if the Agency or person is of the opinion that there is urgency or that any period of time granted to the person concerned to present observations may be detrimental.

The decision must state the reasons on which it is based and becomes effective on the day it is served on the person to whom it applies. That person may, within six days of receiving the decision, present observations to the Agency or, where applicable, to the person exercising the delegated power.

The Agency or the person exercising the delegated power may revoke such a decision.”

674. Section 319 of the said Act is replaced by the following section :

“**319.** The Agency or the person exercising delegated powers must give reasons for every decision that adversely affects the rights of a person.”

675. Section 320 of the said Act is amended by replacing the first paragraph by the following paragraph :

“**320.** The Agency shall send to the person concerned the decision made by the Agency or the person exercising a delegated power.”

676. Section 320.1 of the said Act, amended by section 88 of chapter 38 of the statutes of 2001, is replaced by the following section :

“**320.1.** Every decision of the Agency or a person exercising a delegated power may be homologated at the request of the Agency by the Superior Court or the Court of Québec, according to their respective jurisdictions, at the expiry of the time prescribed for applying for a review of the decision before the Bureau de décision et de révision en valeurs mobilières, and the decision becomes executory under the authority of the court that has homologated it.”

677. Section 320.2 of the said Act, enacted by section 89 of chapter 38 of the statutes of 2001, is amended by replacing “a member of the Commission” in the second and third lines by “the Agency or the person exercising delegated power”.

678. The said Act is amended by inserting the following section after section 321 :

“**321.1.** For the purposes of section 81 of the Act respecting the Agence nationale d’encadrement du secteur financier and sections 283, 318 to 319 and 321 of this Act, the person or committee exercising a power subdelegated under section 62 of the Act respecting the Agence nationale d’encadrement du secteur financier is the person exercising a delegated power.”

679. Section 322 of the said Act is replaced by the following section :

“**322.** A person directly affected by a decision rendered by the Agency or by a self-regulatory organization may, within 30 days, apply for a review of the decision by the Bureau de décision et de révision en valeurs mobilières established under section 92 of the Act respecting the Agence nationale d’encadrement du secteur financier (2002, chapter 45).

A self-regulatory organization may also apply for a review of a decision of the Agency rendered under section 74, 76, 77, 80, 88 or 89 of that Act.”

680. The said Act is amended by inserting the following after section 322 :

“CHAPTER V**“RULES APPLICABLE TO HEARINGS AND DECISIONS
OF THE BUREAU DE DÉCISION ET DE RÉVISION EN VALEURS
MOBILIÈRES”.**

681. Section 323 of the said Act is replaced by the following section :

“323. The Bureau de décision et de révision en valeurs mobilières may, within the scope of its powers, hold hearings in conjunction with and consult with any other authority responsible for the supervision of securities trading.”

682. The said Act is amended by inserting the following sections after section 323 :

“323.1. The board shall determine the rules of procedure applicable to its hearings.

“323.2. Sections 240 to 243 apply to any hearing of the board, with the necessary modifications.

“323.3. By way of exception, the board may suspend the holding of a hearing until the applicant undertakes to pay the cost of the research work that the board considers necessary in order to rule on the issue submitted to it.

Similarly, the board may require one of the parties to pay the representation costs incurred by investors or, if it is in the public interest, it may pay such costs itself.

“323.4. Any person appearing before the board may request that the testimony be recorded, at the person’s own expense. If the person causes the testimony to be recorded, the person is required, at the request of the board, to provide it with a copy of the transcript.

“323.5. Subject to the third paragraph of section 85 of the Act respecting the Agence nationale d’encadrement du secteur financier, the board shall exercise the discretion conferred on it in accordance with the public interest.

“323.6. The board, before rendering a decision that adversely affects the rights of a person, must give the person an opportunity to be heard.

“323.7. A decision adversely affecting the rights of a person may, where it is imperative to do so, be rendered without a prior hearing.

In such a case, the board must give the person concerned the opportunity to be heard within 15 days.

“323.8. For the purpose of rendering a decision, the board may, within the scope of a consultation mechanism established by regulation or an agreement under section 295.1, consider a factual analysis prepared by the personnel of an organization pursuing similar objects.

“323.9. The board must give reasons for every decision that adversely affects the rights of a person.

“323.10. The Bureau de décision et de révision en valeurs mobilières may file an authentic copy of a decision it has rendered at the office of the clerk of the Superior Court of the district in which the residence or domicile of the person concerned is situated or, if the person has neither residence nor domicile in Québec, at the office of the Superior Court in the district of Montréal.

The decision on being filed becomes executory in the same way as a decision of the Superior Court, and has all the effects thereof.

“323.11. A decision containing a clerical error, a mistake in calculation or any other error of form may be rectified on the record by a member of the board having taken part in the decision.

“323.12. The board may review its decisions at any time, except in the event of an error in law.

“323.13. An application to the Bureau de décision et de révision en valeurs mobilières for a review of a decision does not suspend the execution of the decision contested, unless the board decides otherwise.”

683. The heading of Chapter VII of Title X of the said Act is amended by striking out “DE LA COMMISSION” in the French text.

684. Section 330.1 of the said Act is amended by replacing “the Commission” in the first and second lines of the first paragraph by “the Agency” and by replacing “its expenditures” in the third line of the first paragraph by “the costs incurred in relation to the administration of this Act”.

685. Section 330.3 of the said Act is amended by replacing “The chairman of the Commission” in the first line of the first paragraph by “The Agency” and by replacing “the Commission’s budgetary estimates” in the second line of the first paragraph by “estimates of the Agency related to the administration of this Act”.

686. Section 330.5 of the said Act, amended by section 679 of chapter 29 of the statutes of 2000, is again amended

(1) by replacing “Commission” in the first line by “Agency”;

(2) by inserting “or an authorized foreign bank listed in Schedule I, II or III to the Bank Act” after “bank” in the second line.

687. Sections 330.7 and 330.8 of the said Act are repealed.

688. Section 330.9 of the said Act is amended

(1) by replacing the first paragraph by the following paragraph :

“330.9. The costs incurred by the Agency for the purposes of Title III of the Act respecting the Agence nationale d’encadrement du secteur financier in respect of an activity governed by this Act shall be borne by the recognized self-regulatory organizations that carry on such activities.”;

(2) by replacing the words “the Commission” wherever they appear in the second and third paragraphs by “the Agency”.

689. Section 330.10 of the said Act is amended

(1) by replacing “Commission” in the first and second lines of the first paragraph by “Agency”;

(2) by replacing “and sections” in the fourth line of the first paragraph by “, sections”;

(3) by replacing “, shall be borne by those Funds” in the sixth and seventh lines of the first paragraph by “and section 33 of the Act constituting Capital régional et coopératif Desjardins (2001, chapter 36) shall be borne by those legal persons”;

(4) by replacing “Commission” in the seventh and eighth lines of the first paragraph by “Agency”;

(5) by replacing “Commission” in the first line of the second paragraph by “Agency” and by replacing “Fund” in the second line of the second paragraph by “legal person”.

690. Section 331 of the said Act, replaced by section 91 of chapter 38 of the statutes of 2001, is amended

(1) by inserting the following subparagraph after subparagraph 6 :

“(6.1) determine, for the purposes of section 151.1.1, the other market participants likely to be the subject of an inspection;”;

(2) by adding the following subparagraph after subparagraph 11 :

“(12) define the terms and expressions used for the purposes of the regulations made pursuant to this section.”;

(3) by replacing “Commission” wherever it appears by “Agency”, with the necessary modifications.

691. Section 331.1 of the said Act, replaced by section 92 of chapter 38 of the statutes of 2001, is amended

(1) by inserting the following paragraphs after paragraph 19:

“(19.1) determine the rules applicable to an accountant’s audit of the affairs of any person subject to this Act;

“(19.2) determine the rules applicable to a committee auditing the affairs of an issuer governed by this Act;”;

(2) by inserting the following paragraph after paragraph 20:

“(20.1) determine, for the purposes of section 92, a securities transaction effecting a change in the control of a security;”;

(3) by replacing “the over-the-counter market” in paragraph 32 by “a listed market or an over-the-counter market”;

(4) by adding the following paragraph at the end:

“(34) define the terms and expressions used for the purposes of the regulations made pursuant to this section.”;

(5) by replacing “Commission” wherever it appears by “Agency”, and making the necessary modifications.

692. Section 332 of the said Act, replaced by section 94 of chapter 38 of the statutes of 2001, is amended by adding the following subparagraph at the end:

“(3) determine the policy that securities dealers and advisers must establish pursuant to section 168.1.1 or elements of that policy.”

693. Section 334 of the said Act is replaced by the following section:

“334. A regulation made under this Act may confer a discretionary power on the Agency.”

694. Section 351 of the said Act is repealed.

695. Section 348 of the said Act is replaced by the following section:

“348. The Minister of Finance is responsible for the application of this Act.”

696. Sections 4, 7, 7.1, 10.2, 10.5, 10.6, 11, 12, 14, 15, 20, 27, 28, 34, 35, 37, 38, 39, 40, 40.1, 46, 47, 48, 48.1, 49, 50, 53, 53.1, 59.1, 64, 66, 67, 68, 68.1, 69, 69.1, 70, 71, 73, 75, 76, 77, 78, 79, 80.1, 82, 84, 85, 96, 103.1, 104, 108, 119, 120, 121, 128, 130, 133, 139, 140, 142, 145, 147, 147.10, 147.11, 147.15, 147.16, 148, 148.1, 149, 151, 151.1, 153, 158, 159, 168.1, 192, 195.1, 197, 199, 205, 210, 210.1, 211, 212, 221, 233, 237, 238, 239, 240, 242, 243, 245, 247, 248, 251, 256, 258, 259.1, 260, 263, 268, 269, 269.1, 269.2, 271, 272, 272.1, 274, 276.2, 276.3, 285, 294 to 295.1, 296 to 298, 302.1, 306, 316, 318.1, 321, 330.2, 330.4, 330.6, 331.2, 333 and 335 of the said Act are amended by replacing the words “Commission des valeurs mobilières du Québec”, wherever they appear, by “Agence nationale d’encadrement du secteur financier” and the words “Commission” and “Bureau des services financiers” by “Agency”, and sections 152, 250, 255, 257, 261, 264 to 266, 270, 273, 273.2, 273.3, 324, 325, 328 and 329 are amended by replacing the word “Commission”, wherever it appears, by “Bureau de décision et de révision en valeurs mobilières”, and making the necessary modifications.

ACT RESPECTING THE MOUVEMENT DESJARDINS

697. Section 15 of the Act respecting the Mouvement Desjardins (2000, chapter 77) is amended

(1) by replacing “, within 10 days, give notice to the Inspector General of Financial Institutions who” in the second paragraph by “give notice within ten days to the Agence nationale d’encadrement du secteur financier, which shall send it to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons. The Agency”;

(2) by replacing “the Inspector General” in the second paragraph by “the Agency, which shall send it to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons”.

698. Sections 9, 46, 48, 49, 51, 53, 65 and 70 of the said Act are amended by replacing the words “the Inspector General of Financial Institutions”, wherever they appear, by the words “the Agence nationale d’encadrement du secteur financier” and the words “the Inspector General” by the words “the Agency”, and making the necessary modifications.

ACT RESPECTING TRANSPORTATION SERVICES BY TAXI

699. Section 135 of the Act respecting transportation services by taxi (2001, chapter 15) is amended by replacing “to the Inspector General of Financial Institutions” in the first line of subparagraph 1 of the second paragraph by “to the enterprise registrar”.

700. Section 138 of the said Act is amended by replacing “to the Inspector General of Financial Institutions” in paragraphs 3 and 8 by “to the enterprise registrar”.

ACT RESPECTING PUBLIC TRANSIT AUTHORITIES

701. Sections 1, 83, 160, 164.1, 167 and 175 of the Act respecting public transit authorities (2001, chapter 23) are amended by replacing the words “the Inspector General of Financial Institutions”, wherever they appear, by the words “the enterprise registrar”.

702. Section 71 of the said Act is amended by replacing “the Inspector General of Financial Institutions” in the second paragraph by “the Agence nationale d’encadrement du secteur financier”.

ACT RESPECTING THE PENSION PLAN OF MANAGEMENT PERSONNEL

703. Schedule II to the Act respecting the Pension Plan of Management Personnel (2001, chapter 31), amended by the Conseil du trésor’s decisions no. 197299, 197300, 197301, 197302 and 197303 dated 20 November 2001, 197373 and 197375 dated 4 December 2001 and 197464 dated 18 December 2001 and 198080 dated 16 April 2002, and by section 156 of chapter 30 of the statutes of 2002, is again amended

(1) by inserting the following mention in paragraph 1, in alphabetical order:

“the Agence nationale d’encadrement du secteur financier, in regard to the employees transferred from the Commission des valeurs mobilières du Québec, the Inspector General of Financial Institutions and the Régie de l’assurance-dépôts du Québec for application of the Act respecting the Agence nationale d’encadrement du secteur financier (2002, chapter 45)”;

(2) by striking out the following mention: “the Commission des valeurs mobilières du Québec” in paragraph 1;

(3) by striking out “the Commission des valeurs mobilières du Québec if they are full-time members” in paragraph 4;

(4) by striking out “the Commission des valeurs mobilières du Québec” in paragraph 5.

ACT CONSTITUTING CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

704. Section 20 of the Act constituting Capital régional et coopératif Desjardins (2001, chapter 36) is amended by replacing subparagraph 3 of the fourth paragraph by the following subparagraph:

“(3) bills of exchange accepted or certified by a bank listed in Schedule I or II to the Bank Act (Revised Statutes of Canada, 1985, chapter B-1.01) and registered with the Canada Deposit Insurance Corporation or a financial

institution registered with the Agence nationale d'encadrement du secteur financier pursuant to the Deposit Insurance Act (R.S.Q., chapter A-26)."

705. Section 33 of the said Act is amended

(1) by replacing "the Commission des valeurs mobilières du Québec" in the second and third lines of the second paragraph by "the Agence nationale d'encadrement du secteur financier";

(2) by replacing "the Commission" in the first lines of the second and third paragraphs by "the Agency".

706. Section 43 of the said Act is amended by replacing "the Inspector General of Financial Institutions" in the third line by "the Agence nationale d'encadrement du secteur financier, which shall send a copy to the enterprise registrar who shall deposit it in the register of sole proprietorships, partnerships and legal persons".

TITLE VII

TRANSITIONAL AND FINAL PROVISIONS

707. The Agence nationale d'encadrement du secteur financier established by section 1 replaces the Bureau des services financiers and the Fonds d'indemnisation des services financiers established by chapter 37 of the statutes of 1998 and acquires the rights and assumes the obligations thereof.

708. The Agence nationale d'encadrement du secteur financier established by section 1 replaces the Commission des valeurs mobilières du Québec established by chapter 36 of the statutes of 1997 and acquires the rights and assumes the obligations thereof.

709. The Agence nationale d'encadrement du secteur financier established by section 1 replaces the Régie de l'assurance-dépôts du Québec established by chapter 67 of the statutes of 1967 and acquires the rights and assumes the obligations thereof.

710. The Agence nationale d'encadrement du secteur financier established by section 1 replaces the Inspector General of Financial Institutions with respect to the duties and powers exercised by the latter under the Acts listed in Schedule 1 as they read on (*insert here the date preceding that of the coming into force of this section*) and acquires the rights and assumes the obligations thereof.

711. The files, records and other documents of the Bureau des services financiers, the Fonds d'indemnisation des services financiers, the Commission des valeurs mobilières du Québec and the Régie de l'assurance-dépôts du Québec become the files, records and documents of the Agence nationale d'encadrement du secteur financier.

712. The Government may, to the extent and on the conditions it determines, transfer to the Agency any file, record or document as well as any property in the possession of the Inspector General of Financial Institutions on (*insert here the date preceding that of the coming into force of this section*) required for the purposes of the exercise by the latter of the duties and powers provided for in the Acts listed in Schedule 1.

713. Matters commenced by the Bureau des services financiers, the Fonds d'indemnisation des services financiers, the Commission des valeurs mobilières du Québec and the Régie de l'assurance-dépôts du Québec shall be continued by the Agence nationale d'encadrement du secteur financier.

714. Matters commenced by the Inspector General of Financial Institutions with respect to the duties and powers exercised by the latter under the Acts listed in Schedule 1, as they read on (*insert here the date preceding that of the coming into force of this section*) shall be continued by the Agence nationale d'encadrement du secteur financier.

715. The Agence nationale d'encadrement du secteur financier becomes, without continuance of suit, a party to all proceedings to which the Bureau des services financiers, the Fonds d'indemnisation des services financiers, the Commission des valeurs mobilières du Québec or the Régie de l'assurance-dépôts du Québec was a party.

716. The Agence nationale d'encadrement du secteur financier becomes, without continuance of suit, a party to all proceedings to which the Inspector General of Financial Institutions was a party with respect to the duties and powers exercised by the latter under the Acts listed in Schedule 1, as they read on (*insert here the date preceding that of the coming into force of this section*).

717. The employees of the Bureau des services financiers and the Fonds d'indemnisation des services financiers, established under the Act respecting the distribution of financial products and services in office on 8 May 2002 become employees of the Agence nationale d'encadrement du secteur financier without other formalities. They shall hold the position and exercise the functions that are assigned to them by the Bureau de transition on behalf of the Agency.

718. The employees of the Commission des valeurs mobilières du Québec, established by the Securities Act, in office on 8 May 2002 become employees of the Agence nationale d'encadrement du secteur financier without other formalities. They shall hold the position and exercise the functions that are assigned to them by the Bureau de transition on behalf of the Agency, subject to the provisions of a collective agreement.

719. The employees of the Régie de l'assurance-dépôts du Québec, established under the Deposit Insurance Act, in office on (*insert here the date preceding that of the coming into force of this section*) become, subject to the conditions of employment applicable to them, employees of the Agence

nationale d'encadrement du secteur financier insofar as a decision by the Conseil du trésor providing for their transfer is made before (*insert here the date occurring two years after the date of the coming into force of this section*).

720. The employees of the Inspector General of Financial Institutions assigned to the Direction du développement des normes and to the Direction générale de la surveillance et du contrôle, with the exception of the employees of the Direction de l'encadrement des pratiques commerciales et du courtage immobilier assigned more specifically to matters of real estate brokerage, in office on (*insert here the date preceding the date of the coming into force of this section*) become, subject to the conditions of employment applicable to them, employees of the Agence nationale d'encadrement du secteur financier insofar as a decision by the Conseil du trésor providing for their transfer is made before (*insert here the date occurring two years after the date of the coming into force of this section*).

The other employees of the Inspector General of Financial Institutions in office on (*insert here the date preceding the date of the coming into force of this section*) become, without other formalities, employees of the enterprise registrar except if they consent to become employees of the Agence nationale d'encadrement du secteur financier and insofar as a decision of the Conseil du trésor providing for their transfer is made before (*insert here the date occurring two years after the date of the coming into force of this section*).

721. Any employee transferred to the Agence nationale d'encadrement du secteur financier pursuant to section 719 or 720 may request a transfer to a position in the public service or take part in a promotion competition for such a position in accordance with the Public Service Act (R.S.Q., chapter F-3.1.1) if, at the date of the transfer to the Agency, the employee was a permanent public servant assigned to the Inspector General of Financial Institutions or the Régie de l'assurance-dépôts du Québec.

Section 35 of the Public Service Act applies to an employee who takes part in such a promotion competition.

722. An employee referred to in section 721, who applies for a transfer or a promotion competition, may require from the Chair of the Conseil du trésor an assessment of the classification that would be assigned to him or her in the public service. The assessment must take account of the classification that the employee had in the public service on the date of the transfer, as well as the experience and training acquired in the course of his or her employment at the Agency.

In the case where an employee is transferred pursuant to section 721, the deputy minister or the president and director general shall establish a classification in accordance with the assessment provided for in the first paragraph.

In the case where an employee is promoted pursuant to section 721, the classification must take into account the criteria provided for in the first paragraph.

723. In the event of the partial or full discontinuance of the activities of the Agence nationale d'encadrement du secteur financier or if there is a shortage of work, an employee referred to in section 721 is entitled to be placed on reserve in the public service with the classification the employee had prior to the date of the transfer.

In such a case, the Chair of the Conseil du trésor shall, where applicable, establish the employee's classification, taking into account the criteria provided for in the first paragraph of section 722.

724. Any person referred to in section 719 or the first paragraph of section 720 who refuses, in accordance with the applicable conditions of employment, to be transferred to the Agence nationale d'encadrement du secteur financier, shall be assigned thereto until such time as the Chair of the Conseil du trésor is able to place the person in accordance with section 100 of the Public Service Act. The same applies to a person who is placed on reserve pursuant to section 723, and the person shall remain in the employ of the Agency.

725. Sections 16 to 21 of chapter 36 of the statutes of 1997 continue to apply to the employees of the Commission des valeurs mobilières du Québec who are transferred to the Agence nationale d'encadrement du secteur financier, with the necessary modifications.

726. The employees of the Bureau des services financiers, the Fonds d'indemnisation des services financiers, the Inspector General of Financial Institutions, the Régie de l'assurance-dépôts du Québec and the Commission des valeurs mobilières du Québec who are transferred to the Agence nationale d'encadrement du secteur financier pursuant to this Act may not be laid off or dismissed solely by reason of the establishment of the Agency, before (*insert here the date occurring two years after the date of the coming into force of sections 717 to 720*).

727. Any person or partnership that, on (*insert here the date that precedes the date of the coming into force of section 378*), is the holder of a broker's certificate or a real estate agent's certificate issued by the Association des courtiers et agents immobiliers du Québec under the Real Estate Brokerage Act (R.S.Q., chapter C-73.1) is entitled to be issued a mortgage broker licence, on request.

728. Upon the issue of the first licence to a person or partnership referred to in section 727, the Agency shall grant a reduction in the fees payable, calculated on a monthly basis, to take into account the fees that the person or partnership has already paid for any time subsequent to the effective date of the licence.

729. The Fonds d'indemnisation du courtage immobilier shall be seized of any claim arising from an act performed by a real estate broker or real estate agent prior to (*insert here the date of the coming into force of section 378*), with respect to brokerage activities related to loans secured by immovable hypothec.

The sums required for the payment of claims deemed admissible shall be taken out of the Fund.

730. The amount of the annual dues determined by the Minister under section 569 of the Act respecting the distribution of financial products and services (R.S.Q., chapter D-9.2) which must be paid for each representative pursuant to section 320 of that Act, as it read prior to being replaced by section 445 of this Act, is the amount that a contributor must pay pursuant to the said section 320 until the amount is modified by regulation.

731. The syndic may file a complaint before the discipline committee with respect to an offence under the provisions of the Act respecting the distribution of financial products and services or its regulations committed before (*insert here the date of the coming into force of this section*) by a securities representative.

732. A member of a professional order entered on 10 December 2002 in the register kept in accordance with section 67 of the Act respecting the distribution of financial products and services and referred to in the third paragraph of section 59 of that Act shall be authorized to use the title of financial planner until 31 May 2004, to the extent that the agreement governing the member remains in force or is renewed and the member meets the requirements and complies with the rules determined by the member's order.

Sections 65 to 68 of the said Act apply to such a member.

733. For the purposes of sections 93.165.1, 285.27 to 285.31, 325.0.1 to 325.0.3, 325.1, 358, 378, 387 and 420 of the Act respecting insurance as they read on 11 December 2002, "Agence nationale d'encadrement du secteur financier" or "Agency" shall designate the Inspector General of Financial Institutions until the date of the coming into force of section 7.

734. For the purposes of sections 131.1 to 131.5 and 599 of the Act respecting financial services cooperatives as they read on 11 December 2002, "Agence nationale d'encadrement du secteur financier" or "Agency" shall designate the Inspector General of Financial Institutions until the date of the coming into force of section 7.

735. For the purposes of sections 59, 81, 103 to 103.2, 186.1, 189.1, 223, 224.1, 336 and 494.1 of the Act respecting the distribution of financial products and services as they read on 11 December 2002, "Agence nationale d'encadrement du secteur financier" or "Agency" shall designate the Bureau des services financiers until the date of the coming into force of section 7.

736. For the purposes of sections 153.1 to 153.5, 226, 227, 244, 314.1, 314.2, 315 and 351 of the Act respecting trust companies and savings companies as they read on 11 December 2002, “Agence nationale d’encadrement du secteur financier” or “Agency” shall designate the Inspector General of Financial Institutions until the date of the coming into force of section 7.

737. For the purposes of section 20 of the Act constituting Capital régional et coopératif Desjardins (2001, chapter 36) as it reads on 11 December 2002, the Agence nationale d’encadrement du secteur financier means the Régie de l’assurance-dépôts du Québec until the date of coming into force of section 7 of this Act.

738. For the purposes of sections 92, 151.1.1, 168.1.1 to 168.1.3, 195, 195.2, 236, 273.1, 295.2, 331, 331.1 and 334 of the Securities Act as they read on 11 December 2002, “Agence nationale d’encadrement du secteur financier” or “Agency” shall designate the Commission des valeurs mobilières du Québec until the date of the coming into force of section 7.

739. Titles V to VI of the Act respecting the distribution of financial products and services shall cease to have effect with respect to a Chamber whose recognition as a recognized self-regulatory organization is withdrawn by the Agency under section 89 of the Act respecting the Agence nationale d’encadrement du secteur financier. On the date of the revocation of its recognition, the Chamber is continued under Part III of the Companies Act (R.S.Q., chapter C-38).

The Agency shall exercise the functions and powers provided for in Chapter III of Title V and Chapters I and II of Title VI of that Act with respect to the members of the Chamber, with the necessary modifications.

740. A stock exchange, securities clearing-house or professional association recognized as a self-regulatory organization under Title VI of the Securities Act (R.S.Q., chapter V-1.1) or any other Act on (*insert here the date of coming into force of this section*) shall be authorized to continue to carry on its activity in Québec in accordance with the prescribed conditions.

The same applies to a stock exchange, securities clearing-house or professional association which, on that date, is benefiting from an exemption granted by the Commission des valeurs mobilières du Québec pursuant to section 263 of that Act.

Sections 74 to 91 of this Act apply to a self-regulatory organization recognized by the Commission before (*insert here the date preceding the date of coming into force of this section*).

741. Notwithstanding section 60 of this Act, the self-regulatory organizations referred to in section 351 of the Securities Act, as it read before being repealed by section 694 of this Act, may continue to carry on their

activities for a period of six months from (*insert here the date of coming into force of section 694 of this Act*).

742. The terms of office of the Inspector General of Financial Institutions, of the Deputy Inspector General, of the members of the Commission des valeurs mobilières du Québec, of the members of the board of the Bureau des services financiers and of the directors of the Régie de l'assurance-dépôts du Québec, in office on (*insert here the date preceding the date of the coming into force of this section*) shall terminate on (*insert here the date of the coming into force of this section*). The persons who, at the time of their appointment, were members of the public service shall be returned to the public service on the conditions fixed at the time of their respective appointment. As for the others, their terms of office shall terminate without compensation, subject to the compensation provided for in their deed of appointment.

A person referred to in the first paragraph shall continue to exercise his or her functions in order to conclude the matters that the person has yet to determine; in such circumstances, the person shall receive from the Agency, during the required period, the same remuneration as the remuneration the person was receiving before the end of his or her term.

743. The Regulation respecting the compulsory professional development of financial planners made by the Institut québécois de planification financière and approved by the Government under section 58 of the Act respecting the distribution of financial products and services, as it read before (*insert here the date of coming into force of section 355 of this Act*) is deemed to be a regulation made by the Agence nationale d'encadrement du secteur financier pursuant to section 200 of that Act.

744. The provisions of the regulations made by the Bureau des services financiers, the Commission des valeurs mobilières du Québec, the Chambre de la sécurité financière and the Chambre de l'assurance de dommages, respectively, under section 200, subparagraphs 1 and 3 to 6 of the first paragraph of section 203, sections 205, 209 and 210, subparagraphs 1, 4, 5 and 13 to 15 of the first paragraph of section 223, subparagraph 3 of the first paragraph of section 228 and sections 315 and 423 of the Act respecting the distribution of financial products and services which are in force on (*insert here the date preceding the date of coming into force of section 405 of this Act*) continue to have effect until they are replaced or repealed by regulation of the Agence nationale d'encadrement du secteur financier.

745. Notwithstanding the provisions of sections 298, 568 and 568.1 of the Act respecting the distribution of financial products and services, a Chamber may, in its by-laws, extend the term of office of any member of its board of directors in office on 11 December 2002 for one year.

746. The Government may, by regulation made before 11 December 2004, adopt any other transitional provision or measure that is expedient for the carrying out of this Act.

A regulation made under the first paragraph shall not be subject to the publication requirement provided for in section 8 of the Regulations Act (R.S.Q., chapter R-18.1) and shall enter into force on the date of its publication in the *Gazette officielle du Québec* or at any later date indicated therein. The regulation may also, if it provides therefor, apply from any date not prior to 11 December 2002.

747. The Government may, by order made before 11 December 2004, amend any provision of an Act to provide for the transfer of duties and powers relating to the regulation of the financial sector to the Agence nationale d'encadrement du secteur financier in order to attain the object of this Act.

Sections 707 to 726 apply to the transfer to the Agence nationale d'encadrement du secteur financier of any of such duties and powers.

748. The sums required for the carrying out of this Act during the 2002/2003 fiscal year shall be taken out of the consolidated revenue fund, to such extent as is determined by the Government.

749. The Minister of Finance is responsible for the application of this Act.

750. The provisions of this Act come into force on the date or dates to be fixed by the Government, except section 63, paragraph 2 of section 179, paragraph 2 of section 197, section 213, paragraph 3 of section 214, section 220, paragraph 3 of section 221, paragraph 2 of section 231, sections 233 to 239, 242, 245, 306, 309, paragraph 1 of section 310, sections 315, 334, 335, 337, 350, 353, 356, paragraph 2 of section 357, paragraph 1 of section 359, sections 362, 377, 383, 387, paragraphs 1, 2 and 3 of section 407, sections 409, 459, 471, 490, 504, 511, 514, 541, 553, paragraph 1 of section 559, sections 563 and 567, paragraph 1 of section 569, section 582, paragraph 1 of section 589, paragraph 1 of section 590, paragraph 2 of section 591, sections 592, 593, 597, 600, 605 to 609, 612, 623, paragraphs 1 and 2 of section 624, sections 625, 626, 627, 628, 630, 632 to 637, 640, 641, 653, 686, 690, 691, 692, 693, 704, 733 to 738, 745, 746 to 749 and 750 which come into force on 11 December 2002, and sections 694 and 741, which come into force on the date of coming into force of section 7.

SCHEDULE 1*(section 7)*

DEPOSIT INSURANCE ACT (R.S.Q., chapter A-26)

AN ACT RESPECTING INSURANCE (R.S.Q., chapter A-32)

AN ACT RESPECTING THE CAISSES D'ENTRAIDE ÉCONOMIQUE
(R.S.Q., chapter C-3)

AN ACT RESPECTING CERTAIN CAISSES D'ENTRAIDE
ÉCONOMIQUE (R.S.Q., chapter C-3.1)

AN ACT RESPECTING FINANCIAL SERVICES COOPERATIVES
(R.S.Q., chapter C-67.3)

AN ACT RESPECTING THE DISTRIBUTION OF FINANCIAL
PRODUCTS AND SERVICES (R.S.Q., chapter D-9.2)

AN ACT RESPECTING THE DISCLOSURE OF THE COMPENSATION
RECEIVED BY THE EXECUTIVE OFFICERS OF CERTAIN LEGAL
PERSONS (R.S.Q., chapter I-8.01)

AN ACT RESPECTING THE SOCIÉTÉS D'ENTRAIDE ÉCONOMIQUE
(R.S.Q., chapter S-25.1)

AN ACT RESPECTING TRUST COMPANIES AND SAVINGS
COMPANIES (R.S.Q., chapter S-29.01)

SECURITIES ACT (R.S.Q., chapter V-1.1)

AN ACT RESPECTING THE MOUVEMENT DESJARDINS (2000,
chapter 77)

TITLE VII OF THE AUTOMOBILE INSURANCE ACT (R.S.Q., chapter
A-25)

SCHEDULE 2*(section 116)*

BUREAU DES SERVICES FINANCIERS

CHAMBRE DE L'ASSURANCE DE DOMMAGES

CHAMBRE DE LA SÉCURITÉ FINANCIÈRE

COMMISSION DES VALEURS MOBILIÈRES DU QUÉBEC

FONDS D'INDEMNISATION DES SERVICES FINANCIERS

THE INSPECTOR GENERAL OF FINANCIAL INSTITUTIONS

INSTITUT QUÉBÉCOIS DE PLANIFICATION FINANCIÈRE

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

SCHEDULE 3

(section 134)

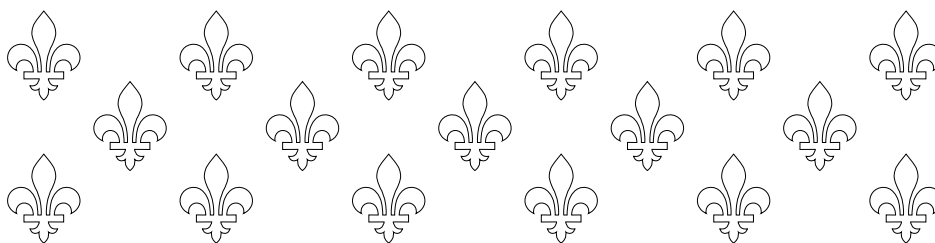
BUREAU DES SERVICES FINANCIERS

COMMISSION DES VALEURS MOBILIÈRES DU QUÉBEC

FONDS D'INDEMNISATION DES SERVICES FINANCIERS

THE INSPECTOR GENERAL OF FINANCIAL INSTITUTIONS

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC



NATIONAL ASSEMBLY

SECOND SESSION

THIRTY-SIXTH LEGISLATURE

Bill 110
(2002, chapter 70)

**An Act to amend the Act respecting
insurance and other legislative
provisions**

**Introduced 6 June 2002
Passage in principle 13 June 2002
Passage 19 December 2002
Assented to 19 December 2002**

**Québec Official Publisher
2002**

EXPLANATORY NOTES

This bill amends the Act respecting insurance to introduce new rules concerning management practices of insurers. The Inspector General of Financial Institutions will have the authority to issue guidelines to insurers and to impose administrative sanctions. The rules that apply to capital and asset adequacy, conflicts of interest and transactions between insurers and restricted parties are also modified.

The bill amends the rules concerning the constitution of insurance companies and allows existing companies to elect to be governed by Part IA of the Companies Act. It broadens the field of activities insurance companies may carry on, the objects they may have and the investments they may make. The bill introduces new rules making it possible for shares of an insurance company to be attributed to a holding company, and authorizes the conversion of mutual insurance companies into capital stock insurance companies. It will not be possible, however, to constitute new mutual benefit associations.

The bill amends the Civil Code as regards a clause of exclusion stipulated in an insurance contract that applies in the case of suicide-related death. It confirms that a stipulation allowing the withdrawal of the capital may be made in an annuity contract entered into with an insurer or a trust company.

The bill amends the Companies Act to allow shareholders including those of insurance companies and the members of mutual insurance companies to submit proposals and speak at the general meetings of the company.

Lastly, the bill contains transitional and consequential amendments.

LEGISLATION AMENDED BY THIS BILL :

- Civil Code of Québec ;
- Deposit Insurance Act (R.S.Q., chapter A-26) ;
- Act respecting insurance (R.S.Q., chapter A-32) ;

- Act respecting the caisses d’entraide économique (R.S.Q., chapter C-3);
- Cities and Towns Act (R.S.Q., chapter C-19);
- Municipal Code of Québec (R.S.Q., chapter C-27.1);
- Companies Act (R.S.Q., chapter C-38);
- Act respecting financial services cooperatives (R.S.Q., chapter C-67.3);
- Deposit Act (R.S.Q., chapter D-5);
- Act respecting the distribution of financial products and services (R.S.Q., chapter D-9.2);
- Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l’emploi (R.S.Q., chapter F-3.1.2);
- Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (R.S.Q., chapter F-3.2.1);
- Taxation Act (R.S.Q., chapter I-3);
- Act respecting the Institut de la statistique du Québec (R.S.Q., chapter I-13.011);
- Act respecting the Société des loteries du Québec (R.S.Q., chapter S-13.1);
- Act respecting the sociétés d’entraide économique (R.S.Q., chapter S-25.1);
- Act respecting trust companies and savings companies (R.S.Q., chapter S-29.01);
- Securities Act (R.S.Q., chapter V-1.1);
- Act respecting “Québec Health Services” “Les Services de Santé du Québec” (1991, chapter 102);
- Act respecting Mutuelle des Fonctionnaires du Québec (1991, chapter 103);

- Act constituting Capital régional et coopératif Desjardins (2001, chapter 36);
- Act respecting the Agence nationale d’encadrement du secteur financier (2002, chapter 45).

Bill 110

AN ACT TO AMEND THE ACT RESPECTING INSURANCE AND OTHER LEGISLATIVE PROVISIONS

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS :

1. Section 1.1 of the Act respecting insurance (R.S.Q., chapter A-32) is amended by adding the following paragraph at the end :

“A partnership is controlled by a person where the latter holds, directly or through legal persons controlled by the person, more than 50% of the interests in the partnership. A limited partnership is controlled by a person where the person or a legal person controlled by the person is the general partner of the partnership.”

2. Section 1.5 of the said Act is replaced by the following section :

1.5. A federation and the mutual insurance associations that are members thereof, the guarantee fund of which the mutual insurance associations are members, and any other legal person or partnership controlled by one or more of the mutual insurance associations or the federation constitute a group.”

3. Section 10 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended

(1) by inserting “, the establishment of a holding company directly controlling an insurance company or controlled by an insurance company” after “insurer” in subparagraph 1 of the first paragraph ;

(2) by replacing “to insurance” in subparagraph 2 of the first paragraph by “to the activities of an insurer or those of a holding company directly controlling an insurance company or controlled by an insurance company”.

4. Section 16 of the said Act, amended by section 202 of chapter 45 of the statutes of 2002, is again amended

(1) by replacing “or authorized by the Agency” in the first and second lines by “or the Agency or authorized by the Agency” ;

(2) by inserting the following sentence at the end of the first paragraph : “The same applies to any information or document relating to the application of guidelines and provided voluntarily to the Agency.”

5. Section 17 of the said Act is amended by replacing “the premium or assessment income of the insurer” in subparagraph *b* of the second paragraph by “the insurer’s total direct premium income”.

6. Section 18 of the said Act is replaced by the following section :

“18. For the purposes of section 17, “total direct premium income” means,

(1) in insurance of persons, the total direct premium income received from insured persons or members resident in Québec, less all participation in the profits or rebates paid to them ;

(2) in damage insurance, the total direct premium income received in respect of property situated in Québec, less all participation in the profits and related rebates.”

7. Section 19 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by replacing “33.2” in subparagraph *c* of the first paragraph by “33.2.2”.

8. Sections 20 to 24 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, are replaced by the following sections :

“20. Seven persons or more may constitute an insurance company.

No insurance company may be constituted after (*insert here the date that is one day before the date of coming into force of this section*) otherwise than under Part IA of the Companies Act (chapter C-38).

“21. The founders shall transmit to the enterprise registrar a notice signed by them indicating their wish to be constituted as a legal person, together with the fees prescribed by regulation of the Government under the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons (chapter P-45). The founders shall transmit a copy of the notice to the Agency. The enterprise registrar shall deposit the notice in the register. The application for constitution as an insurance company must be presented to the Minister within six months following the date of the deposit.

The notice must mention :

- (1) the name of the company ;
- (2) the name and address of each founder ;
- (3) the proposed classes of insurance ;
- (4) the place in Québec where the company will have its head office ;

(5) the proposed capital stock and the projected contributed surplus.

“22. The application for constitution as an insurance company shall be signed by each founder and filed with the Minister.

The application shall be filed together with the information prescribed by regulation, the proposed articles and the other documents prescribed by regulation. The Minister may also request any document or information the Minister considers relevant for the evaluation of the application.

The founders shall transmit a copy of the application and other documents referred to in the second paragraph to the Agency.

“23. The Minister may, if the Minister considers it advisable and after obtaining the advice of the Agency, authorize the filing of the articles in the register in accordance with Part IA of the Companies Act.

If the authorization is granted, the founders may transmit the articles, the required documents and the prescribed fees to the enterprise registrar. On receiving the articles, documents and fees, the enterprise registrar shall complete the formalities required by section 123.15 of that Act for the constitution of the company and transmit a certified copy of the articles and the certificate to the Agency.

If the Agency refuses to issue a licence to the company, its registration is cancelled by the enterprise registrar on his or her own initiative, and the fees paid for the constitution of the company are refunded.

“24. The articles specify the classes of insurance the company is authorized to transact.

In addition, the articles are deemed to include a provision limiting the activities of the company to those insurance companies are permitted to carry on.”

9. Section 27 of the said Act is replaced by the following section :

“27. The paid-up capital combined, where applicable, with the contributed surplus of an insurance company must be at least \$3,000,000.

A government regulation, applicable to insurance companies constituted after (*insert here the date that is one day before the date of coming into force of this section*) or after any later date indicated in the regulation, may however prescribe a different amount.”

10. Section 28 of the said Act is amended by replacing in the French text “l’excédent” by “le surplus”.

11. Section 29 of the said Act, amended by section 625 of chapter 29 of the statutes of 2000 and by section 243 of chapter 45 of the statutes of 2002, is again amended by inserting “appearing in Schedules I and II to the Bank Act (Statutes of Canada, 1991, chapter 46) and registered with the Canada Deposit Insurance Corporation” after “bank” in the first line of the second paragraph.

12. Section 30 of the said Act is amended by replacing “applicants” in the third line by “founders”.

13. Section 31 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by replacing “applicants” in the third line of the second paragraph by “founders”.

14. The heading of Chapter I.1 of Title III of the said Act is replaced by the following heading:

“OBJECTS AND POWERS”.

15. Sections 33.1 and 33.2 of the said Act are replaced by the following sections:

“33.1. In addition to carrying on insurance activities, the object of an insurance company is to offer financial products and services in accordance with the law.

The provisions of this section prevail over any provision of an insurance company’s charter, letters patent or articles.

“33.2. For the purposes of section 33.1, credit includes all forms of financing or suretyship.

“33.2.1. An insurance company may also carry on the activities that only a trust company may carry on under the Act respecting trust companies and savings companies (chapter S-29.01) that are authorized by a government regulation.

The regulation may also determine the cases and conditions in and on which the activities may be carried on.

“33.2.2. The Government may authorize an insurance company to carry on an activity not related to the pursuit of its objects that the company is not prohibited by law from carrying on and that the Government considers in the interest of the public.

The Government may prohibit an insurance company from carrying on an activity related to the pursuit of its objects but not expressly authorized by law.”

16. Section 35 of the said Act is amended

(1) by replacing the first paragraph by the following paragraph :

“**35.** Part I of the Companies Act remains applicable, with the necessary modifications, to any insurance company to which this Part applied before (*insert here the date of coming into force of this section*), subject to the contrary provisions of this Act.”;

(2) by striking out the third paragraph.

17. The said Act is amended by inserting the following sections after section 35 :

“**35.1.** Part IA of the Companies Act applies, subject to the provisions of this Act and with the necessary modifications, to any insurance company constituted after (*insert here the date that is one day before the date of coming into force of this section*) or continued, converted or amalgamated after that date.

“**35.2.** The directors of an insurance company who have adopted a by-law to amend the articles of the insurance company in accordance with the provisions of Part IA of the Companies Act must apply for the authorization of the Minister to file the articles of amendment with the enterprise registrar.

The application shall be filed together with the information prescribed by regulation, the proposed articles of amendment and the other documents prescribed by regulation. The Minister may also request any document or information the Minister considers relevant for the examination of the application.

The directors shall transmit a copy of the application and the other documents referred to in the second paragraph to the Agency.

The Minister may, if the Minister deems it advisable and after obtaining the advice of the Agency, grant the authorization.

When the articles of amendment are filed in the register, the enterprise registrar shall transmit a certified copy thereof to the Agency.

“**35.3.** Where it relates to a mutual insurance company, the word “shareholder” used in this Act or Part I, IA or II of the Companies Act means “member”. In addition, where a provision of one of those Acts requires the vote of shareholders representing a fixed proportion of the capital stock of a company, the provision is considered to require the vote of a number of members equal to the proportion determined in value.”

18. Section 36 of the said Act is amended by inserting “constituted under a special Act” after “insurance company”.

19. Section 37 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is replaced by the following section:

“37. Any insurance company constituted by a special Act and subject to Part IA or Part II of the Companies Act may apply to the Minister for authorization to file articles of amendment for the following purposes:

(1) to replace the provisions of its charter by corresponding provisions of this Act;

(2) to replace the provisions of its charter by provisions of Part IA of the Companies Act, to the extent that those provisions are not contrary to the provisions of this Act;

(3) to strike from its charter any provision for which there is no corresponding provision in this Act or in Part IA of the Companies Act.

The articles of amendment must indicate the classes of insurance that the company is authorized to transact.

The Minister shall obtain the opinion of the Agency before giving authorization.”

20. Section 38 of the said Act, amended by section 204 of chapter 45 of the statutes of 2002, is replaced by the following section:

“38. The application for authorization addressed to the Minister must be signed by the president or vice-president and by the secretary of the company. The application may not be presented unless

(1) it is supported by a by-law approved by the vote of at least two-thirds in value of the shares represented by the shareholders present at a special meeting and by two-thirds of the insured participating in the profits and who are present;

(2) a notice summarizing the contents of the by-law has been transmitted to the Minister for deposit in the register, accompanied with the fees prescribed by regulation of the Government.”

21. Section 39 of the said Act, amended by section 205 of chapter 45 of the statutes of 2002, is replaced by the following:

“39. The enterprise registrar shall draw up a certificate of amendment in accordance with the procedure provided for in section 123.15 of the Companies Act.

The certificate of amendment attests the amendments authorized as at the date indicated. It specifies any legislative amendments repealed by the articles of amendment.

The Québec Official Publisher must insert in each annual volume of the Statutes of Québec a table indicating the date of the coming into force of the articles of amendment deposited in the register prior to the printing of the volume and the legislative provisions they repeal.

The amendments contained in the articles have the same effect as if they had been made by special Act. The enterprise registrar shall transmit a certified copy of the certificate of amendment to the Agency.”

22. Section 41 of the said Act, amended by section 206 of chapter 45 of the statutes of 2002, is again amended

(1) by replacing “the charter of any insurance company may be annulled” in the first and second lines of the first paragraph by “the charter or articles of an insurance company may be annulled”;

(2) by replacing “it is not renewed” in subparagraph *c* of the first paragraph by “a new licence is not issued”.

23. Section 44 of the said Act is repealed.

24. Section 46 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended

(1) by replacing “section 43 or 44” in the first line of the first paragraph by “section 43”;

(2) by striking out the second and third paragraphs.

25. Section 47 of the said Act is repealed.

26. Section 48 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by replacing “sections 43 and 44” in the first line by “section 43”.

27. Section 49 of the said Act is amended by replacing “43, 44 and 48” in the first line by “43 and 48”.

28. Section 50.3 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by replacing “43, 44 and 50.1” in the first paragraph by “43 and 50.1”.

29. Section 50.4 of the said Act is amended by replacing “section 43 or 44” in the second line by “section 43”.

30. Section 50.5 of the said Act is amended by replacing “section 43 or 44” in the first line of the first paragraph by “section 43”.

31. The said Act is amended by inserting the following after section 50.5 :

“DIVISION I.1

“NAME OF THE COMPANY

“50.6. The name of an insurance company constituted or continued under the laws of Québec must include the word “insurance”, “insurer”, “reinsurance” or “reinsurer”.

“50.7. Only an insurance company may include the word or expression “insurance company”, “reinsurance company”, “insurer” or “reinsurer” in its name.

No other legal person may use those words or expressions in a way that could lead the public to believe that the legal person is an insurance company.

“50.8. The first paragraph of section 50.7 does not apply to a legal person whose name includes the words “insurance company”, “reinsurance company”, “insurer” or “reinsurer” on (*insert here the date of coming into force of this section*).

“50.9. Notwithstanding sections 50.7 and 50.8, the name of a holding company that controls an insurance company and the name of the subsidiary of an insurance company may include all or part of the name of that company.

“50.10. The enterprise registrar shall refuse to file in the register articles containing a name that does not comply with the provisions of sections 50.6 to 50.9.

The enterprise registrar shall inform the person concerned of the reasons for the refusal.

“50.11. The provisions of this division shall apply without prejudice to the provisions of the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons.”

32. Section 52.2 of the said Act is amended

(1) by inserting “or, as the case may be, an application for authorization to file articles” after “patent” in the first line ;

(2) by inserting “or, as the case may be, the certificate were issued” after “granted” in the second line of paragraph 1 ;

(3) by inserting “or, as the case may be, the certificate were issued” after “granted” in the second line of paragraph 2.

33. Section 54 of the said Act is amended

(1) by replacing “spéciale” in the French text of the second paragraph by “extraordinaire”;

(2) by replacing the third paragraph by the following paragraph :

“A majority of directors must be resident in Québec.”

34. Section 57 of the said Act is amended by replacing “section 43 or 44” in the third line of the second paragraph by “section 43” and by striking out “44” in the seventh line of that paragraph.

35. Section 59 of the said Act is amended by striking out “or the executive committee” in the first and second lines.

36. Section 62 of the said Act is replaced by the following section :

“**62.** No insurer may grant a hypothec or other security on its property, except

(1) to secure a loan contracted to meet short term requirements for liquid funds;

(2) on an immovable;

(3) if the insurer is a registered institution within the meaning of the Deposit Insurance Act (chapter A-26), to obtain an advance of money under section 40 of that Act, or if the insurer receives deposits outside Québec, to obtain an advance of money from a federal or provincial body that guarantees or insures deposits;

(4) to subscribe for savings bonds in favour of the Government of Québec or of Canada;

(5) to become a member of a securities clearing-house recognized by the Commission des valeurs mobilières du Québec as a self-regulatory organization or of any association the object of which is to organize a clearing and settlement system for instruments of payment or securities transactions, and to provide the necessary guarantees ; or

(6) for any other purpose provided for in a policy adopted by the board of directors of the insurer and approved by the Agency.”

37. Section 63 of the said Act is amended

(1) by striking out “, and published in three daily newspapers at least one of which circulates in the locality where the company has its head office” in the third, fourth and fifth lines of the first paragraph ;

(2) by inserting the following sentence at the end of the first paragraph: “If the number of shareholders of the insurance company is greater than 25, the notice is also published in three daily newspapers at least one of which is circulated in the locality where the company has its head office.”

38. The said Act is amended by inserting the following after section 66:

“66.1. An insurance company that issues participating policies must establish a policy for determining the dividend and the bonuses payable to the holders of such policies.

The company may distribute any form of benefit to such policyholders, including a dividend or a bonus, in compliance with the policy established in that regard.

In so doing, the company must take into account the opinion of its actuary, set out in a report to the board of directors, on the compliance of the distribution with the policy established in that regard.

“CHAPTER II.1

“RESTRUCTURING INTO A HOLDING COMPANY

“66.2. The transfer of all the shares of an insurance company constituted under the laws of Québec to a holding company, in return for shares of the holding company, must be ordered by way of a by-law approved by two-thirds of the votes cast by the shareholders of the insurance company at a special meeting, pursuant to the procedure provided for in the by-law.

To achieve such restructuring, the holding company must be constituted under the Companies Act for the sole purposes of

- (1) holding all the shares of the insurance company;
- (2) holding all or part of the shares of subsidiaries that are legal persons the control of which by an insurer is authorized under this Act;
- (3) holding all or part of the interests in a partnership which an insurer may control pursuant to section 244.1; and
- (4) holding all or part of the shares of subsidiaries that provide services to the insurance company and to other subsidiaries.

The transfer of shares must, on pain of nullity, be authorized by the Minister, who shall obtain the opinion of the Agency on the restructuring.

The application for authorization must be filed with the documents and information prescribed by government regulation.

66.3. Notwithstanding any contrary legislative provision, where the Minister has authorized the transfer of the shares of an insurance company for the purposes of a restructuring, the transfer does not require authorization under section 43 and the transfer of the shares of any legal person affiliated with the insurance company to the holding company requires no authorization provided for by law, if the shares are transferred as part of the restructuring.”

39. Section 88.1 of the said Act, amended by section 204 of chapter 45 of the statutes of 2002, is replaced by the following sections :

88.1. The member who has received the support of the minimum number or percentage of members entitled to vote prescribed by regulation of the Government may give notice to the company of the proposals that the member intends to submit to the annual meeting.

The provisions of sections 98.2 to 98.12 or, as the case may be, of sections 191.2 to 191.12 of the Companies Act apply to those proposals, with the necessary modifications. In these provisions, the word “shareholder” means, notwithstanding section 35.3, the member who represents the group.

88.2. One per cent of the total number of members or 500 members, whichever is the lesser, may requisition the calling of a special meeting.”

40. Section 91 of the said Act is amended

(1) by replacing “spéciale” in the French text of the second paragraph by “extraordinaire”;

(2) by replacing the third paragraph by the following paragraph :

“A majority of directors must be resident in Québec.”

41. The heading of Division II of Chapter III.1 of Title III of the said Act is amended by replacing “OBJECT” by “OBJECTS”.

42. Section 93.4 of the said Act is replaced by the following section :

93.4. A further object of a mutual insurance association is to provide other financial products and services to its members according to law. However, it may carry on such activities only with the authorization of its federation.”

43. Section 93.36 of the said Act is amended by replacing “by filing” in the second line of the second paragraph by “to the Agency and file”.

44. The said Act is amended by inserting the following sections after section 93.4 :

“93.4.1. A mutual insurance association may, with the authorization of its federation, carry on activities that only a trust company may carry on pursuant to the Act respecting trust companies and savings companies and that are authorized by a government regulation.

The regulation may also determine the cases and conditions in and on which the activities may be carried on.

“93.4.2. For the purposes of section 93.4, credit includes all forms of financing or suretyship.”

45. Section 93.46 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by replacing the first paragraph by the following paragraph:

“93.46. No mutual insurance association may repay a common share if the repayment would, contrary to section 275 or 275.3, cause its capital base or liquid assets to become inadequate.”

46. Section 93.53 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by replacing the first paragraph by the following paragraph:

“93.53. No mutual insurance association may redeem or repay a preferred share if the redemption or repayment would, contrary to section 275 or 275.3, cause its capital base or liquid assets to become inadequate.”

47. Section 93.78 of the said Act is amended by replacing “five” in the first paragraph by “seven”.

48. Section 93.88 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by replacing “between 31 December and 1 March of each year, rule” in paragraph 6 by “rule annually”.

49. Section 93.122 of the said Act is replaced by the following section:

“93.122. The objects of a federation are

(1) to protect the interests of its members, foster the attainment of their objects and promote their development;

(2) to act as a control and supervisory body over its members and over partnerships and legal persons controlled by its members, to the extent provided for in this Act;

(3) to provide services to mutual insurance associations that are members of the federation, members of the mutual insurance associations, members of the group and, as an ancillary activity, to any other person or partnership;

(4) to define common objectives for the group and to coordinate its activities ;
and

(5) to propagate and promote the principles of mutualism in insurance.”

50. The said Act is amended by inserting the following section after the heading of Division VIII of Chapter III.2 of Title III :

“93.159.1. A federation must adhere to sound and prudent management practices.”

51. Section 93.161 of the said Act is replaced by the following section :

“93.161. A federation may, by a resolution of its board of directors, designate from among its members those who may

(1) provide financial products and services other than insurance to their members ;

(2) carry on any other activity authorized by the Government in accordance with section 93.162.

A federation shall also determine the terms and conditions governing the exercise of the powers provided for in the first paragraph.”

52. The said Act is amended by inserting the following sections after section 93.161 :

“93.161.1. A federation may, alone or jointly with a partnership or a legal person of its group, control a legal person or a partnership carrying on activities that may be carried on by a mutual insurance association pursuant to this Act or pursuant to an order in council made by the Government under section 93.162.

However, a federation may not, alone or jointly with a partnership or a legal person of its group, control a legal person that carries on damage insurance activities, except if that legal person is a reinsurer.

“93.161.2. A federation may also acquire all or part of the shares of a legal person in the cases determined by government regulation.”

53. Section 93.162 of the said Act is replaced by the following section :

“93.162. The Government may give a federation the power to authorize a mutual insurance association that is a member of the federation to carry on an activity not related to the pursuit of its objects that the association is not prohibited by law from carrying on and that the Government considers in the interest of the public.

The Government may prohibit a mutual association from carrying on an activity relating to the pursuit of its objects that is not expressly authorized by law.”

54. Section 93.167 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by replacing “and the written directives” in the sixth and seventh lines by “and the guidelines and written instructions”.

55. Section 93.186 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by replacing “, transmit to the Agency” by “or on any other date the Agency may determine, file with the Agency”.

56. Section 93.224 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by replacing “the capital” in the third paragraph by “the amount of the capital determined by the Agency”.

57. Section 93.227 of the said Act is amended

(1) by replacing “31 December of the current year” in the third paragraph by “the end of the current fiscal year”;

(2) by replacing “following 1 January” in the fourth paragraph by “beginning of the following fiscal year”.

58. Section 93.253 of the said Act is amended by inserting “specified in Schedules I and II of the Bank Act and registered with the Canada Deposit Insurance Corporation” after “bank” in the first line.

59. Section 98.263 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by replacing “, file with the Agency” by “or on any other date the Agency may determine, file with the Agency”.

60. Section 94 of the said Act is replaced by the following:

“**94.** No legal person may, after 6 June 2002, be constituted in Québec to engage in mutual benefit insurance activities.”

61. Sections 95, 96 and 98 to 105 of the said Act are repealed.

62. Section 174.3 of the said Act, amended by section 13 of chapter 34 of the statutes of 2001, is again amended by replacing “budgeted statement of the balance sheet, operating account and surplus account” in paragraph 1 by “financial statements”.

63. Section 174.6 of the said Act is amended by replacing “5” in the first paragraph by “7”.

64. The heading of Chapter V of Title III of the said Act is replaced by the following heading :

“AMALGAMATION, CONVERSION AND DEMUTUALIZATION”.

65. Section 176 of the said Act is amended by striking out the third paragraph.

66. The said Act is amended by inserting the following section after section 178:

“**178.1.** A mutual damage-insurance company may be converted into a mutual insurance association.”

67. Section 179 of the said Act is replaced by the following section :

“**179.** A mutual insurance association may, with the authorization of its federation and of the Minister, be converted into a mutual damage-insurance company.

The company resulting from the conversion may be converted into a capital stock company transacting damage insurance.

Before granting an authorization referred to under this section, the Minister shall obtain the advice of the Agency.”

68. Section 184 of the said Act is amended by striking out “or conversion”.

69. The said Act is amended by inserting the following section after the heading of Division II of Chapter V of Title III :

“**184.1.** Insurance companies, governed by Part I, IA or II of the Companies Act, may amalgamate.

Subject to the provisions of this division, sections 123.116 to 123.130 of the Companies Act apply to the amalgamation of insurance companies.

Amalgamation effects continuance under Part IA of the said Act without it being necessary for an insurance company to be continued in accordance with sections 123.131 to 123.139 of that Act.”

70. Section 189 of the said Act is replaced by the following section :

“**189.** The amalgamating legal persons shall file a joint application requesting the Minister to confirm the agreement and, in the case of companies, to confirm the agreement and authorize the enterprise registrar to draw up a certificate of amalgamation and deposit a copy of the articles of amalgamation in the register.

The legal persons shall transmit one copy of the amalgamation agreement to the Minister and two copies to the Agency.”

71. Section 190 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by replacing “petition” by “application”.

72. Section 191 of the said Act, amended by section 227 of chapter 45 of the statutes of 2002, is replaced by the following section :

“**191.** If the Minister accepts the application, the Agency shall confirm such acceptance on the copies of the amalgamation agreement.

If the applicant is a company, the Agency shall transmit a copy of the amalgamation agreement to the enterprise registrar, who shall deposit it in the register. The enterprise registrar shall then draw up the certificate of amalgamation and deposit it in the register with a copy of the articles of amalgamation. The enterprise registrar shall transmit a certified copy of the articles of amalgamation and amalgamation agreement to the Agency.

The articles of amalgamation must specify the classes of insurance the company is authorized to transact.

If the applicant is not a company, the Agency shall transmit a copy of the amalgamation agreement to the enterprise registrar, who shall deposit it in the register.”

73. Section 192 of the said Act is amended by replacing “upon the date of the letters patent but subject to their deposit in the register, the amalgamation” in the second paragraph by “on the date shown on the certificate of amalgamation, the amalgamation”.

74. Section 194 of the said Act is amended

(1) by striking out “or a mutual benefit association” in subparagraph g of the second paragraph ;

(2) by adding the following paragraph at the end :

“No legal person may be converted into a mutual benefit association.”

75. Section 195 of the said Act is amended by replacing “general meeting of the interested legal person specially called for that purpose” by “special meeting of the interested legal person”.

76. Section 196 of the said Act is amended by striking out the second paragraph.

77. Section 198 of the said Act is replaced by the following section :

“198. The legal person shall file an application requesting the Minister to confirm the conversion by-law and, in the case of companies, to confirm the by-law and authorize the enterprise registrar to draw up a certificate evidencing the conversion.

The application must be filed with the conversion by-law.

Before confirming the by-law, the Minister shall obtain the advice of the Agency.”

78. Section 199 of the said Act, replaced by section 229 of chapter 45 of the statutes of 2002, is replaced by the following section :

“199. If the Minister accepts the application, the Minister shall transmit the conversion by-law to the Agency. The Agency shall transmit the conversion by-law to the enterprise registrar, who shall deposit it in the register.”

79. Section 200 of the said Act is replaced by the following :

“200. Unless the applicant is a company, the legal person that applied for conversion shall cease to exist on the date the conversion by-law referred to in section 199 is deposited in the register.

The rights, obligations and acts of the legal person shall not be affected by the conversion.

“200.0.1. If the legal person resulting from the conversion is a company, two copies of the articles of conversion signed by a director shall be filed with the enterprise registrar.

The articles of conversion must specify the classes of insurance the company is authorized to transact.

“200.0.2. If the Minister accepts the application filed by a company under section 198, the enterprise registrar shall, on receiving the articles of conversion, the accompanying documents and the fees prescribed by government regulation, draw up a certificate evidencing the conversion in accordance with the procedure set out in section 123.15 of the Companies Act. The enterprise registrar shall transmit a certified copy of the articles and certificate of conversion to the Agency.

“200.0.3. The legal person that applied for conversion shall cease to exist on the date appearing on the certificate of conversion.

The company resulting from the conversion shall have the rights and assume the obligations of the legal person that applied for conversion.

“DIVISION III.1**“DEMUTUALIZATION**

“200.0.4. Notwithstanding any special Act that is applicable to it, a mutual insurance company may, with the authorization of the Minister, be converted into a capital stock insurance company in accordance with the regulations of the Government and be continued under Part IA of the Companies Act.

A mutual insurance company wishing to be so authorized shall submit to the Minister a proposal for its conversion into a capital stock company. The proposal must be consistent with the regulations of the Government.

Before granting an authorization, the Minister shall obtain the advice of the Agency.

“200.0.5. After a decision in favour of demutualization is made by the board of directors, a demutualization plan must be approved by at least two-thirds of the votes cast by the members and at least two-thirds of the votes cast by participating policyholders, at a special meeting pertaining to

- (1) the demutualization proposal to be submitted to the Minister;
- (2) the articles of demutualization;
- (3) the proposed by-laws of the company resulting from the demutualization.

“200.0.6. The company must send to the members

- (1) a document explaining the demutualization plan in sufficient detail to permit a member to form an informed judgment on the terms of the proposal and its impact;
- (2) the information prescribed by regulation of the Government.

“200.0.7. Demutualization is effected, subject to the authorization of the Minister, by a by-law of the company.

The by-law must authorize one of the directors to sign the articles of demutualization, which must specify the classes of insurance the company is authorized to transact.

The board of directors may, before the certificate is drawn up, revoke the by-law if the by-law gives the board of directors the power to do so.

“200.0.8. The board of directors of the company deciding to apply for the authorization referred to in section 200.0.4 shall adopt the first by-laws of the converted company.

“200.0.9. The articles of demutualization shall include the provisions of section 123.12 of the Companies Act except paragraph 3, as well as those allowed by section 123.13 of that Act.

The articles of demutualization must be filed with the documents prescribed by regulation of the Government and the other documents provided for in section 123.14 of that Act.

“200.0.10. Two copies of the articles of demutualization signed by the director authorized under the by-law referred to in section 200.0.7 must be filed with the enterprise registrar.

“200.0.11. If the Minister authorizes the demutualization, the enterprise registrar shall, on receiving the articles of demutualization, the accompanying documents and the fees prescribed by government regulation, draw up a certificate evidencing the demutualization of the company and its continuance in accordance with the procedure set out in section 123.15 of the Companies Act. The enterprise registrar shall transmit a certified copy of the certificate and articles of demutualization to the Agency.

“200.0.12. As of the date appearing on the certificate of demutualization,

(1) the certificate of demutualization attests the existence of the mutual insurance company and its continuance as a company governed by Part IA of the Companies Act and subject to this Act;

(2) the articles of demutualization are deemed to be the articles of the continued company.

From that date, the company is converted into a capital stock company.

“200.0.13. Subject to the provisions of this division and the regulations of the Government, the rights and obligations of the mutual insurance company and those of its members shall not be affected by the demutualization.”

80. The said Act is amended by inserting the following after the heading of Chapter V.1 of Title III:

“DIVISION I

“CONTINUANCE OF A COMPANY GOVERNED BY PART I OF THE COMPANIES ACT

“200.0.14. The directors of an insurance company to which Part I of the Companies Act applies may adopt a by-law authorizing the company to be continued under Part IA of that Act.

The by-law must be ratified by a two-thirds majority of the votes cast by the shareholders at a special meeting.

“200.0.15. Subject to the provisions of this Act, sections 123.133 to 123.139 of the Companies Act apply to the continuance.

The articles of continuance must specify the classes of insurance the company is authorized to transact.

“200.0.16. At the request of a company constituted by special Act, the enterprise registrar shall, with the authorization of the Minister, draw up a certificate of continuance so that the provisions of Part IA of the Companies Act may apply to it, to the extent that they are not inconsistent with the provisions of this Act or of its charter. Before granting the authorization, the Minister shall obtain the advice of the Agency.

The articles of amendment must specify the classes of insurance the company is authorized to transact.

The enterprise registrar shall transmit a certified copy of the articles and certificate of continuance to the Agency.”

81. The said Act is amended by inserting the following heading before section 200.1 :

“DIVISION II

“CONTINUANCE OF OTHER COMPANIES CONSTITUTED OUTSIDE QUÉBEC”.

82. Section 200.5 of the said Act is replaced by the following section :

“200.5. The company shall request the Minister to confirm the continuance by-law.

Before confirming the by-law, the Minister shall obtain the advice of the Agency.”

83. Section 200.6 of the said Act, replaced by section 230 of chapter 45 of the statutes of 2002, is again replaced by the following section :

“200.6. If the Minister confirms the by-law, the enterprise registrar shall, on receiving the articles of continuance, the accompanying documents and the fees prescribed by government regulation, draw up a certificate evidencing the continuance of the company in accordance with the procedure set out in section 123.15 of the Companies Act.

The articles of continuance must specify the classes of insurance the company is authorized to transact.

The enterprise registrar shall transmit a certified copy of the articles and certificate of continuance to the Agency.”

84. Section 200.7 of the said Act is replaced by the following section :

“**200.7.** As of the date appearing on the certificate of continuance,

(1) the certificate of continuance attests the existence of the company and its continuance under this Act ;

(2) the articles of continuance are deemed to be the articles of the continued company ;

(3) the continued insurance company is deemed to be an insurance company constituted under the statutes of Québec.”

85. Section 203 of the said Act is repealed.

86. Section 205 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended

(1) by striking out “, with a certificate of any deposit the legal person has with any such authority” in subparagraph *h* of the first paragraph ;

(2) by replacing subparagraph *i* of the first paragraph by the following subparagraph :

“(i) to the extent and in the manner prescribed by regulation, the financial statements of the legal person or, where applicable, of its insurance fund, as they stood at the close of the last fiscal year preceding its application for a licence ; if the legal person is required to file financial statements with a superintendent, insurance commissioner or other federal, provincial or foreign authority of a province, state or country in which it was constituted, it shall, to the same extent and in the same manner, file a copy of those financial statements ;” ;

(3) by striking out subparagraphs *j* and *k* of the first paragraph.

87. The said Act is amended by inserting the following section after section 206 :

“**206.1.** No legal person constituted as or converted into a mutual benefit association after 6 June 2002 under any Act or statute other than an Act or statute of Québec may obtain a licence.”

88. Section 207 of the said Act is amended

(1) by inserting the following paragraph after the second paragraph :

“The legal person must facilitate access, at its head office and each of its establishments, to any information and documents the representative considers necessary for the carrying out of his or her functions.” ;

(2) by replacing “Il” in the French text of the first line of the third paragraph by “Le représentant”.

89. Section 209 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by striking out “, and a copy of the resolution authorizing them”.

90. Section 211 of the said Act, amended by section 231 of chapter 45 of the statutes of 2002, is again amended by adding the following paragraphs at the end :

“(g) deposits an undertaking made by the holding company directly controlling the legal person and by any holding company controlled by the legal person, enabling the Agency or the representative designated by the Agency to enter, at any reasonable time, the head office of the legal person and its other establishments situated outside Québec and permitting the application of subparagraphs 2 and 3 of the first and second paragraphs of section 10, for the purposes of the inspection of the legal person’s internal affairs and activities ;

“(h) causes any holding company controlled by the legal person to furnish all the documents and information enabling the Agency to ensure that the legal person adheres to sound and prudent management practices.”

91. Section 212 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by striking out “be issued for a period of less than one year and”.

92. Section 219.1 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by striking out subparagraph *a* of the first paragraph.

93. Section 220 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by striking out the second paragraph.

94. Section 221 of the said Act is replaced by the following section :

“**221.** Licences are issued for an indeterminate period.”

95. Section 222 of the said Act is replaced by the following section :

“**222.** The Agency shall, on issuing a licence, publish a notice in the *Gazette officielle du Québec* indicating the name and address of the head office or chief establishment of the legal person to which the licence is issued and the classes of insurance covered by the licence.

The Agency shall also publish, each year, in the *Gazette officielle du Québec*, a list of the insurers holding a licence and the address of their head offices or business establishments.”

96. The said Act is amended by inserting the following after section 222 :

“CHAPTER I.1

“MANAGEMENT PRACTICES

“222.1. Every insurer and every holding company controlled by an insurer must adhere to sound and prudent management practices.”

97. Sections 223 to 242 of the said Act are repealed.

98. Section 244 of the said Act is replaced by the following section :

“244. Every insurer must exercise its investment powers with prudence and care and in accordance with any government regulation.

Every insurer must adhere to sound and prudent investment management practices.

In addition, every insurer must act with honesty and loyalty in the best interests of its insureds, shareholders or members.”

99. The said Act is amended by inserting the following sections after section 244 :

“244.1. An insurer other than a mutual insurance association may not acquire directly or through a partnership or legal person it controls more than 30% of the assets or the voting rights attached to the shares of a legal person, or more than 30% of the assets or the voting rights attached to the shares of a cooperative or other similar legal person whose head office is situated outside Québec. The voting rights may not enable the insurer to elect more than one-third of the directors of the legal person.

A mutual insurance association may not acquire directly or through a partnership or legal person it controls, alone or jointly with a legal person of its group, more than 30% of the assets or the voting rights attached to the shares of a legal person, or more than 30% of the assets or the voting rights attached to the shares of a cooperative or other similar legal person whose head office is situated outside Québec. The voting rights attached to the shares may not enable the association to elect more than one-third of the directors of the legal person.

“244.2. Notwithstanding section 244.1, an insurer may

(1) acquire directly all or part of the shares of a legal person that only carries on activities similar to those the insurer is authorized to carry on ; and

(2) acquire all or part of the shares of a legal person in such cases as are determined by government regulation.

Except in the case of a professional order, an insurer may acquire shares of a legal person through a holding company.

“244.3. A mutual insurance association must obtain the authorization of its federation before acquiring directly or through a holding company all or part of the shares of a legal person pursuant to section 244.2.”

100. Section 245 of the said Act is replaced by the following section :

“245. The provisions of section 244.2 allow the acquisition of shares of a legal person only where the legal person is or becomes, as a result of that acquisition, a legal person controlled by the acquirer.

The first paragraph does not apply in the cases determined by regulation of the Government.”

101. Section 245.0.1 of the said Act is replaced by the following section :

“245.0.1. No voting right may be exercised in relation to any investment or, as the case may be, the portion of any investment that exceeds the limits authorized under this Act or the regulations.”

102. Section 245.1 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended

(1) by striking out “provided the investment does not cause the book value of the aggregate of its investments in that fund to exceed 25% of its assets” in the first sentence of the first paragraph ;

(2) by striking out the second paragraph.

103. The said Act is amended by inserting the following section after section 246 :

“246.1. This Act shall not operate to limit the powers of an insurer to realize on a security by acquiring property or otherwise. The insurer must, where the case arises, take the measures required to comply with the provisions that govern such investments, within a reasonable time having regard to market conditions.”

104. Sections 247, 257 and 274 of the said Act are repealed.

105. Section 275 of the said Act is replaced by the following section :

“275. Every insurer must maintain an adequate capital base consistent with sound and prudent management.”

106. The said Act is amended by inserting the following section after section 275:

“275.0.0.1. The Agency may, where it considers it advisable, give written instructions to an insurer concerning the adequacy of and the elements which compose its capital base, and the proportion represented by each element.

Before exercising the power set out in the first paragraph, the Agency must notify the insurer and give it an opportunity to present observations.”

107. Section 275.3 of the said Act is replaced by the following section:

“275.3. Every insurer must, in view of its operations, maintain such liquid assets as are adequate to ensure sound and prudent management.”

108. The said Act is amended by inserting the following section after section 275.3:

“275.3.1. The Agency may, where it considers it advisable, give written instructions to an insurer concerning the adequacy of its liquid assets.

Before exercising the power set out in the first paragraph, the Agency must notify the insurer and give it an opportunity to present observations.”

109. Section 275.4 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by replacing “all or part of its enterprise” in the first line by “, in the course of a twelve-month period, all or part of its enterprise if the amount of the sale represents more than 5% of its assets”.

110. The said Act is amended by inserting the following section after section 280:

“280.1. The provisions of Division II of this chapter do not apply to the separate groups of assets maintained by an insurer under this division.”

111. Section 281 of the said Act is amended

(1) by striking out “for payment of dividends”;

(2) by adding the following paragraphs at the end:

“For the purposes of the first paragraph, any surplus shall be that shown in the last annual statement of the insurer.

The first paragraph has effect from 20 October 1976 in respect of mutual insurance companies.”

112. Sections 282 to 285 of the said Act are repealed.

113. Sections 285.4, 285.5 and 285.12 of the said Act are repealed.

114. Section 285.14 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended

(1) by inserting “rules of ethics and” after “adopt” in the first line of the first paragraph;

(2) by inserting “the conduct of the directors and officers,” after “in particular,” in the first line of the second paragraph.

115. Section 285.17 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by replacing the first, second and third paragraphs by the following paragraphs:

“285.17. An insurer, a holding company that controls an insurer and any subsidiary of an insurer must, when doing business with restricted parties with respect to the insurer, act in their regard in the same manner as when they are dealing at arm’s length. In addition, any federation of mutual insurance associations must, when doing business with restricted parties with respect to a mutual insurance association that is a member of the federation, act in their regard in the same manner as when it is dealing at arm’s length.

The same applies where an insurer, a holding company that controls an insurer and any subsidiary of the insurer do business with associates of directors or officers of the insurer or, in the case of a federation of mutual insurance associations, where it does business with associates of directors or officers of the mutual insurance association that is a member of the federation.

In cases of contestation, the onus is on the insurer, the holding company that controls an insurer, the subsidiary of an insurer or, as the case may be, the federation of mutual insurance associations to show that they were dealing at arm’s length.

However, notwithstanding the first paragraph, a contract may be entered into, where the parties include an insurer, a holding company that controls an insurer, the subsidiary of an insurer and a legal person in which the insurer or its subsidiary holds more than 30% of the shares provided such a contract is authorized by the Agency. The same applies to a contract between a mutual insurance association and a legal person belonging to the same group as its federation.”

116. Section 285.18 of the said Act is replaced by the following section:

“285.18. The following are restricted parties with respect to an insurer:

(1) the directors and officers of the insurer;

(2) in the case of a capital stock company, the directors and officers of the legal person that controls it;

(3) in the case of a mutual insurance association, the directors and officers of its federation;

(4) in the case of a professional order, the members of its Bureau and the administrators of the manager entrusted with the day-to-day operation of the fund;

(5) any person who holds, directly or indirectly, 10% or more of the voting rights attached to the shares issued by the insurer, or 10% or more of such shares;

(6) a shareholder of the insurer, the shareholder's spouse and their minor children, if they jointly hold, directly or indirectly, 10% or more of the voting rights attached to the shares issued by the insurer, or 10% or more of such shares;

(7) the associates of the persons referred to in paragraphs 1 to 6, except in the case of a subsidiary of the insurer;

(8) any other person who, in the opinion of the Agency, may receive preferential treatment to the detriment of the interests of the insurer or its insureds."

117. Section 285.19 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by replacing "subparagraph 15 of the first paragraph" in the first paragraph by "paragraph 8".

118. Sections 285.20 to 285.26 of the said Act are replaced by the following sections:

"285.20. Every insurer shall, in respect of restricted parties with whom it does business, act in the same manner as when it is dealing at arm's length.

"285.21. Where the Agency designates a person as being a restricted party, the Agency shall so notify the person and the insurer concerned by that decision.

The Agency may revise the decision at the request of the person so designated or the insurer concerned.

Before rendering a decision or refusing to revise it, the Agency shall give the person and the insurer concerned an opportunity to present observations.

"285.22. All contracts and operations of an insurer with restricted parties must comply with the rules adopted by the ethics committee and the provisions of this Act.

“285.23. Every transaction by an insurer to acquire securities issued by a restricted party or to transfer assets between them must, in addition, be approved by the board of directors of the insurer, which shall obtain the opinion of the ethics committee.

“285.24. Every service contract between an insurer and a restricted party must be made on favourable terms for the insurer, or at least on competitive terms.

Every such contract must also be approved by the board of directors of the insurer, which shall obtain the opinion of the ethics committee, except where the amounts involved are minimal.

In cases of contestation, the onus is on the insurer to show that the service contract to which it is a party meets the prescribed requirements.

“285.25. The Agency or any person having a sufficient interest may apply to the court for the cancellation of a transaction made with a restricted party in contravention of the provisions of this Act which may seriously prejudice the interests of the insurer.

“285.26. No insurer may extend credit to a restricted party on more favourable terms than those applicable in the ordinary course of its business.

“285.27. No insurer may extend credit to any of its directors or officers or to any person who is an associate of any of its directors or officers except to the extent determined by the rules of ethics applicable to the insurer.

No insurer may extend credit to any of the officers of an affiliated legal person belonging to its group except to the extent determined by the rules of ethics applicable to the insurer.

“285.28. The provisions of section 285.27 do not apply

(1) to credit extended by way of a credit card or credit not exceeding the limits usually granted to credit card holders;

(2) to credit extended to an officer or an associate of an officer where the officer has no authority over the person extending credit on behalf of the insurer.”

119. Sections 285.27 to 285.34 of the said Act, enacted by section 233 of chapter 45 of the statutes of 2002, are renumbered as sections 285.29 to 285.36.

Section 285.28 of the said Act, enacted by section 233 of chapter 45 of the statutes of 2002, is amended by replacing “285.27” in the first paragraph by “285.29”.

Section 285.29 of the said Act, enacted by section 233 of chapter 45 of the statutes of 2002, is amended by replacing “285.27” in the first paragraph by “285.29”.

120. Section 289 of the said Act is amended by replacing “its surplus” in subparagraph *c* of the first paragraph by “its equity capital”.

121. Section 293 of the said Act is amended by replacing “accountant” in the first line of the first paragraph by “accountant qualified to practise public accounting”.

122. Section 297 of the said Act is amended by replacing the first paragraph by the following paragraphs:

“**297.** The auditor shall indicate, in the auditor’s report,

(1) whether the audit was carried out in accordance with generally accepted auditing standards;

(2) whether, in the auditor’s opinion, the financial statements of the insurer included in the report submitted to the general meeting present fairly the financial position of the insurer and the results of its operations, in accordance with generally accepted accounting principles.

The auditor shall include in the report sufficient explanations in respect of any reservations expressed.”

123. The said Act is amended by inserting the following section after section 298.2:

“**298.2.1.** The auditing committee shall verify that each insurer adheres to sound and prudent management practices.

The auditing committee shall notify the board of directors in writing on becoming aware of management practices that may adversely affect the financial position of the insurer.

In addition, if it considers that the board of directors has failed to take appropriate and timely measures to remedy the situation identified in the notice, the auditing committee shall so inform the Agency.”

124. Section 298.14 of the said Act is replaced by the following section:

“**298.14.** The actuary shall prepare, at the end of each fiscal year, a report establishing and presenting the provisions and reserves considered sufficient to ensure sound and prudent management. The report must include any information required by the Agency.

The insurer must, on request, forward a copy of the report to the Agency.

The report must be accompanied by the actuary's provisions and reserves valuation certificate. The certificate must be appended to the annual statement of the insurer."

125. Section 298.15 of the said Act is replaced by the following section:

"298.15. The Agency may, at any time, require that a study of any question, such as the valuation of the provisions and reserves and the financial position of the insurer, be conducted in the manner and within the time limit it indicates. The actuary shall transmit the results of the review to the Agency within the allotted time.

The Agency may designate another actuary to conduct such a review. All expenses incurred for the purposes of the review and approved by the Agency shall be paid by the insurer."

126. The said Act is amended by inserting the following sections after section 298.16:

"298.17. The actuary designated by an insurance company that transacts participating insurance shall prepare, before the end of each fiscal year, a review of the method of allocating income and expenses to participating and non-participating business.

The actuary shall indicate in the review whether, in his or her opinion, the allocation method is fair and equitable for participating and other policyholders.

The actuary shall send a copy of the review to the board of directors.

"298.18. The actuary designated by an insurance company that transacts participating insurance shall prepare a report on the benefits granted to holders of such policies, in particular in the form of dividends or bonuses.

The actuary shall indicate in the report whether, in his or her opinion, the granting of such benefits is in conformity with the policy established pursuant to section 66.1.

The actuary shall send a copy of the report to the board of directors."

127. Section 299 of the said Act is amended by replacing "the operating account and the surplus account" in paragraph *b* by "the income statement and the statement of retained earnings".

128. Section 305 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended

(1) by replacing "a statement of operations" in the first paragraph by "an income statement";

(2) by adding the following paragraph at the end:

“The Agency may determine, with respect to any insurer it designates and with the insurer’s consent, dates that are different from those provided for in this section.”

129. Section 307 of the said Act is amended

(1) by replacing “The statement of the assets and liabilities” in the first line by “The balance sheet”;

(2) by striking out “recognized as investments authorized under this Act” in paragraph *a*;

(3) by replacing paragraph *h* by the following paragraph:

“(h) the premiums and assessments collected in advance;”;

(4) by striking out paragraph *i*.

130. Sections 313 and 314 of the said Act are repealed.

131. Section 317 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by replacing the first and second paragraphs by the following paragraph:

“**317.** The Agency may, if it considers it advisable, conduct or commission any inspection into the internal affairs and activities of any insurer.”

132. The said Act is amended by inserting the following sections after section 317:

“**317.1.** The Agency may, if it believes on reasonable grounds that an insurer committed an offence under this Act or that the financial position of an insurer is deteriorating, inspect the internal affairs and activities of the insurer, the holding company directly controlling the insurer and any holding company controlled by the insurer.

“**317.2.** Any holding company directly controlling an insurer and any holding company controlled by an insurer must make an undertaking enabling the Agency or the representative designated by the Agency to enter, at any reasonable time, their head office and other establishments situated outside Québec and permitting the application of subparagraphs 2 and 3 of the first and second paragraphs of section 10, for the purposes of an inspection of their internal affairs and activities.”

133. Section 319 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by striking out “also” in the first line of the first paragraph.

134. Section 320 of the said Act is replaced by the following section :

“**320.** The Agency may, whenever it considers it advisable, cause the provisions and reserves for all outstanding contracts of every insurer doing business in Québec to be valued in accordance with the provisions of this Act.”

135. Section 321 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by replacing “inquiries and inspections made by him, on the affairs of all insurers” by “inquiries, inspections and evaluations made by him, on the affairs of all the insurers doing business”.

136. Section 322 of the said Act is repealed.

137. Section 325.0.1 of the said Act, enacted by section 236 of chapter 45 of the statutes of 2002, is amended

(1) by replacing paragraph 3 by the following paragraph :

“(3) holding companies controlled by an insurer;”;

(2) by adding the following paragraph at the end :

“Before issuing guidelines to mutual insurance companies, the Agency shall consult the federation of which they are members.”

138. Section 325.0.2 of the said Act, enacted by section 236 of chapter 45 of the statutes of 2002, is replaced by the following section :

“**325.0.2.** The guidelines may pertain to

(1) the adequacy of the capital ;

(2) the adequacy of the liquid assets ;

(3) the policy insurers must adopt in accordance with section 285.29 ;

(4) any other sound and prudent management practices, in particular those concerning commercial practices in relation to the marketing of insurance products.

Guidelines are not regulations.”

139. Section 325.1 of the said Act, amended by section 237 of chapter 45 of the statutes of 2002, is replaced by the following section :

“325.1. The Agency may order a legal person or partnership referred to in subparagraphs 1 to 8 of the first paragraph of section 325.0.1 to cease a course of action or to implement specified measures if the Agency is of the opinion that the legal person or partnership

(1) is not adhering to sound and prudent management practices, in particular concerning any of the objects referred to in subparagraphs 1 to 4 of the first paragraph of section 325.0.2;

(2) is not complying with a provision of this Act, a regulation, an order made pursuant to section 33.2.2 or 93.162 or a written instruction; or

(3) is not complying with an undertaking under this Act.

The Agency may also order a legal person or a partnership controlled by an insurer to cease a course of action or to implement specified measures if the Agency is of the opinion that the legal person or partnership is not complying with a provision of this Act, a regulation or a written instruction or is not complying with an undertaking under this Act.

At least 15 days before issuing an order, the Agency shall notify the contravener as prescribed in section 5 of the Act respecting administrative justice, stating the grounds which appear to justify the order, the date on which the order is to take effect and the right of the contravener to present observations.

“325.1.1. The Agency may make an order under section 325.1 if it is of the opinion that the legal person or partnership is not adhering to sound and prudent management practices, even if the guidelines are being complied with.”

140. Section 358 of the said Act, amended by section 238 of chapter 45 of the statutes of 2002, is again amended

(1) by striking out paragraphs *d* and *e*;

(2) by inserting the following paragraphs after paragraph *g* :

“(g.1) where a holding company controlled by the insurer does not, in the opinion of the Agency, adhere to sound and prudent management practices;

“(g.2) where the holding company that controls the insurer directly or a holding company controlled by the insurer has not deposited an undertaking enabling the Agency or the representatives designated by the Agency to enter, at any reasonable time, the head office of the holding company and its other establishments situated outside Québec and permitting the application of subparagraphs 2 and 3 of the first and second paragraphs of section 10, for the purposes of the inspection of the holding company’s internal affairs and activities, or has failed to fulfil such an undertaking;”;

(3) by adding the following paragraph after the first paragraph :

“The Agency may also modify the licence of an insurer coming under the first paragraph so as to withdraw authorization to transact classes of insurance.”

141. Section 361 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by replacing “ordering the cancellation or suspension of a licence” in the first and second lines by “exercising a power under section 358”.

142. Section 362 of the said Act is replaced by the following section :

“**362.** The Agency shall also give notice in the *Gazette officielle du Québec* of

(1) any cancellation or suspension of a licence ; or

(2) any modification to a licence made by the Agency under section 358.”

143. Section 363 of the said Act is replaced by the following section :

“**363.** The licence of an insurer is suspended by operation of law if its powers as a legal person are suspended.”

144. Section 364 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by striking out “and the indication of its term” in the third and fourth lines.

145. Section 365 of the said Act is amended by adding “or its articles are cancelled” at the end of paragraph *a*.

146. Section 366 of the said Act is amended

(1) by replacing “Any refusal, suspension or cancellation of a licence may, within 30 days of notification of the decision” by “Any decision to refuse, suspend or cancel a licence or to modify a licence under section 358 may, within 30 days of its notification”;

(2) by adding the following paragraph after the first paragraph :

“The same applies in respect of a decision rendered pursuant to the provisions of Chapter XI.1.”

147. Section 367 of the said Act is amended by replacing “contested decision” by “decision contested under the first paragraph of section 366”.

148. The said Act is amended by inserting the following chapter after section 405 :

“CHAPTER XI.1**“ADMINISTRATIVE SANCTIONS**

“405.1. Following the establishment of facts brought to the attention of the Agency showing that a person or partnership has failed to comply with a provision of this Act or a regulation thereunder, the Agency may impose an administrative sanction on that person or partnership and collect payment thereof.

The amount of the sanction shall be proportionate to the seriousness of the violation and may, in no case, exceed \$1,000,000.

The sums collected under the first paragraph shall be paid into a fund established by the Agency for the benefit of consumers and allocated in particular to information provided to consumers concerning the products and services offered by insurers.

“405.2. The Agency may require a person or partnership referred to in section 405.1 to repay, in addition to an administrative sanction, the costs incurred in connection with the inspection or inquiry which established proof of the facts showing non-compliance with the provision concerned, according to the tariff established by regulation.

“405.3. At least 15 days before rendering a decision under this chapter, the Agency shall notify the interested party as prescribed by section 5 of the Act respecting administrative justice, stating the grounds which appear to justify the decision, the date on which the decision is to take effect and the right of the interested party to present observations.”

149. Section 406 of the said Act, amended by section 243 of chapter 45 of the statutes of 2002, is again amended by striking out “, 44” in paragraph *r*.

150. Section 420 of the said Act, amended by section 242 of chapter 45 of the statutes of 2002, is again amended

(1) by striking out “or for its renewal” in paragraph *a*;

(2) by replacing “suspends or cancels” in paragraph *h* by “suspends, cancels or, under section 358, modifies”;

(3) by replacing paragraph *k* by the following paragraph:

“(k) establish a tariff of fees payable for the constitution of insurance companies and associations into legal persons, the issuance of letters patent, the filing, examination and certification of articles and other documents, the issuance and reinstatement of licences as well as for inspections;”;

(4) by striking out “, and of the deposits required under this Act” in paragraph *l*;

(5) by striking out “or renewal” in the second line of paragraph *aa* ;

(6) by replacing paragraph *ac* by the following paragraph :

“(ac) prescribe the documents and information that must be furnished to the Minister and the Agency in relation to the constitution of an insurance company or a mutual insurance association or in relation to any modification to their letters patent, charter or articles ;”;

(7) by striking out paragraphs *al* and *an* ;

(8) by replacing “285.27” in paragraph *av* by “285.29”.

151. The said Act is amended by inserting the following sections after section 420 :

“**420.1.** In addition, the Government may, by regulation,

(1) fix the minimum amount of the combined paid-up capital and contributed surplus for the purposes of the second paragraph of section 27 ;

(2) prescribe the documents and information that must be provided to the Minister in support of an application for authorization to restructure under section 66.2 ;

(3) determine the number or percentage of members required for the purposes of the first paragraph of section 88.1 ;

(4) determine the activities of a trust company which may be exercised by an insurance company and specify the cases and conditions in and on which the insurance company may exercise them ;

(5) determine the activities of a trust company which may be exercised by a mutual insurance association and specify the cases and conditions in and on which the mutual insurance association may exercise them ;

(6) prescribe standards respecting the adequacy of the capital of an insurer, of a holding company controlled by an insurer and of a federation of mutual insurance associations, the assets that make up such capital as well as the proportion of those assets to each other ;

(7) prescribe standards respecting the adequacy of the liquid assets of an insurer, of a holding company controlled by an insurer and of a federation of mutual insurance associations ;

(8) determine the limits applicable to the investments which an insurer, a holding company controlled by an insurer and a federation of mutual insurance associations may make ;

- (9) determine the cases in which an insurer may, notwithstanding the first paragraph of section 244.1, acquire all or part of the shares of any legal person;
- (10) determine the cases in which a federation may acquire all or part of the shares of any legal person, in accordance with section 93.161.2;
- (11) determine the cases in which the first paragraph of section 245 does not apply;
- (12) determine the limits applicable to investments relating to separate groups of assets maintained by an insurer in accordance with section 280;
- (13) prescribe the conditions governing the transfer of assets from one separate group of assets to another and those governing the return of such assets to their original group, including the requirement to obtain the Agency's authorization to effect such a transfer or return;
- (14) determine, in respect of an insurance company that transacts participating insurance, the method for allocating income and expenses to participating and non-participating business;
- (15) establish a tariff of fees payable for the purposes of section 405.2;
- (16) enact, notwithstanding the provisions of the Companies Act, any other provision necessary for the application of Part IA of that Act to insurance companies.

The standards prescribed under subparagraphs 6 and 7 of the first paragraph may indicate expectations with regard to insurers and provide a framework for their management. The Regulations Act (chapter R-18.1) does not apply to regulations or draft regulations made under those provisions.

“420.2. The Government may, by regulation and notwithstanding any provision of any special Act applicable to a mutual insurance company, prescribe the conditions subject to which a mutual insurance company may convert into a capital stock company and in particular prescribe any measure concerning

- (1) the estimation and distribution of the value of the mutual insurance company and any participating business surplus;
- (2) the conversion of shares, other securities, rights or property belonging to or beneficially owned by the members;
- (3) the fair and equitable treatment of the members of the mutual insurance company under a demutualization proposal;
- (4) the description of the capital stock and the amount of contributed surplus which must be paid;

(5) the ownership of shares issued by a mutual insurance company that has been converted into a capital stock company ;

(6) the term of office of the members of the first board of directors of the company resulting from the demutualization ;

(7) the application for authorization referred to in section 200.0.4 ;

(8) the documents that must be filed with the articles of demutualization under section 200.0.9 ;

(9) the necessary or transitional provisions to complete the conversion and ensure the organization or management of the company resulting from the demutualization.

“420.3. In exercising the regulatory powers under this Act, various classes of persons, associations, contracts, activities or operations may be established and rules appropriate for each class may be prescribed.”

152. The said Act is amended by inserting the following section after section 422 :

“422.0.1. Notwithstanding the second paragraph of section 422, a rider may be added to an insurance policy that relates to the ownership or use of a motor vehicle to provide for conditions that are not approved by the Agency, to the extent that they are stipulated solely for the benefit of the policyholder.

The insurer shall transmit the text of the rider to the Agency before offering it.”

153. The said Act is amended by replacing “statement of operations” and “operating statement” wherever those expressions occur in the heading of Division XI of Chapter III.2 of Title III, sections 93.186 to 93.188, the heading of Division X of Chapter III.3 of Title III and in sections 93.263 to 93.265, 305 and 308 by “income statement”, and making the necessary modifications.

154. The said Act is amended by replacing “operating account” in sections 299 and 300 by “income statement”, and making the necessary modifications.

155. The said Act is amended by replacing “assemblée spéciale” wherever that expression occurs in the French text of sections 56.1, 93.1, 93.7 and 93.63, the heading of subdivision 3 of Division XI of Chapter III.1 of Title III, sections 93.72, 93.73, 93.74, 93.75, 93.77, 93.81, 93.99, 93.107, 93.109 and 93.124, the heading of subdivision 3 of Division V of Chapter III.2 of Title III, sections 93.141 to 93.144, 93.146, 93.151, 93.169, 93.194 and 93.200 by “assemblée extraordinaire”, and making the necessary modifications.

CIVIL CODE OF QUÉBEC

156. Article 2441 of the Civil Code of Québec (1991, chapter 64) is amended by adding the following paragraph at the end:

“Any change made to a contract to increase the insurance coverage is, in respect of the additional coverage, subject to the clause of exclusion initially stipulated for a period of two years of uninterrupted insurance beginning on the effective date of the increase.”

DEPOSIT INSURANCE ACT

157. Section 57 of the Deposit Insurance Act (R.S.Q., chapter A-26), amended by section 198 of chapter 45 of the statutes of 2002, is again amended by inserting the following sentence after the first sentence of the first paragraph: “The Board may also, with the approval of the Government, make such agreements with any body which, in its opinion, administers a similar plan.”

COMPANIES ACT

158. Section 23 of the Companies Act (R.S.Q., chapter C-38), amended by section 278 of chapter 45 of the statutes of 2002, is again amended by inserting the following paragraphs after paragraph 2 of subsection 4:

“(2.1) determine, for the purposes of section 98.1, the period during which the proponent of a proposal must be a shareholder and the minimum number or percentage of shares that must be held;

“(2.2) determine, for the purposes of the second paragraph of section 98.2, the maximum number of proposals that may be submitted by a shareholder;

“(2.3) determine a time limit to replace the time limit provided for in the third paragraph of section 98.2;

“(2.4) determine, for the purposes of section 98.5, the maximum number of words that may be contained in a proposal and statement made by a shareholder;

“(2.5) determine, for the purposes of paragraph 5 of section 98.6, the period preceding the receipt of a proposal during which no other similar proposal is to have been submitted and defeated;

“(2.6) determine the time limits referred to in section 98.4, paragraph 4 of section 98.6 and section 98.9;”.

159. Section 98 of the said Act is amended by adding the following subsection at the end:

“(4) The person presiding at an annual meeting must permit the members of the meeting, provided they are entitled to speak by reason of their shareholder status, to discuss, for a reasonable time, any matter

(1) the primary purpose of which does not enforce a personal claim or redress a personal grievance against the company, its directors or security holders; and

(2) the primary purpose of which is related to the business or affairs of the company, including the adoption or amendment of a by-law, the amendment of the constituting act or the liquidation or dissolution of the company.”

160. The said Act is amended by inserting the following sections after section 98:

“98.1. In sections 98.2 to 98.12, “shareholder” means a person who is entitled to vote at the annual meeting and who

(1) has owned, according to the records of the company, not less than the minimum number or percentage of voting shares determined by regulation of the Government, during the period determined by the regulation;

(2) has, during that period, received support from enough shareholders to attain the number or percentage of voting shares required under paragraph 1.

“98.2. A shareholder who wishes to have sections 98.1 to 98.12 apply shall submit to the company notice of the proposals the shareholder intends to present at the annual meeting.

The number of proposals submitted by a shareholder may not exceed the number determined by regulation of the Government.

Notice of the proposal shall be transmitted to the secretary not less than 90 days before the anniversary date of the sending of the previous notice of annual meeting to the shareholders, or within any other time determined by regulation of the Government.

“98.3. A proposal referred to in section 98.2 shall be attached to the proxy circular or, if the directors of the company do not solicit proxies, to the notice of annual meeting.

The proposal must be sent with the following information:

(1) the name of the proponent, which cannot be that of a proxy and, where applicable, the names of the persons supporting the proponent in accordance with paragraph 2 of section 98.1;

(2) the number or percentage of shares held by the proponent and, where applicable, the shareholders supporting the proposal, according to the records of the company.

“98.4. Where the proponent of the proposal is no longer a shareholder on the day of the annual meeting and later submits another proposal for presentation at a subsequent annual meeting, the company may refuse to include the latter proposal in the proxy circular or notice of any subsequent annual meeting held within the time determined by regulation of the Government.

“98.5. If so requested by a shareholder who is the proponent of one or more proposals, the company shall attach to the proxy circular or, as the case may be, the notice of annual meeting, a statement by the shareholder in support of the proposals and the shareholder’s name. The statement and proposals together shall contain no more than the maximum number of words determined by regulation of the Government.

“98.6. The provisions of sections 98.3 and 98.5 apply only if

(1) the proposal is submitted within the prescribed time ;

(2) the primary purpose of the proposal does not enforce a personal claim or redress a personal grievance against the company, its directors or security holders ;

(3) the primary purpose of the proposal is significantly related to the business or affairs of the company, including the adoption or amendment of a by-law, the amendment of the constituting act or the liquidation or dissolution of the company ;

(4) within the time determined by regulation of the Government preceding the receipt of a proposal from a shareholder, the shareholder did not fail to present at a meeting an earlier proposal which the company had at the shareholder’s request attached to the proxy circular or notice of meeting ;

(5) no proposal similar to a proposal included in the notice referred to in section 98.2 was submitted and defeated in the period determined by regulation of the Government preceding the receipt of the proposal ; and

(6) the right to submit a proposal is not being abused to secure publicity.

“98.7. A proposal may include nominations for the election of directors if it is signed by one or more shareholders representing not less than 5% of the shares or not less than 5% of a class of shares entitled to vote at the meeting to which the proposal is to be presented.

This section does not prevent other nominations from being made at the meeting.

“98.8. No company or any of its mandataries shall incur any liability by reason of circulating a proposal or statement by a shareholder submitted in accordance with sections 98.3 to 98.7.

“98.9. Where a company intends to refuse to attach a proposal by a shareholder to the proxy circular or notice of annual meeting, the company shall, within the time determined by regulation of the Government, send a notice, with reasons, to the shareholder submitting the proposal.

“98.10. Where a company refuses to attach the proposal or statement to the proxy circular or notice of meeting, the shareholder may apply to the court for an order requiring the company to take any measure enabling the shareholder’s right to be exercised, in particular an order restraining the company from holding the meeting to which the proposal is sought to be presented.

“98.11. A person claiming to be aggrieved by a proposal or statement by a shareholder may apply to the court for an order permitting the company to omit the proposal and the statement from the proxy circular or notice of meeting.

A shareholder who establishes that one of the conditions set out in section 98.6 is not met may apply to the court for an order restraining the company from attaching the proposal to the proxy circular or notice of meeting.

The court may make any order it considers appropriate.

“98.12. A person presiding at an annual meeting shall allow a shareholder submitting a proposal to discuss the proposal for a reasonable time.”

161. Section 99 of the said Act is amended by adding the following sentence at the end of subsection 1: “The directors are not required to convene such a meeting if each of the conditions set out in paragraphs 2 to 6 of section 98.6, with the necessary modifications, has not been met in respect of the matter referred to in the requisition.”

162. Section 123.169 of the said Act, amended by section 278 of chapter 45 of the statutes of 2002, is again amended by inserting the following paragraphs after paragraph 3.3:

“(3.4) determine, for the purposes of section 98.1, the period during which the proponent of a proposal must be a shareholder and the minimum number or percentage of shares that must be held;

“(3.5) determine, for the purposes of the second paragraph of section 98.2, the maximum number of proposals that may be submitted by a shareholder;

“(3.6) determine the time limits to replace those provided for in the third paragraph of section 98.2;

“(3.7) determine, for the purposes of section 98.5, the maximum number of words that may be contained in a proposal and statement by a shareholder;

“(3.8) determine, for the purposes of paragraph 5 of section 98.6, the period preceding the receipt of a proposal during which no other similar proposal is to have been submitted and defeated;

“(3.9) determine the time limits referred to in section 98.4, paragraph 4 of section 98.6 and section 98.9;”.

163. Section 123.170 of the said Act is amended by striking out “those contemplated in paragraph 5 of section 123.169 and” in the first and second lines of the second paragraph.

164. Section 125 of the said Act is amended by adding the following paragraph at the end:

“However, this Part shall not apply to insurance companies constituted by a special Act after (*insert here the date of coming into force of this section*) or where the amending articles of such a company provide that Part IA of the Companies Act is applicable.”

165. Section 191 of the said Act is amended by adding the following subsection at the end:

“(4) The person presiding at an annual meeting must permit the members of the meeting, provided they are entitled to speak by reason of their shareholder status, to discuss, for a reasonable time, any matter

(1) the primary purpose of which does not enforce a personal claim or redress a personal grievance against the company, its directors or security holders; and

(2) the primary purpose of which is related to the business or affairs of the company, including the adoption or amendment of a by-law, the amendment of the constituting act or the liquidation or dissolution of the company.”

166. The said Act is amended by inserting the following sections after section 191:

“**191.1.** In sections 191.2 to 191.12, “shareholder” means a person who is entitled to vote at the annual meeting and who

(1) has owned, according to the records of the company, not less than the minimum number or percentage of voting shares determined by regulation of the Government, during the period determined by the regulation;

(2) has, during that period, received support from enough shareholders to attain the number or percentage of voting shares required under paragraph 1.

“191.2. A shareholder who wishes to have sections 191.1 to 191.12 apply shall submit to the company notice of the proposals the shareholder intends to present at the annual meeting.

The number of proposals submitted by a shareholder may not exceed the number determined by regulation of the Government.

Notice of the proposal shall be transmitted to the secretary not less than 90 days before the anniversary date of the sending of the previous notice of annual meeting to the shareholders, or within any other time determined by regulation of the Government.

“191.3. A proposal referred to in section 191.2 shall be attached to the proxy circular or, if the directors of the company do not solicit proxies, to the notice of annual meeting.

The proposal must be sent with the following information :

(1) the name of the proponent, which cannot be that of a proxy and, where applicable, the names of the persons supporting the proponent in accordance with paragraph 2 of section 191.1 ;

(2) the number or percentage of shares held by the proponent and, where applicable, the shareholders supporting the proposal, according to the records of the company.

“191.4. Where the proponent of the proposal is no longer a shareholder on the day of the annual meeting and later submits another proposal for presentation at a subsequent annual meeting, the company may refuse to include the latter proposal in the proxy circular or notice of any subsequent annual meeting held within the time determined by regulation of the Government.

“191.5. If so requested by a shareholder who is the proponent of one or more proposals, the company shall attach to the proxy circular or, as the case may be, the notice of annual meeting, a statement by the shareholder in support of the proposals and the shareholder’s name. The statement and proposals together shall contain no more than the maximum number of words determined by regulation of the Government.

“191.6. The provisions of sections 191.3 and 191.5 apply only if

(1) the proposal is submitted within the prescribed time ;

(2) the primary purpose of the proposal does not enforce a personal claim or redress a personal grievance against the company, its directors or security holders ;

(3) the primary purpose of the proposal is significantly related to the business or affairs of the company, including the adoption or amendment of a by-law, the amendment of the constituting Act or the liquidation or dissolution of the company ;

(4) within the time determined by regulation of the Government preceding the receipt of a proposal from a shareholder, the shareholder did not fail to present at a meeting an earlier proposal which the company had at the shareholder's request attached to the proxy circular or notice of meeting ;

(5) no proposal similar to a proposal included in the notice referred to in section 191.2 was submitted and defeated in the period determined by regulation of the Government preceding the receipt of the proposal ; and

(6) the right to submit a proposal is not being abused to secure publicity.

“191.7. A proposal may include nominations for the election of directors if it is signed by one or more shareholders representing not less than 5% of the shares or not less than 5% of a class of shares entitled to vote at the meeting to which the proposal is to be presented.

This section does not prevent other nominations from being made at the meeting.

“191.8. No company or any of its mandataries shall incur any liability by reason of circulating a proposal or statement by a shareholder submitted in accordance with sections 191.3 to 191.7.

“191.9. Where a company intends to refuse to attach a proposal by a shareholder to the proxy circular or notice of annual meeting, the company shall, within the time determined by regulation of the Government, send a notice, with reasons, to the shareholder submitting the proposal.

“191.10. Where a company refuses to attach the proposal or statement to the proxy circular or notice of meeting, the shareholder may apply to the court for an order requiring the company to take any measure enabling the shareholder's right to be exercised, in particular an order restraining the company from holding the meeting to which the proposal is sought to be presented.

“191.11. A person claiming to be aggrieved by a proposal or statement by a shareholder may apply to the court for an order permitting the company to omit the proposal and the statement from the proxy circular or notice of meeting.

A shareholder who establishes that one of the conditions set out in section 191.6 is not met may apply to the court for an order restraining the company from attaching the proposal to the proxy circular or notice of meeting.

The court may make any order it considers appropriate.

“191.12. A person presiding at an annual meeting shall allow a shareholder submitting a proposal to discuss the proposal for a reasonable time during the meeting.”

167. Section 192 of the said Act is amended by adding the following sentence at the end of subsection 1: “The directors are not required to convene such a meeting if each of the conditions set out in paragraphs 2 to 6 of section 191.6, with the necessary modifications, has not been met in respect of the matter referred to in the requisition.”

168. Section 224 of the said Act is amended by replacing “and 18.2” in the fourth line of the first paragraph by “, 18.2 and paragraphs 2.1 to 2.6 of subsection 4 of 23” and by inserting “98.1 to 98.12; the second sentence of subsection 1 of 99;” after “98;” in the fifth line of that paragraph.

ACT RESPECTING FINANCIAL SERVICES COOPERATIVES

169. Section 68 of the Act respecting financial services cooperatives (R.S.Q., chapter C-67.3) is amended by replacing “that a” in the first line of the first paragraph by “that only a”.

170. Section 473 of the said Act is amended

(1) by inserting “, or more than 30% of the assets or the voting rights attached to the shares of a cooperative or other similar legal person whose head office is situated outside Québec” after “legal person” in the fourth line of the first paragraph;

(2) by inserting “ou les parts” after “actions” in the second line of the second paragraph of the French text.

171. Section 474 of the said Act is amended

(1) by replacing “of a legal person carrying on activities that are similar to those of the cooperative” in the third and fourth lines by “of a legal person that only carries on activities similar to those the financial services cooperative is authorized to carry on”;

(2) by inserting “ou parts” after “actions” in the fifth line of the French text;

(3) by adding “ou ces parts” at the end of the French text.

172. Section 475 of the French text of the said Act is amended by inserting “ou de parts” after “actions” in the second line of the first paragraph.

173. Section 599 of the French text of the said Act is amended by inserting “ou les parts” after “actions” in the third line of subparagraph 13 of the first paragraph.

174. Section 721 of the said Act is amended by replacing “fund corporations” in the English text of the second line by “funds”.

ACT RESPECTING TRUST COMPANIES AND SAVINGS COMPANIES

175. Section 395 of the Act respecting trust companies and savings companies (R.S.Q., chapter S-29.01), amended by section 611 of chapter 45 of the statutes of 2002, is again amended

(1) by inserting the following sentence at the end of the first paragraph: “The same applies to any information or document relating to the application of guidelines and provided voluntarily to the Agency.”;

(2) by adding the following paragraph at the end:

“No person may be prosecuted on the basis of information transmitted in good faith to the Agency in accordance with this Act.”

SECURITIES ACT

176. Section 208.1 of the Securities Act (R.S.Q., chapter V-1.1), enacted by section 635 of chapter 45 of the statutes of 2002, is amended

(1) by inserting “less one day” after “five years”;

(2) by replacing “article 231” by “articles 231 and 348”.

ACT RESPECTING THE AGENCE NATIONALE D’ENCADREMENT DU SECTEUR FINANCIER

177. Section 16 of the Act respecting the Agence nationale d’encadrement du secteur financier (2002, chapter 45) is amended

(1) by inserting the following sentence at the end of the first paragraph: “The same applies to any information or document relating to the application of guidelines and provided voluntarily to the Agency.”;

(2) by adding the following paragraph at the end:

“No person may be prosecuted on the basis of information transmitted in good faith to the Agency in accordance with this Act.”

178. Section 750 of the said Act is amended by replacing “733” by “732”.

OTHER AMENDING PROVISIONS

179. Section 465.10 of the Cities and Towns Act (R.S.Q., chapter C-19) is amended

(1) by replacing “175 to 200, 210, 223 to 242, 245, 245.0.1, 246 to 247.1 and 406.2” in the fourth line of the first paragraph by “175 to 200.0.14, 210, 244.1 to 245.0.1, 246, 247.1 and 406.2”;

(2) by replacing “The second and third paragraphs of section 35” in the second paragraph by “The second paragraph of section 35 and section 35.3”.

180. Section 465.11 of the said Act is amended by striking out “or paragraph *d* of section 245.0.1 of the Act respecting insurance (chapter A-32)” in the fourth and fifth lines.

181. Section 465.13 of the said Act, amended by section 259 of chapter 45 of the statutes of 2002, is again amended by replacing “assets that exceed its liabilities for an amount equal to or greater than the minimum amount required under section 275 of” in the third, fourth and fifth lines of the first paragraph by “sufficient capital, in accordance with”.

182. Article 711.11 of the Municipal Code of Québec (R.S.Q., chapter C-27.1) is amended

(1) by replacing “175 to 200, 210, 223 to 242, 245, 245.0.1, 246 to 247.1 and 406.2” in the fourth line of the first paragraph by “175 to 200.0.14, 210, 244.1 to 245.0.1, 246, 247.1 and 406.2”;

(2) by replacing “The second and third paragraphs of section 35” in the second paragraph by “The second paragraph of section 35 and section 35.3”.

183. Article 711.12 of the said Code is amended by striking out “or paragraph *d* of section 245.0.1 of the Act respecting insurance (chapter A-32)” in the fourth and fifth lines.

184. Article 711.14 of the said Code, amended by section 271 of chapter 45 of the statutes of 2002, is again amended by replacing “assets that exceed its liabilities for an amount equal to or greater than the minimum amount required under section 275 of” in the third, fourth and fifth lines of the first paragraph by “sufficient capital, in accordance with”.

185. Section 965.6.10 of the Taxation Act (R.S.Q., chapter I-3) is amended by replacing “corporation which is a subsidiary referred to in section 247” in the first and second lines by “holding company which is a subsidiary of an insurer within the meaning of paragraph *a* of section 1”.

186. The reference “(Revised Statutes of Canada, 1985, chapter B-1.01)” is replaced by the reference “(Statutes of Canada, 1991, chapter 46)”, wherever it appears in the following provisions :

(1) paragraph *b* of section 1 of the Deposit Insurance Act (R.S.Q., chapter A-26), amended by section 618 of chapter 29 of the statutes of 2000 and by section 179 of chapter 45 of the statutes of 2002 ;

(2) the second paragraph of section 18 of the Act respecting the caisses d’entraide économique (R.S.Q., chapter C-3), amended by section 245 of chapter 45 of the statutes of 2002 ;

(3) the first paragraph of section 8 of the Deposit Act (R.S.Q., chapter D-5), amended by section 350 of chapter 45 of the statutes of 2002 ;

(4) the third line of the second paragraph of section 72 of the Act respecting the distribution of financial products and services (R.S.Q., chapter D-9.2), amended by section 637 of chapter 29 of the statutes of 2000 and by section 357 of chapter 45 of the statutes of 2002 ;

(5) subparagraph 3 of the fourth paragraph of section 21 of the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l’emploi (R.S.Q., chapter F-3.1.2), amended by section 511 of chapter 45 of the statutes of 2002 ;

(6) subparagraph 3 of the fourth paragraph of section 16 of the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (R.S.Q., chapter F-3.2.1), amended by section 514 of chapter 45 of the statutes of 2002 ;

(7) paragraph 1 of section 39 of the Act respecting the Institut de la statistique du Québec (R.S.Q., chapter I-13.011), amended by section 660 of chapter 29 of the statutes of 2000 and by section 541 of chapter 45 of the statutes of 2002 ;

(8) section 18 of the Act respecting the Société des loteries du Québec (R.S.Q., chapter S-13.1), amended by section 559 of chapter 45 of the statutes of 2002 ;

(9) paragraph 1 of section 112 of the Act respecting the sociétés d’entraide économique (R.S.Q., chapter S-25.1), amended by section 563 of chapter 45 of the statutes of 2002 ;

(10) the second paragraph of section 3 of the Act respecting trust companies and savings companies (R.S.Q., chapter S-29.01), amended by section 722 of chapter 29 of the statutes of 2000 and by section 567 of chapter 45 of the statutes of 2002 ;

(11) paragraph 9 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), amended by section 674 of chapter 29 of the statutes of 2000, by section 3 of chapter 38 of the statutes of 2001 and by section 623 of chapter 45 of the statutes of 2002;

(12) subparagraph 3 of the fourth paragraph of section 20 of the Act constituting Capital régional et coopératif Desjardins (2001, chapter 36), amended by section 704 of chapter 45 of the statutes of 2002.

TRANSITIONAL AND FINAL PROVISIONS

187. Any stipulation in a contract for the constitution of an annuity which allows the total or partial withdrawal of the capital does not prevent the contract from being considered an annuity contract within the meaning of article 2367 of the Civil Code provided that the annuity is purchased from a trust company pursuant to section 178 of the Act respecting trust companies and savings companies (R.S.Q., chapter S-29.01) or from an insurer.

This section is declaratory but does not infringe upon the rights of the parties in cases pending before the courts on 16 December 2002. However, insurers and trust companies having entered into annuity contracts containing a stipulation allowing the total or partial withdrawal of the capital must compensate the contracting party or, as the case may be, the annuitant, the holder of the contract or the beneficiary under the contract, on request, for any seizure, within the scope of a proceeding commenced or ended before the above-mentioned date, of the annuity capital, up to the amounts seized.

188. Section 19 of the Act respecting “Québec Health Services” “Les Services de Santé du Québec” (1991, chapter 102), replaced by section 7 of chapter 107 of the statutes of 1993, is amended by replacing “in section 245.0.1 of the Act respecting insurance or referred to in the rules for investment of moneys belonging to other persons set out in the Civil Code of Lower Canada” in the second, third and fourth lines of the second paragraph by “in the rules regarding investments presumed sound contained in the Civil Code”.

189. Section 19 of the Act respecting Mutuelle des Fonctionnaires du Québec (1991, chapter 103) is amended by replacing “in section 245.0.1 of the Act respecting insurance or referred to in the rules for investment of moneys belonging to other persons set out in the Civil Code of Lower Canada” in the second, third and fourth lines by “in the rules regarding investments presumed sound contained in the Civil Code”.

190. The said Act is amended by inserting the following section after section 20:

“**20.1.** Notwithstanding section 191.3 of the Companies Act, enacted by section 166 of chapter 70 of the statutes of 2002, the mutual management corporation is not required to attach the proposals submitted by members to the notice of annual meeting published in the newspapers and sent to the members, provided that

(1) the mutual management corporation makes the proposals accessible to the members, by means of information technology, from the date of the sending of the notice of annual meeting, which must precede the meeting by at least ten days ;

(2) the members of the mutual management corporation receive copies of the proposals on request ;

(3) a notice stating the provisions of paragraphs 1 and 2 is published in the newspapers together with the notice of annual meeting.”

191. Section 27 of the said Act is amended by replacing “25” in the second line of the first paragraph by “26”.

192. Notwithstanding Chapters I and I.1 of Title III and Chapter I of Title IV of the Act respecting insurance, an insurance company may be constituted with a combined paid-up capital and contributed surplus of at least \$1,500,000 if

(1) the founders of the company on 6 June 2002 were members of a non-profit association which offered life and health coverage to the members of the association ;

(2) the application for authorization is made before (*insert here the date that is one year after the coming into force of this section*); and

(3) the constitution is authorized by the Government on such conditions as it may determine.

The Agency is required to issue the insurer’s licence mentioning the conditions determined by the Government under subparagraph 3 of the first paragraph.

193. The activities that an insurance company was permitted to carry on under the Act respecting insurance as it read before (*insert here the date of coming into force of this section*) that are not expressly authorized under the Act respecting insurance as amended by this Act, are deemed to be activities authorized by the Government under section 33.2.2 of that Act.

194. Every licence issued under Chapter I of Title IV of the Act respecting insurance in force on (*insert here the date that is one day before the date of coming into force of section 94 of this Act*) is deemed to have been issued without expiry date, except if the licence was issued for a period of less than one year or the period of its validity has been reduced.

195. The activities that a mutual insurance association was permitted to carry on under the Act respecting insurance as it read before (*insert here the date of coming into force of this section*) that are not expressly authorized under the Act respecting insurance as amended by this Act, are deemed to be

activities authorized by the Government and the federation of which the mutual insurance association is a member under section 93.162 of that Act.

196. The investments that a federation of mutual insurance associations held in a subsidiary on (*insert here the date that is one day before the date of coming into force of this section*) are deemed to be valid investments.

197. Section 93.78 of the Act respecting insurance, as it read on (*insert here the date that is one day before the date of coming into force of this section*), continues to apply in respect of a mutual insurance association until the end of the fiscal year following the fiscal year in progress on (*insert here the date of coming into force of this section*).

198. Section 174.6 of the Act respecting insurance, as it read on (*insert here the date that is one day before the date of coming into force of this section*), continues to apply in respect of an insurance fund until the end of the fiscal year following the fiscal year in progress on (*insert here the date of coming into force of this section*).

199. The insurers that have deposited security with the Minister of Finance in accordance with section 224 of the Act respecting insurance as it read on (*insert here the date of coming into force of this section*) are entitled to a refund of the security so deposited.

200. Any insurer that, on 14 March 1991, held investments which complied with subparagraph *d* of the first paragraph of section 245 of the Act respecting insurance as it read before 15 March 1991 may continue to hold them notwithstanding sections 244.1 to 245 of that Act as they read as of (*insert here the date of coming into force of this section*). The insurer may continue to invest in a subsidiary or association other than those referred to in subparagraphs *d.1* and *e* of the first paragraph of section 245 of the Act respecting insurance, as they read on (*insert here the date that is one day before the date of coming into force of this section*), provided that the insurer's total investment in that subsidiary or association does not exceed 4% of its assets.

201. Any insurer that, on (*insert here the date that is one day before the date of coming into force of this section*), held investments which complied with sections 244 to 274 of the Act respecting insurance as they read on that date may continue to hold them notwithstanding the provisions of those sections as they read as of (*insert here the date of coming into force of this section*). The insurer may continue to invest in a subsidiary or association other than those referred to in subparagraphs *d.1* and *e* of the first paragraph of section 245 of the Act respecting insurance, as they read on (*insert here the date that is one day before the date of coming into force of this section*), provided that the insurer's total investment in that subsidiary or association does not exceed 4% of its assets.

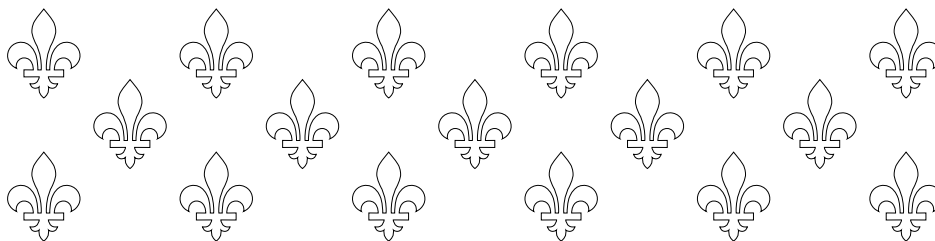
202. The Government may, by order, adopt any other transitional or necessary measure to enable an insurance company to be governed by Part IA of the Companies Act.

203. Any regulation, order in council, order, authorization or directive, in force on (*insert here the date of coming into force of this section*), made or adopted under a provision that is repealed or amended by this Act, remains in force until it is repealed, so long as the regulation, order in council, order, authorization or directive is consistent with the provisions enacted or amended by this Act.

204. For the purposes of the Act respecting insurance as it reads on (*insert here the date of coming into force of this section*), “Agence nationale d’encadrement du secteur financier” or “Agency” and “entreprise registrar” mean the Inspector General of Financial Institutions until the date of coming into force of section 7 of the Act respecting the Agence nationale d’encadrement du secteur financier (2002, chapter 45).

205. Section 178 of this Act has effect from 11 December 2002.

206. The provisions of this Act come into force on the date or dates to be fixed by the Government, except the provisions of sections 176, 178, 187 and 205, which come into force on 19 December 2002.



NATIONAL ASSEMBLY

SECOND SESSION

THIRTY-SIXTH LEGISLATURE

Bill 221

(Private)

**An Act to amend the status of the Société
de secours mutuels des citoyens de
Casacalenda**

Introduced 21 November 2002

Passage in principle 19 December 2002

Passage 19 December 2002

Assented to 19 December 2002

**Québec Official Publisher
2002**

Bill 221

(Private)

AN ACT TO AMEND THE STATUS OF THE SOCIÉTÉ DE SECOURS MUTUELS DES CITOYENS DE CASACALENDA

WHEREAS the Société de secours mutuels des citoyens de Casacalenda is a legal person having been constituted as a mutual benefit association under article 6896 of the Revised Statutes of 1909 following the authorization of the Government granted on 26 January 1926;

Whereas the Association has been licensed to act as a mutual benefit association since 1926;

Whereas the members of the Association have expressed the wish to enjoy the benefits of group insurance coverage rather than mutual benefit insurance;

Whereas at a general meeting of the Association held on 15 October 2000, the members present unanimously adopted a proposal to replace the mutual benefit insurance by a group insurance policy;

Whereas at a general meeting of the Association held on 19 August 2002, the members present unanimously adopted a proposal to have the Association continue as a legal person governed by Part III of the Companies Act (R.S.Q., chapter C-38);

Whereas on 30 June 2001, the Association ceased to be licensed to transact mutual benefit insurance business;

Whereas the Association wishes to be continued as a legal person governed by Part III of the Companies Act;

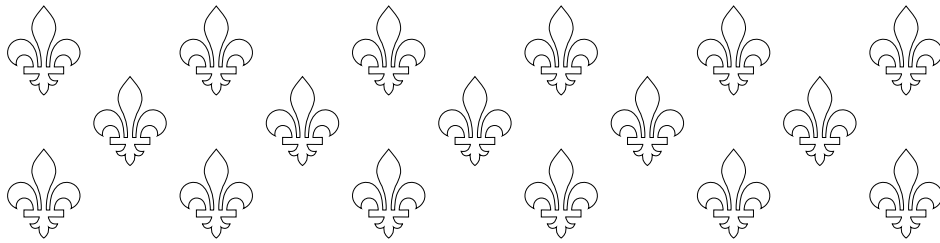
Whereas it is expedient to grant such request;

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS :

1. The Société de secours mutuels des citoyens de Casacalenda is authorized to apply for letters patent under section 221 of the Companies Act (R.S.Q., chapter C-38) to be continued as a legal person governed by Part III of the Companies Act.

2. The directors of the Association shall remain in office until they are replaced in accordance with Part III of the Companies Act.

- 3.** The by-laws of the Association shall remain in force until they are amended or replaced in accordance with Part III of the Companies Act.
- 4.** The name “Société de secours mutuels des citoyens de Casacalenda” shall be changed to “Association des citoyens de Casacalenda”.
- 5.** The Association shall be active mainly in the educational, social and recreational fields and its object shall be, in particular,
 - (1) to promote the culture of the Molise region in Québec ;
 - (2) to organize meetings and facilitate cultural exchanges between its members and the other constituents of Québec society ; and
 - (3) to facilitate the integration of its members into Québec society.
- 6.** The Association is, and always has been, authorized to offer its members participation in a group insurance contract negotiated with an insurer.
- 7.** This Act comes into force on 19 December 2002.



NATIONAL ASSEMBLY

SECOND SESSION

THIRTY-SIXTH LEGISLATURE

Bill 224

(Private)

**An Act respecting the Régie de gestion
des matières résiduelles de la Mauricie**

Introduced 21 November 2002

Passage in principle 19 December 2002

Passage 19 December 2002

Assented to 19 December 2002

**Québec Official Publisher
2002**

Bill 224

(Private)

AN ACT RESPECTING THE RÉGIE DE GESTION DES MATIÈRES RÉSIDUELLES DE LA MAURICIE

WHEREAS it is in the interest of the Régie de gestion des matières résiduelles de la Mauricie that it be granted certain additional powers ;

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS :

1. The Régie de gestion des matières résiduelles de la Mauricie is authorized, for the exploitation of biogas and biogas by-products and the operation of sorting centres,

(1) to form an association with any person, partnership or association representing public or private interests ;

(2) to acquire shares of the capital stock of any legal person whose activities involve only the carrying out of a project relating to the exploitation of biogas or biogas by-products and thermal or electrical energy generated by residual materials disposal sites, provided that the sites belong to the Régie or are under its authority, or to loan money to such a legal person in return for interest, with security on the loan ;

(3) to acquire shares of the capital stock of any legal person whose activities involve only the carrying out of a project relating to the operation of sorting centres, provided that the centres are situated in the territory of a municipality in which the Régie has authority, or to loan money to such a legal person in return for interest, with security on the loan.

In the exercise of the powers provided for in the first paragraph, the Régie must first obtain the authorization of the Minister of Municipal Affairs and Greater Montréal for any association with a private partner other than a non-profit organization. Such an authorization may be granted only to the extent that the intergovernmental agreements on the opening of public procurement applicable to the municipal bodies are respected.

Sections 573 to 573.3.4 of the Cities and Towns Act (R.S.Q., chapter C-19) apply to partnerships, legal persons and associations referred to in the first paragraph 50% or more of the shares or capital stock of which is held by the Régie or of which at least half of the members of the board of directors are appointed by the Régie. The partnerships, legal persons and associations are deemed to be local municipalities for the purposes of the regulation made under section 573.3.0.1 of that Act.

2. This Act comes into force on 19 December 2002.

Regulations and other acts

Gouvernement du Québec

O.C. 40-2003, 22 January 2003

An Act respecting the Communauté métropolitaine de Montréal
(R.S.Q., c. C-37.01)

An Act respecting the Communauté métropolitaine de Québec
(R.S.Q., c. C-37.02)

Metropolitan community — Program to share the growth of tax base

Regulation respecting the program to share the growth in a metropolitan community's tax base

WHEREAS, under sections 219 of the Act respecting the Communauté métropolitaine de Montréal (R.S.Q., c. C-37.01) and 206 of the Act respecting the Communauté métropolitaine de Québec (R.S.Q., c. C-37.02), the Government shall determine, by regulation, the rules that a metropolitan community must observe in establishing a program to share the growth in the tax base of the local municipalities whose territory is situated within the territory of the community;

WHEREAS it is expedient to make such a regulation;

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), the draft Regulation respecting the program to share the growth in a metropolitan community's tax base was published in the *Gazette officielle du Québec* of 26 June 2002 on pages 3289 to 3292, with a notice that it could be made by the Government upon the expiry of 45 days from that publication and that any interested person having comments to make could send them in writing, before the expiry of the 45-day period, to the Minister of State for Municipal Affairs and Greater Montréal, the Environment and Water and Minister of Municipal Affairs and Greater Montréal;

WHEREAS comments on the draft Regulation were received;

WHEREAS it is expedient to make the Regulation with amendments;

IT IS ORDERED, therefore, upon the recommendation of the Minister of Municipal Affairs and Greater Montréal:

THAT the Regulation respecting the program to share the growth in a metropolitan community's tax base, attached to this Order in Council, be made.

JEAN ST-GELAIS,
Clerk of the Conseil exécutif

Regulation respecting the program to share the growth in a metropolitan community's tax base

An Act respecting the Communauté métropolitaine de Montréal
(R.S.Q., c. C-37.01, s. 219)

An Act respecting the Communauté métropolitaine de Québec
(R.S.Q., c. C-37.02, s. 206)

DIVISION I OBJECT

1. This Regulation prescribes the rules that a metropolitan community must comply with where, pursuant to section 180 of the Act respecting the Communauté métropolitaine de Montréal (R.S.Q., c. C-37.01) or section 170 of the Act respecting the Communauté métropolitaine de Québec (R.S.Q., c. C-37.02), the metropolitan community fulfils its obligations in relation to a program to share the growth in its tax base.

DIVISION II CONTRIBUTIONS ESTABLISHED BY THE PROGRAM

2. In order to determine which local municipalities whose territory is situated within the territory of the community must contribute to the sharing and to calculate the amount of each contribution, the community shall provide

(1) that only the municipalities whose tax base has increased are to be taken into account and that the amount of the contributions is calculated according to the growth in the tax base; or

(2) that all the municipalities are to be taken into account and that the amount of the contributions is calculated in part according to the tax base of the municipalities without regard to any change and in part according to the growth in the tax base.

The community shall not require more than one contribution per fiscal year from any municipality.

3. The community shall provide that when the tax base is taken into account without regard to any change, the tax base corresponds to

(1) the standardized property value established for the current fiscal year in accordance with Division I of Chapter XVIII.1 of the Act respecting municipal taxation (R.S.Q., c. F-2.1);

(2) the fiscal potential established for the current fiscal year in accordance with section 261.5 of that Act; or

(3) the fiscal potential that would be established for the current fiscal year if the number 0.48 in subparagraph 2 of the first paragraph of section 261.5 of that Act were replaced by a lower number fixed by the community.

For the purposes of this Regulation, “current fiscal year” means the fiscal year for which the amount of the contribution is calculated.

4. The community shall provide that the growth in the tax base corresponds to

(1) the positive difference obtained by subtracting the standardized property value established for the reference fiscal year determined under the second paragraph from the standardized property value established in accordance with Division I of Chapter XVIII.1 of the Act respecting municipal taxation for the current fiscal year; or

(2) the positive sum resulting from the algebraic addition of the positive or negative differences obtained by performing separately, for each fiscal year referred to in section 5, the subtraction as provided in that section as regards the values added to or withdrawn from the property assessment roll.

The community shall determine the reference fiscal year by providing that it is either the third fiscal year preceding the current fiscal year or a fiscal year it fixes. In the latter case, the community may not fix more than one reference fiscal year for the current fiscal years during which the same property assessment roll of Ville de Montréal or Ville de Québec, as the case may be, applies.

5. In the case referred to in subparagraph 2 of the first paragraph of section 4, the total standardized values withdrawn from the property assessment roll are subtracted from the total standardized values added to the roll. The subtraction is performed separately for the reference fiscal year, the current fiscal year and, where applicable, any intermediate fiscal year.

For the purposes of the first paragraph,

(1) the addition or withdrawal of a value is what the community defines as such under the third paragraph; and

(2) the standardized value is the product obtained by multiplying the added or withdrawn value by the factor established in respect of the property assessment roll under section 264 of the Act respecting municipal taxation.

The community shall define what constitutes additions or withdrawals of values with respect to the property assessment roll. The definitions may refer to all or part of the cases where an immovable is added to or withdrawn from the roll and all or part of the events referred to in paragraphs 6 and 7 of section 174 of the Act respecting municipal taxation. The community shall take into account the possibilities of identifying what it intends to define as an addition or a withdrawal, in accordance with that Act or agreements entered into with the municipal bodies responsible for assessment that have jurisdiction with respect to the rolls concerned.

6. The average growth for a municipality is established on the basis of the growth in the tax base measured for that municipality.

To that end, the measured growth is divided by the number of fiscal years, reduced by 1, included in the group formed by the reference fiscal year, the current fiscal year and, where applicable, any intermediate fiscal year.

7. The community shall fix the percentage of average growth that is to be taken into account in calculating the contribution amounts.

It may fix different percentages for the part of the average growth attributable to the values of the immovables that may be subject to a mode of property taxation specific to the non-residential sector, and for the remainder of the average growth. The percentage referred to in the first instance must be higher than the other percentage, but may not exceed three times that percentage.

The values of the immovables referred to in the second paragraph are those applicable under subparagraph 2 of the first paragraph of section 261.5 of the Act respecting municipal taxation, having regard to the second paragraph of that section.

8. In the case provided for in subparagraph 1 of the first paragraph of section 2, the community shall fix a single rate by which the result obtained, for each municipality concerned, is multiplied following the application of any percentage fixed under section 7.

Subject to section 10, the product resulting from that multiplication constitutes the amount of the municipality's contribution.

9. In the case provided for in subparagraph 2 of the first paragraph of section 2, the community shall fix

(1) a single rate by which the result obtained, for each municipality concerned, is multiplied following the application of any percentage fixed under section 7; and

(2) a single rate by which the tax base, determined in accordance with section 3, is multiplied for each municipality concerned.

Subject to section 10, the sum of the products resulting from the multiplications provided for in subparagraphs 1 and 2 of the first paragraph constitutes the amount of the municipality's contribution. If no growth in the tax base has been measured for the municipality, only the product resulting from the multiplication provided for in subparagraph 2 constitutes, subject to section 10, the amount of the municipality's contribution.

The rates referred to in subparagraphs 1 and 2 of the first paragraph must be fixed in such a way that at least half the sum equal to all the contributions of the municipalities for the current fiscal year is derived from the products of the multiplication provided for in subparagraph 1.

10. The community shall, regarding the amount of any contribution, abstain from providing for a maximum or provide only for the maximum that results from the application of the rules prescribed in the following paragraphs.

For each municipality that must contribute to the sharing, a quotient is calculated by dividing the amount of the municipality's contribution by its population. The average of the quotients calculated is then determined.

If the quotient calculated for a municipality is in excess of five times the average, the amount of the municipality's contribution is reduced to eliminate the amount in excess.

The second paragraph does not apply again to take into account the new amount of contribution resulting from the reduction provided for in the third paragraph.

DIVISION III APPORTIONMENT OR USE OF THE SUM OF THE CONTRIBUTIONS

11. If the community provides in the program that all or part of the sum equal to all the contributions is to be apportioned among the local municipalities whose territory is situated within its territory, the sum must be apportioned according to a combination of criteria in conformity with sections 12 to 16.

12. The community shall provide that the aliquot shares of the sum to be apportioned are calculated according to a combination of the criteria set out in sections 13 and 14 or of those set out in sections 13 to 15.

13. The first compulsory criterion for apportionment is the proportion that the population of the municipality for which the aliquot share is calculated is of the total population of the local municipalities situated within the territory of the community.

14. The second compulsory criterion for apportionment is the proportion that the community's tax base per capita is of the tax base per capita of the municipality for which the aliquot share is calculated.

The tax base of a municipality that is divided by the municipality's population is the tax base determined by the community in accordance with section 3.

The community's tax base per capita is the quotient obtained by dividing the total of the tax bases of the local municipalities situated within the territory of the community by the total population of those municipalities.

15. The optional criterion for apportionment is the proportion that the average value of the dwellings situated within the territory of the community is of the average value of the dwellings situated within the territory of the municipality for which the aliquot share is calculated.

16. According to the choice made between the two possibilities provided for in section 12, the community shall prescribe that the proportion established under section 13 is to be used to multiply

(1) the proportion established under section 14; or

(2) the sum obtained by adding the parts, determined in accordance with the second paragraph, of the proportions established under sections 14 and 15.

In the case referred to in subparagraph 2 of the first paragraph, the community shall fix two percentages the sum of which is 100% and which, applied respectively to both the proportions referred to in that subparagraph, determine the part of each proportion that is to be considered for the purposes of the addition under that subparagraph.

17. In addition to the apportionment provided for in this Division and the payment provided for in the second paragraph of either of the sections referred to in section 1, the community may provide that it is to use the sum of all the contributions or any amount remaining after such apportionment or payment, as the case may be, to finance operating expenditures relating to equipment, infrastructures, services or activities of metropolitan scope, except the equipment referred to in Schedule V to the Act respecting the Communauté métropolitaine de Montréal.

DIVISION IV TRANSITIONAL AND FINAL

18. The third paragraph of section 9 is inoperative during the first two fiscal years to which the program applies.

19. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

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Gouvernement du Québec

O.C. 52-2003, 22 January 2003

Securities Act
(R.S.Q., c. V-1.1)

Securities — Amendment

Regulation to amend the Securities Regulation

WHEREAS, under subparagraph 9 of the first paragraph of section 331 of the Securities Act (R.S.Q., c. V-1.1), the Commission des valeurs mobilières du Québec may, by regulation, prescribe the fees payable for any formality provided for in the Act or the regulations and for services rendered by the Commission, and the terms and conditions of payment;

WHEREAS, under the second paragraph of that section, such a regulation shall be submitted to the Government for approval, with or without amendment;

WHEREAS, by Order in Council 660-83 dated 30 March 1983, the Government made the Securities Regulation;

WHEREAS the Commission des valeurs mobilières du Québec made the Regulation to amend the Securities Regulation;

WHEREAS, under section 12 of the Regulations Act (R.S.Q., c. R-18.1), a proposed regulation may be approved without having been published as provided for in section 8 of that Act where the authority approving it is of the opinion that the urgency of the situation requires it;

WHEREAS, under section 13 of that Act, the reason justifying the absence of such publication shall be published with the regulation;

WHEREAS the Government is of the opinion that the urgency due to the following circumstance justifies the absence of prior publication:

— the provisions of the Regulation must be in force on 1 March 2003 in order to allow persons subject to the payment of certain fees provided for in sections 267 to 271.11 of the Securities Regulation to benefit from a reduction in such fees as soon as possible;

WHEREAS it is expedient to approve the Regulation;

IT IS ORDERED, therefore, upon the recommendation of the Minister of Finance, the Economy and Research:

THAT the Regulation to amend the Securities Regulation, attached to this Order in Council, be approved.

JEAN ST-GELAIS,
Clerk of the Conseil exécutif

Regulation to amend the Securities Regulation*

Securities Act
(R.S.Q., c. V-1.1, s. 331, 1st par., subparagraph 9)

1. The Securities Regulation is amended by inserting the following after section 271.11:

* The Securities Regulation made by Order in Council 660-83 dated 30 March 1983 (1983, *G.O.* 2, 1269) was last amended by the Regulation made by Order in Council 1247-2001 dated 17 October 2001 (2001, *G.O.* 2, 5760). For previous amendments, refer to the *Tableau des modifications et Index sommaire*, Éditeur officiel du Québec, 2002, updated to 1 September 2002.

“271.12. The fees payable under this chapter are reduced by 15% for the period of 1 March 2003 to 28 February 2006.”

2. This Regulation comes into force on 1 March 2003.

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Gouvernement du Québec

O.C. 57-2003, 22 January 2003

Professional Code
(R.S.Q., c. C-26)

Chartered accountancy profession — Practice within a partnership or a joint-stock company

Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint-stock company

WHEREAS, under paragraph *p* of section 94 of the Professional Code (R.S.Q., c. C-26), the Bureau of the Ordre des comptables agréés du Québec may, by regulation, authorize the members of the order to carry on their professional activities within a limited liability partnership or a joint-stock company, and under paragraphs *g* and *h* of section 93 of the Code, it must, by regulation, impose on its members the obligation to furnish and maintain security, on behalf of the partnership or company, against liabilities of the partnership or company arising from fault or negligence in the practice of their profession and fix the conditions and procedure and any fees applicable to a declaration made to the Order;

WHEREAS the Bureau of the Ordre des comptables agréés du Québec made the Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint-stock company;

WHEREAS, under section 95.3 of the Code, a draft Regulation was sent to every member of the Order at least 30 days before being made by the Bureau;

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), the draft Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint-stock company was published in Part 2 of the *Gazette officielle du Québec* of 17 July 2002 with a notice that it could be submitted to the Government for approval upon the expiry of 45 days following that publication;

WHEREAS, in accordance with section 95 of the Professional Code, the Office des professions du Québec made its recommendations;

WHEREAS it is expedient to approve the Regulation with amendments;

IT IS ORDERED, therefore, upon the recommendation of the Minister responsible for the administration of legislation respecting the professions:

THAT the Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint-stock company, attached to this Order in Council, be approved.

JEAN ST-GELAIS,
Clerk of the Conseil exécutif

Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint-stock company

Professional Code
(R.S.Q., c. C-26, s. 93, par. *g* and *h*, s. 94, par. *p*)

CHAPTER I PURPOSE

1. Members of the Ordre des comptables agréés du Québec are authorized to practise their profession within a limited liability partnership or joint-stock company holding itself out as a partnership or company of chartered accountants or within which one or more members offer assurance services provided the following conditions are met:

(1) at all times, more than 50% of the voting rights attached to the shares of the partnership or company are held:

(a) by members of the Ordre or members of the Canadian Institute of Chartered Accountants practising the profession within the partnership or company;

(b) by legal persons, trusts or any other enterprise, the voting rights or partnership shares of which are held wholly by one or more members of the Ordre or by members of the Canadian Institute of Chartered Accountants practising the profession within the partnership or company;

(c) by a combination of persons contemplated in *a* and *b*;

(2) a majority of the directors of the board of directors of the joint-stock company, a majority of the partners or, where applicable, of the managers appointed by the partners to manage the affairs of the limited liability partnership, are members of the Ordre or members of the Canadian Institute of Chartered Accountants practising the profession within the partnership or company;

(3) the board of directors or a similar internal management board is made up of a majority of members of the Ordre or members of the Canadian Institute of Chartered Accountants who shall, at all times, constitute the majority of the quorum of such boards;

(4) one or more members of the Ordre practising the profession within the partnership or company hold a partnership share or company share with voting rights;

(5) the chair of the board of directors of the joint-stock company, or in the case of a limited liability partnership, the person who performs similar functions, is a partner or shareholder with voting rights and a member of the Ordre or members of the Canadian Institute of Chartered Accountants;

(6) only a member of the Ordre or a member of the Canadian Institute of Chartered Accountants practising the profession within the partnership or company is granted, by voting agreement or proxy, the voting right attached to a company share or partnership share held by another member of the Ordre or another member of the Canadian Institute of Chartered Accountants, or by a legal person, a trust or another enterprise contemplated in paragraph 1(1)*b*.

The member of the Ordre shall ensure that the conditions set out in the first paragraph are included in the articles of incorporation of the joint-stock company or in the contract creating the limited liability partnership and that these documents also stipulate that the partnership or company is constituted for the purpose of carrying on professional activities.

2. In all other circumstances, members of the Ordre are authorized to practise their profession within a limited liability partnership or joint-stock company provided the following conditions are met:

(1) at all times, more than 50% of the voting rights attached to the shares of the partnership or company are held:

(a) by persons governed by the Professional Code (R.S.Q., c. C-26), by real estate brokers or agents who are members in good standing of the Association des

Courtiers et Agents Immobiliers du Québec and, provided they are duly accredited by a competent authority, by securities brokers or advisors, financial planners, life or group insurance representatives, damage insurance agents or brokers, or by persons governed by an act of another Canadian province recognizing and subjecting them to similar rules or by members in good standing of the corporation incorporated under An Act to Incorporate the Canadian Institute of Actuaries (S.C., 1964-65, c.76) and practising within the partnership or company;

(b) by legal persons, trusts or any other enterprise, the voting rights or partnership shares of which are held wholly by one or more persons contemplated in *a*;

(c) by a combination of persons contemplated in *a* and *b*;

(2) a majority of the directors of the board of directors of the joint-stock company as well as a majority of partners or managers appointed by the partners to manage the affairs of the limited liability partnership are persons contemplated in (1)*a*;

(3) the board of directors or a similar internal management board is made up of a majority of persons contemplated in paragraph 2(1)*a* who shall, at all times, constitute the majority of the quorum of such boards.

The member of the Ordre shall ensure that the conditions set out in the first paragraph are included in the articles of incorporation of the joint-stock company or in the contract creating the limited liability partnership and that these documents also stipulate that the partnership or company is constituted for the purpose of carrying on professional activities.

CHAPTER II OTHER CONDITIONS

DIVISION I TERMS AND CONDITIONS

3. A member of the Ordre may practise his profession within a partnership or company if he:

(1) has provided written confirmation to the Ordre from a competent authority attesting that the partnership or company has taken out professional liability coverage in accordance with Division II of this chapter;

(2) has provided written confirmation to the Ordre from a competent authority attesting to the existence of the company where the member practises within a joint-stock company;

(3) where applicable, has provided to the Ordre a certified true copy of the declaration from the competent authority attesting to the continuance of the general partnership as a limited liability partnership;

(4) has provided written confirmation to the Ordre attesting that the partnership or company is duly registered in Quebec;

(5) has provided written confirmation to the Ordre attesting that the partnership or company maintains a place of business in Quebec;

(6) has provided an irrevocable written authorization to the Ordre from the partnership or company within which the member practises allowing a person, committee, disciplinary body, or tribunal referred to in section 192 of the Professional Code to obtain from any person any document referred to in section 15 or a copy thereof;

(7) has paid, where applicable, the fees determined by the Ordre pursuant to paragraph 93*h* of the Professional Code.

4. Furthermore, a member shall send the Ordre a sworn statement, duly completed on the form provided by the Ordre, which shall include the following information:

(1) the partnership or company name and the other names used in Quebec by every partnership or company within which the member practises the profession as well as the registration number issued by the Inspector General of Financial Institutions for such partnership or company;

(2) the legal form of the partnership or company;

(3) the address of the head office of the partnership or company and the addresses of its places of business in Quebec;

(4) the professional activities carried on by the member within the partnership or company;

(5) the name, home and business address of the member and his status within the partnership or company;

(6) where a member practises his profession within a joint-stock company, the names and home addresses of the directors of such company and, where applicable, the professional order or equivalent to which they belong;

(7) where a member practises his profession within a limited liability partnership, the names and home addresses of all partners domiciled in Quebec and, where applicable, the names and home addresses of the managers appointed to manage the partnership's affairs, whether or not they be domiciled in Quebec, as well as the professional order or equivalent to which these partners or managers belong;

(8) a written confirmation provided by the member attesting that the holding of company or partnership shares and the rules respecting the management of the partnership or company satisfy the conditions set out in this Regulation;

(9) the names of the shareholders contemplated in subsection (1) of the first paragraph of Section 1, specifying the percentage of voting rights held by each shareholder;

(10) where shareholders referred to in subsection (1) of the first paragraph of Section 1 are concerned, a confirmation that the conditions set out in this paragraph are met.

5. A member who fails to satisfy the conditions set out in sections 3 and 4, prior to practising the profession within a partnership or company, shall not be authorized to practise his profession within a partnership or company.

6. Where two or more members practise their profession within a partnership or company, a representative may satisfy the conditions set out in sections 3 and 4 on behalf of the members of such partnership or company. Under this Regulation, the representative is thus mandated by these members to respond to requests made by the syndic, an inspector, an investigator or any other Ordre representative, and to provide, where applicable, the documents that Ordre members are required to submit.

Where a partnership or company contemplated in section 1 is concerned, a representative shall be designated.

The representative shall be a member of the Ordre who is either a partner or a company director and a shareholder with voting rights.

Except for subsections 4(4) and (5), the representative shall ensure that the information provided in the statement is accurate.

7. A member shall be exempt from satisfying the conditions set out in sections 3 and 4 if another member or a representative of the partnership or company has already fulfilled these conditions.

8. The documents referred to in subsections 3(1), (2), (4) and (5), together with the statement contemplated in section 4, shall be updated annually by the member or the representative no later than March 31 of each year.

9. A member who no longer satisfies one of the conditions set out in this Regulation or in Chapter VI.3 of the Professional Code, introduced by section 9 of chapter 34 of the statutes of 2001, shall immediately cease to be authorized to practise the profession within a partnership or company.

10. A member or his representative shall immediately notify the Ordre of the cancellation of the insurance coverage specified in Division II, of the striking off, dissolution, assignment of property or bankruptcy, or voluntary or forced liquidation of the partnership or company or of any other event that would prevent the partnership or company from carrying on its activities, and of any amendment to the information included in the statement that would contravene the conditions set out in section 1 or 2.

DIVISION II **PROFESSIONAL LIABILITY COVERAGE**

11. To be authorized to practise the profession in accordance with this Regulation, a member of the Ordre practising his profession within a partnership or company shall furnish and maintain, on behalf of the partnership or company, by means of an insurance or suretyship contract or by joining a group insurance plan contract entered into by the Ordre or by contributing to a professional liability insurance fund established in accordance with section 86.1 of the Professional Code, coverage for liabilities of the partnership or company arising from fault or negligence on the part of members in the practise of the profession within such partnership or company.

12. The following minimal conditions for such coverage shall be set out in a specific rider or contract:

(1) an undertaking by the insurer or surety to pay on behalf of the partnership or company, over and above the amount of the insurance coverage the member must take out in accordance with the Ordre des comptables agréés du Québec (Professional Liability Insurance) Regulation approved by decree No. 332-85 dated February 21, 1985 or the insurance coverage actually taken out by the

member if it is higher, up to the amount of the coverage, any amount that the partnership or company may be legally bound to pay to injured third parties on a claim made during the period of coverage and arising from the member's fault or negligence in the practice of his profession; the insurer's obligation shall extend to all claims to which the member's liability insurance coverage does not apply as a result of the member's fault or negligence in the practice of the profession;

(2) an undertaking by the insurer or surety to take up the cause of the partnership or company and defend it in any lawsuit launched against it and to pay, in addition to the amounts covered by the liability insurance, all legal costs of lawsuits against the partnership or company, including the investigation and defence costs and interest on the amount of coverage;

(3) an undertaking that the coverage shall extend to all claims submitted in the five years following the period of coverage during which a member of the partnership or company dies, withdraws from the partnership or company or ceases to be a member of the Ordre, so as to maintain coverage for the partnership or company for the faults or negligence of the member while he practised the profession within the partnership or company;

(4) the coverage shall be at least \$1,000,000 per claim and for the aggregate of claims made against the partnership or company in a 12-month period of coverage;

(5) where a member is a sole practitioner, as the unique shareholder of a joint-stock company in which no other member is an employee, the coverage shall be at least \$500,000 per claim and for the aggregate of claims made against the company in a 12-month period of coverage;

(6) an undertaking by the insurer or surety to provide the secretary of the Ordre with a 30-day notice of intent to cancel the insurance or suretyship contract, or to amend one of the conditions set out in this section;

(7) an undertaking by the insurer or surety to provide the secretary of the Ordre with a notice that the insurance or suretyship contract has not been renewed; such notice shall be sent within 15 days following the expiration of the contract.

13. The suretyship shall be granted by a bank, savings and credit union, trust or insurance company which shall be domiciled in Canada and hold and maintain sufficient property in Quebec to satisfy the liability coverage required under this division.

The institution referred to above shall undertake to provide the coverage in accordance with the conditions set out in this Division, without availing itself of the benefits of division and discussion.

DIVISION III ADDITIONAL INFORMATION

14. On the date when a general partnership continues as a limited liability partnership or when a joint-stock company is constituted, the member of the Ordre shall send his clients a notice informing them of the nature and consequences of such change in status, particularly as concerns his professional liability and the liability of the partnership or company.

15. The documents which the Ordre member has been authorized by the partnership or company to communicate or copy in accordance with subsection 3(6) are as follows:

(1) if the member practises within a joint-stock company:

(a) the up-to-date register of the company's articles and by-laws;

(b) the up-to-date share register;

(c) the up-to-date register of directors;

(d) any shareholder agreement, voting agreement and related amendments;

(e) the declaration of registration and any update thereof;

(f) the names and home addresses of the company's main officers;

(2) if the member practises within a limited liability partnership:

(a) the declaration of registration and any update thereof;

(b) the partnership agreement and amendments;

(c) the up-to-date register of partners;

(d) if applicable, the up-to-date register of managers;

(e) the names and home addresses of the partnership's main officers.

CHAPTER III DESIGNATIONS

16. In addition to the mention required under section 187.13 of the Professional Code, a member of the Ordre who practises his profession within a limited liability partnership is authorized to include in or after its name the words "firm of professionals governed by the Professional Code" or the abbreviation "FPGPC".

A member of the Ordre who practises his profession within a joint-stock company is also authorized to include such words in or after its name or use such abbreviation.

CHAPTER IV TRANSITIONAL AND FINAL PROVISION

17. A member of the Ordre who practises his profession within a joint-stock company incorporated for that purpose before the coming into force of this Regulation shall, no later than in the year following such date, satisfy the conditions set out in this Regulation.

18. Regulation comes into force on the fifteenth day following its publication in the *Gazette Officielle du Québec*.

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Gouvernement du Québec

O.C. 58-2003, 22 January 2003

Professional Code
(R.S.Q., c. C-26)

Chartered accountants — Code of ethics

Code of ethics of chartered accountants

WHEREAS, under section 87 of the Professional Code (R.S.Q., c. C-26), the Bureau of the Ordre des comptables agréés du Québec must make, by regulation, a code of ethics governing the general and special duties of the members of the Order towards the public, the clients and the profession;

WHEREAS the Bureau of the Ordre des comptables agréés du Québec made the Code of ethics of chartered accountants to replace the Code of ethics of chartered accountants (R.R.Q., 1981, c. C-48, s.2) and the Chartered Accountants (Advertising) Regulation, approved by Order in Council 2408-84 dated 31 October 1984;

WHEREAS, under section 95.3 of the Professional Code, a draft Regulation was sent to every member of the Order at least 30 days before being made by the Bureau;

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), the draft Regulation was published in Part 2 of the *Gazette officielle du Québec* of 17 July 2002 with a notice that it could be submitted to the Government for approval upon the expiry of 45 days following that publication;

WHEREAS, in accordance with section 95 of the Professional Code, the Office des professions du Québec made its recommendations;

WHEREAS it is expedient to approve the Regulation with amendments;

IT IS ORDERED, therefore, upon the recommendation of the Minister responsible for the administration of legislation respecting the professions:

THAT the Code of ethics of chartered accountants, attached to this Order in Council, be approved.

JEAN ST-GELAIS,
Clerk of the Conseil exécutif

Code of ethics of chartered accountants

Professional Code
(R.S.Q., c. C-26, s. 87)

CHAPTER I DUTIES AND OBLIGATIONS TOWARDS THE PUBLIC

DIVISION I GENERAL PROVISIONS

1. Each member of the Ordre shall take reasonable measures to ensure that persons, employees, shareholders or partners who are involved with him in the practice of the profession, comply with the Chartered Accountants Act (R.S.Q., c. C-48), the Professional Code (R.S.Q., c. C-26) and the regulations thereunder. Each member practising the profession within a partnership or joint stock company within the meaning of the Civil Code of Québec or contemplated in chapter VI.3 of the Professional Code who is a partner, shareholder, director or officer of a partnership or company shall make sure that the partnership or company complies with the Chartered Accountants Act, the Professional Code and the regulations thereunder.

The practice of the profession includes, but is not limited to, the practice of public accounting and the following other functions when offered to the public:

(1) management consulting, including investigating and identifying management and business problems related to the policies, technical aspects, structure, operations, finances, systems, procedures, financing or administration of organizations and recommending appropriate solutions;

(2) insolvency services, including receivership, trusteeship in bankruptcy and liquidation as well as the administration of bankrupt or insolvent partnerships, legal persons, trusts, any other enterprises or estates;

(3) information processing, including manual record keeping and electronic data processing;

(4) administratorship, insofar as it involves administering the property of others;

(5) information technology consulting;

(6) business brokerage, negotiating and advising on business acquisitions, sales, financing or mergers;

(7) liquidation of successions and administering the property of successions;

(8) insurance counselling;

(9) valuation;

(10) the preparation of personal tax and other returns or statutory documents, but excluding those set out in subparagraph (3) of the third paragraph of this section.

For the purposes of this Regulation, “public accounting” means the offering of services to the public to improve the quality of financial, accounting or decision-making information, or the context in which it is provided, for decision making. Without limiting the generality of the foregoing, such services shall include:

(1) accounting services, insofar as they involve synthesis, analysis, advice, counsel or interpretation, and compilation engagements, but excluding record keeping;

(2) assurance services including audit and review engagements, derivative reports and specified auditing procedures engagements within the meaning of the Canadian Institute of Chartered Accountants Handbook;

(3) taxation services, insofar as they involve advice, counsel or interpretation, including the preparation of tax returns and other statutory documents if required or connected with one of the public accounting services offered, but excluding personal income tax returns;

(4) investigative and forensic accounting services, including financial investigation and financial litigation support;

(5) financial planning services.

2. A member shall not permit others to carry out on his behalf acts which, if he carried them out himself, would place him in violation of the Chartered Accountants Act, the Professional Code or a regulation thereunder.

3. A member's duties and obligations under the Chartered Accountants Act, the Professional Code and regulations thereunder are in no way changed or reduced by the fact that he practises the profession within a partnership or company.

4. A member shall ensure that his obligations towards the partnership or company of which he is a director or officer are not incompatible with his obligations towards his client or employer.

5. A member shall, at all times, act with dignity and avoid any method or attitude that is likely to damage the profession's good reputation.

6. A member shall keep his knowledge current. He shall keep abreast of developments in the fields of practice of his profession whether or not he offers services to the public and maintain his competence in these fields.

7. A member shall have the personal charge and management of any place of business of a partnership or company holding itself out as a partnership or company of chartered accountants or within which one or more members offer assurance services.

8. A member shall not hold out or imply that he has a place of business in any place where he is in fact only represented by another person who is neither his partner nor a director nor a shareholder of the partnership or company. Conversely, a member who only so represents a member, partnership or company shall not hold out or imply that he maintains a place of business for such member, partnership or company.

9. A member who practises his profession within a general partnership or an undeclared partnership of which not all partners are members of the Ordre is subject to the conditions set out in the Regulation respecting the

practice of the chartered accountancy profession within a partnership or a joint stock company approved by decree No. 57-2003 dated January 22, 2003.

10. A member shall not adopt any method of obtaining or attracting clients which tends to lower the standard of dignity of the profession and, in particular, he shall not urge anyone pressingly or repeatedly to retain his professional services.

DIVISION II **DEROGATORY ACTS**

11. Shall be guilty of an act derogatory to the dignity of the profession, in addition to those mentioned in sections 57, 58, 59.1 and 59.2 of the Professional Code, any member of the Ordre who:

(1) is found guilty by a final judgment of a court of competent jurisdiction of an offence against any tax act or securities act in Canada or elsewhere;

(2) makes an assignment of his property or against whom a receiving order is made, within the meaning of the Bankruptcy and Insolvency Act (R.S.C. 1985, c. B-3), or whose partnership or company, of which he is the sole director and shareholder, makes an assignment of its property or has a receiving order made against it, within the meaning of the Bankruptcy and Insolvency Act, by a final judgment of a court of competent jurisdiction;

(3) having made an assignment of his property or having had a receiving order, as that term is used in the Bankruptcy and Insolvency Act, made against him by a final judgment of a court of competent jurisdiction, fails to inform the Ordre without delay;

(4) fails to inform the Ordre that he has reason to believe that a member is practising his profession in a manner which is detrimental to his clients, his employer or the public, or has violated the Chartered Accountants Act, the Professional Code or the regulations thereunder, or that he is incompetent;

(5) communicates with the plaintiff without the prior written permission of the Syndic or Assistant Syndic when he is informed by the Syndic or Assistant Syndic that an inquiry into his professional conduct or competence has been initiated by either of them or when he has been served notice of a complaint under section 132 of the Professional Code.

12. Shall also be guilty of an act derogatory to the dignity of the profession, any member who carries on his professional activities within a partnership or company:

(1) with persons who engage in acts that are derogatory to the honour or dignity of the chartered accountancy profession;

(2) in which directors, shareholders, partners or employees practise a profession, carry on a trade, enterprise or business or hold an office or function that is inconsistent with the practice of the profession;

(3) in which a person contemplated in paragraph 2(1)a of the Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint stock company, who holds partnership or company shares with voting rights or acts as a director or officer is struck off the roll of his professional order or has his professional permit revoked.

13. Notwithstanding section 12, a member is authorized to practise his profession within a partnership or company in which a person contemplated in subsection 12(3) is struck off the roll of his professional order or the equivalent, or has his professional permit revoked, provided the following conditions are satisfied:

(1) the said person ceases to be a director or officer of the partnership or company within 10 days from the date on which the penalty or measure imposed becomes executory or within any other additional timeframe authorized by the Bureau;

(2) the said person ceases to attend all shareholder meetings and to exercise, directly or indirectly, his right to vote within 10 days from the date on which the penalty or measure imposed becomes executory or within any other additional timeframe authorized by the Bureau;

(3) the said person disposes of his partnership or company shares with voting rights within 180 days from the date on which the penalty or measure imposed becomes executory or within any other additional timeframe authorized by the Bureau.

14. Shall be guilty of an act derogatory to the dignity of the profession, any member who carries on his professional activities within a partnership or company that holds out or implies that it is a partnership or company governed by the Professional Code where such partnership or company does not comply with the requirements set out in the Professional Code or the Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint stock company.

15. Shall also be guilty of an act derogatory to the dignity of the profession, any member who concludes or allows to be concluded, within a partnership or company

holding itself out to be a partnership or company of chartered accountants, or within which one or more members offer assurance services, any agreement, particularly a unanimous shareholders' agreement, that impairs the independence, objectivity and integrity necessary to provide assurance services or that could lead members to violate the Chartered Accountants Act, the Professional Code and the regulations thereunder.

CHAPTER II DUTIES AND OBLIGATIONS TOWARDS THE CLIENT AND THE EMPLOYER

DIVISION I GENERAL PROVISIONS

16. Whether his duties and obligations be towards the public, a client or an employer, a member shall, in all circumstances before entering into a contract relating to the practice of the profession, consider the extent of his proficiency, knowledge and the means at his disposal. He shall not, in particular, undertake work for which he is not sufficiently prepared without obtaining the necessary assistance.

17. A member shall abstain from practising in conditions likely to impair the quality of his services and the dignity of the profession.

18. A member shall abstain from intervening in the personal affairs of his client or employer on matters outside the scope of his contract.

19. A member shall, depending on the nature of the services provided, perform his contract in keeping with current professional accounting and assurance standards, with the other standards, guidance and guidelines set out in the Canadian Institute of Chartered Accountants Handbook and with current scientific knowledge.

20. A member shall promptly return to a client or, if so instructed by such client, to his successor, the records and documents belonging to the client, whether or not his fees have been paid.

21. A member who performs a contract, in whole or in part, in the practice of his profession, assumes full personal civil liability arising therefrom, regardless of his status within the partnership or company. He is forbidden to include in such contract any clause to the effect of directly or indirectly, fully or partially, excluding this liability. He may not invoke the liability of the partnership or company as a ground for excluding or limiting his own liability.

22. A member shall not prevent a client from consulting a member of the Ordre, a member of the Canadian Institute of Chartered Accountants, another professional of his choice or another person.

DIVISION II

INTEGRITY, INDEPENDENCE AND OBJECTIVITY

23. A member shall perform his professional duties with integrity, objectivity, due care, and with independence when required by professional standards and good practice.

24. A member shall avoid any misrepresentation with respect to his level of competence or the efficiency of his own services or the services generally performed by members of the profession. If the interest of a client so requires, he shall, with the authorization of such client, consult another member of the Ordre, a member of the Canadian Institute of Chartered Accountants, another professional or another competent person, or refer such client to one of these persons.

25. A member shall inform a client, as soon as possible, of the scope and terms and conditions of the contract entrusted to him by such client.

26. A member shall not place himself in a situation where his loyalty to his client or employer may be compromised.

27. A member who performs an assurance engagement or a specified auditing procedures engagement shall hold himself free of any influence, interest or relationship which, in respect to his engagement, may impair or be perceived as impairing his professional judgment or objectivity.

28. In particular, shall constitute an infraction of section 27 the fact for a member :

(1) to accept to perform an assurance engagement or a specified auditing procedures engagement for a client :

(a) where, in the case of a corporate client, he or any of the partners, shareholders, directors or officers of the partnership or company within which he practises his profession or his or their immediate families, directly or indirectly hold any investment in :

i. shares, bonds or debentures of the corporation or any associate thereof ;

ii. mortgages of the corporation or any associate thereof ;

iii. advances to the corporation or any associate thereof ;

(b) where, in the case of a client who is not a corporation, he or any of the partners, shareholders, directors or officers of the partnership or company within which he practises his profession or his or their immediate families, directly or indirectly, hold any investment similar to those listed in paragraph a in the organization or any associate thereof ;

(c) where he or any of the partners, shareholders, directors or officers of the partnership or company within which he practises his profession is a director, officer or employee of the client organization or of any associate thereof, or where a member of his or their immediate families is a director or officer of the client organization or of any associate thereof ;

(2) to be or to practise within a partnership or company of which a partner, shareholder, director or officer is a member of a private mutual fund or of an investment club which holds any interest, as set out in paragraph (1)a, in a client of the member or of the partnership or company. However, a member would not be in violation of the above rule if he or any partner, shareholder, director or officer of the partnership or company within which he practises his profession invests in a public mutual fund not audited by the member or any partner, shareholder, director or officer of the partnership or company and which holds any interest in a client of the member or of the partnership or company. Nor would a member or any partner, shareholder, director or officer of the partnership or company within which he practises his profession be in violation for holding shares in a social club for which he performs an assurance engagement or a specified auditing procedures engagement where the shareholding is a prerequisite of membership ;

(3) to accept to perform an assurance engagement or a specified auditing procedures engagement for a not-for-profit legal person or organization in which he or any partner, shareholder, director or officer of the partnership or company within which he practises his profession is an officer or director or holds any other position where he has the right or responsibility to make decisions affecting the management of such corporation or organization ;

(4) to perform an assurance engagement or a specified auditing procedures engagement for :

(a) a trust or estate in which he or any partner, shareholder, director or officer of the partnership or company within which he practises his profession, or his or their immediate families, hold a position as executor or trustee;

(b) an organization in which such a trust or estate holds a material interest;

(c) a pension plan or a profit-sharing plan in which he or any partner, shareholder, director or officer of the partnership or company within which he practises his profession, or his or their immediate families, hold a position as trustee;

(d) an organization in which a private charitable foundation holds an interest, where he or any partner, shareholder, director or officer of the partnership or company within which he practises his profession, or his or their immediate families, hold a position as trustee in such charitable foundation.

For the purposes of this Regulation, the following words and expressions mean:

(1) “immediate family”: the spouse of a person, and any relative of that person or of his or her spouse, provided they have the same home as that person;

(2) “associate,” in relation to a corporate client:

(a) any affiliate thereof, within the meaning given to the term “affiliate” in the Canada Business Corporations Act (R.S.C. 1985, c. C-44), except that the meaning is extended to include any unincorporated body;

(b) any “investor” as that term is used in the Canadian Institute of Chartered Accountants Handbook, where the investor uses the equity method on the bases provided in the Handbook to account for its investment in the corporate client and where the amounts relating to the corporate client reflected in the financial statements of the investor constitute more than 5% of total assets or more than 5% of gross revenues of the investors;

(c) any “investee” as the term is used in the Canadian Institute of Chartered Accountants Handbook, in which the corporate client holds an investment that it accounts for using the equity method and where the materiality criteria outlined in paragraph *b* are met;

(3) “associate”: any person with whom a member is connected as partner, employer or employee for the practice of his profession, or any person who is a shareholder, partner, director, officer or employee of a part-

nership or company within which the member practises his profession, including the immediate family of such member or such person;

29. Notwithstanding sections 27 and 28, shall not constitute an infraction the fact for a member:

(1) to accept to perform an assurance engagement or a specified auditing procedures engagement for a chartered bank, trust company, finance or acceptance company, savings and loan institution, cooperative, caisse populaire or similar institution, from or in which he or any partner, shareholder, director or officer of the partnership or company within which he practises his profession, or his or their immediate families, borrowed or deposited funds in the normal course of business, provided the amount borrowed or deposited is reasonable in relationship to the institution’s assets, to the borrower’s or depositor’s income and net worth and that the transaction is of the sort that would be made with other customers of the institution in the normal course of business;

(2) to accept to perform an assurance engagement or a specified auditing procedures engagement for a client with whom he or any partner, shareholder, director or officer of the partnership or company within which he practises his profession, or his or their immediate families, carried out a commercial transaction, provided that the transaction was on the same terms and conditions as are normally allowed to other customers, in particular with respect to terms of payment;

(3) to hold a share in a savings and loan institution, cooperative or caisse populaire for which the partnership or company within which the member practises his profession performs an assurance engagement or a specified auditing procedures engagement, provided the member does not exercise his right to vote at general meetings.

30. Generally, a member is unable to give objective advice to two or more clients who are parties to the same transaction. In instances where a member feels that he is able to do so, he must inform each client in writing that he has been engaged by other parties and specify the nature of his engagement.

31. A member shall not accept nor let an associate accept an appointment for a client as trustee in bankruptcy or trustee under a proposal where he has been entrusted with an assurance engagement or performed an assurance engagement in the last two years for that client. Furthermore, where a member or his associate provides the client with any other services than assurance services, the member should accept an appointment as trustee only when he can act with objectivity.

32. Before accepting or letting an associate accept an assignment under the Bankruptcy and Insolvency Act, the member should be satisfied that his or his associates' relationship with any other clients having an interest in the bankrupt estate is not such as to impair his objectivity.

33. If a member, or his associate, who is performing or who has performed an assurance engagement or a specified auditing procedures engagement or who was a business advisor for an organization is asked by the shareholders or owners of such organization to act as administrator or liquidator, he may not accept the appointment if he finds himself in a conflict of interest or in a situation such that he would lose his professional independence.

In no case shall a member accept to act as administrator, agent, receiver or liquidator for a secured creditor of an organization for which he or his associate is performing or has performed an assurance engagement or whose assurance service contract for the said organization ended less than 2 years before. Anyone who accepts such a contract may not accept to perform an assurance engagement with respect to the same organization for any year during which he is acting or has acted as administrator, agent, receiver or liquidator.

34. Whether his duties and obligations be towards the public, a client or an employer, a member shall not, under any circumstances, even when subject to a disclaimer of responsibility, sign, prepare, produce or even associate himself with:

(1) any letter, report, statement, representation or financial statement which he knows, or should know, is false or misleading;

(2) any financial statement which he knows, or should know, has not been prepared in accordance with this Regulation.

35. Any assurance report prepared by one or more members shall indicate that it was prepared by one or more chartered accountants.

36. A member who performs an assurance engagement or a specified auditing procedures engagement shall:

(1) reveal any material fact known to him which is not disclosed in the financial statements or other subject matter of the engagement, the omission of which renders the financial statements misleading; and

(2) report any material misstatement known to him to be contained in the financial statements or other subject matter of the engagement.

37. A member shall inform his client or employer of any interests, business connections and affiliations of which the client or employer should normally be informed.

This does not necessarily include disclosure to his client of professional services that he may be rendering or proposing to render to other clients.

38. A member shall not, in connection with any matter involving a client or an employer, hold, receive, bargain for, become entitled to or acquire any fee, remuneration or benefit without the knowledge and consent of the client or employer.

39. Other than in relation to the sale and purchase of the clientele of a member or of a partnership or company, a member engaged in the practice of public accounting shall not directly or indirectly pay to any person who is not in the practice of public accounting a commission or other compensation to obtain a client, nor shall he accept directly or indirectly from any person who is not in the practice of public accounting a commission or other compensation for referring the products or services of such person to a client.

40. A member who receives, handles or holds money or other property as a trustee, guardian, administrator, agent or liquidator shall maintain such records as are necessary to properly account for his management, mandate or contract.

The money or other property thus received, handled or held shall be kept in a separate trust bank account or accounts.

Except when specifically authorized in writing by a client, a member shall not use, transfer, withdraw or otherwise employ such money or property as payment for his fees or for any other purpose not provided for in his contract.

41. A member shall not agree on a contingent fee, i.e. offer or undertake to perform a professional service for a fee payable only where there is a specified result of the service or determined by reference to the result of the service:

(1) for any professional act requiring the member to hold himself free of any influence, interest or relationship which, in respect to his contract, may impair or be perceived as impairing his professional judgment or objectivity;

(2) for a compilation engagement.

42. A member shall not agree on a contingent fee for a professional act when such an agreement is liable to:

(1) impair or be perceived as impairing his professional judgment or objectivity in the performance of a contract provided for under subsection 41(1);

(2) influence or be perceived as influencing the results of a compilation engagement.

43. Sections 41 and 42 do not apply in the case of a professional act provided for a fee established by a court or other public authority.

44. Notwithstanding the rule set out in section 42, a member may, in particular, agree on a contingent fee for the following professional acts:

(1) tax refund claims;

(2) assisting in tax appeals and preparing notices of objection to tax or tax assessments and reassessments;

(3) executive search services;

(4) personal financial planning services.

45. A member who charges a contingent fee shall have agreed with the client in writing to the basis for determining the fee before the start of the contract.

Even when the member has agreed on a contingent fee, if the nature of the contract changes while it is being carried out, the member shall reassess whether the conditions set out in sections 41 and 42 are still met and, where appropriate, make the necessary changes.

46. A member shall respect the right of his client, or of a representative of his client authorized to that effect, to take cognizance and obtain copy of any documents concerning the client in any file developed in connection with him in the performance of a contract. Particularly, a member shall, on request, hand to his client, or to a representative of his client authorized to that effect, copy of any documents which are part of the accounting records of his client.

47. A member shall handle with reasonable care any property entrusted to him by a client or employer.

48. A member is bound by professional secrecy and may not disclose confidential information revealed to him by reason of his profession, unless he is authorized to do so by the person who confided such information to him or by an express provision of law.

49. A member shall not make use of confidential information in a manner which may be prejudicial to a client or employer or with a view to obtaining directly or indirectly a benefit for himself or for another person.

DIVISION III AVAILABILITY AND DILIGENCE

50. In the practice of his profession, a member shall display reasonable availability and diligence.

51. A member shall report to his client or employer when the client or employer so requests.

52. Unless for good and sufficient reason, a member may not cease to act on behalf of a client. The following shall, in particular, constitute good and sufficient reasons:

(1) loss of the client's confidence;

(2) the fact that the member is placed in a conflict of interest situation or in circumstances where his professional independence could be questioned;

(3) inducement by the client to perform illegal, unjust or fraudulent acts.

53. Before ceasing to act on behalf of a client, a member shall give such client reasonable advance notice of withdrawal and shall make sure that such withdrawal will not prejudice the client.

DIVISION IV SETTING AND PAYMENT OF FEES

54. A member shall charge just and reasonable fees. In determining his fees, he shall in particular take the following factors into account:

(1) the time devoted to the performance of the professional service;

(2) the difficulty and importance of such service;

(3) the performance of unusual services or of services requiring exceptional competence or celerity;

(4) his experience and expertise;

(5) the importance of the responsibility assumed.

55. A member shall provide a client with all the explanations necessary to understand his account for fees and shall, in particular, ensure that the account is broken down so that the professional services performed can be identified.

56. A member shall not require full advance payment for his services.

57. A member shall make sure that his client is informed of the approximate and foreseeable cost of his services. A member shall inform his client without undue delay if he expects to exceed the approximate cost.

58. A member shall avoid setting his fees without obtaining all important information allowing him to establish such fees.

59. Where a member carries on his professional activities within a joint stock company, the revenue generated by the member while rendering professional services within and on behalf of the company belongs to the company, unless agreed to otherwise.

In such a case, the setting, billing and payment of fees are subject to the conditions set out in sections 54 to 58 and the member remains personally responsible for their application.

CHAPTER III DUTIES AND OBLIGATIONS TOWARDS THE PROFESSION

60. A member shall cooperate with the Ordre or any person appointed to assist it and reply without undue delay to any letter from the Ordre or such person.

61. A member shall ensure that the information he provides to the Ordre is accurate.

62. Before opening any new place of business for the practice of the profession, a member shall notify the Ordre in writing and indicate the address of such office and the names of the members who will practise there.

A member shall notify the Secretary of the Ordre of any change with respect to his status as a member, his home, work or electronic address or his relevant telephone numbers.

A post office box is not considered to be an address for the purposes of this section.

CHAPTER IV DUTIES AND OBLIGATIONS TOWARDS PROFESSIONAL COLLEAGUES

63. Before accepting an engagement contemplated in subsection 2 of the third paragraph of section 1 or a compilation engagement where he is replacing another accountant, a member shall first communicate with such accountant and enquire whether there are any circumstances he should take into account which might influence his decision to accept or refuse the engagement.

64. Pursuant to section 63, if the accountant being replaced is another member, the latter shall respond on a timely basis to the requests of the member communicating with him.

65. A member who accepts a contract in public accounting or another function jointly with another member who practises within another partnership or company shall be solidarily liable for the entire contract; no member shall proceed in any matter relating to such contract without due notice to the other member.

66. When not limited or restricted in writing by the terms of his contract, a member engaged in the practice of public accounting shall, before commencing an engagement contemplated under subsection 2 of the third paragraph of section 1 for a client who has mandated another accountant to perform an assurance or compilation engagement, first notify the other accountant of his engagement.

67. A member shall not damage the reputation of the profession or of another member of the Ordre or of a member of the Canadian Institute of Chartered Accountants by denigrating the competence, knowledge or services of such members. In particular, a member shall not be guilty of breach of trust or disloyal practices towards such members.

68. A member acting as a training employer shall inform without delay any candidate for the practice of the profession who is serving a professional training period in accordance with the Regulation respecting the terms and conditions for the issue of a permit of the Ordre des comptables agréés du Québec approved by decree No. 679-93 dated May 12, 1993, when he is no longer approved as a training employer or when his partnership or company or, if such partnership or company has several offices, when the office within which the member practises his profession, is no longer approved as a training employer.

CHAPTER V PROVISIONS RESPECTING ADVERTISING

69. A member may not advertise, or have advertised, in any manner whatsoever, material that is false, misleading or incomplete, or that is derogatory to the honour or dignity of the profession.

70. A member may not, in his advertisements or in advertisements of the partnership or company within which he practises, confer upon himself or have conferred specific qualities or skills, in particular with respect to his level of competence or the extent or effectiveness of his services, unless they can be supported.

71. A member may not, in his advertisements, compare the quality of his services with that of services offered by other members.

72. A member who advertises the cost of his services shall provide such explanations and information that are necessary to appropriately inform a person with no specific knowledge of the field of practice about the professional services being offered and the cost of such services. The member shall in particular indicate whether additional services may be required that are not included in the cost.

All costs for services shall remain in effect for a reasonable period of time after they were last issued or published.

73. A member may not allow the partnership or company within which he practises to advertise assurance services or imply that it is a partnership or company of chartered accountants unless such partnership or company complies with the requirements set out in the Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint stock company and section 9 of this Regulation.

74. A member shall keep a complete copy of all advertising material in its original form for a period of 12 months following its last issue or publication. Upon request, this copy shall be handed over to the Syndic or Assistant Syndic, the Professional Inspection Committee or an inspector.

CHAPTER VI ORDRE GRAPHIC SYMBOL

75. The Ordre des comptables agréés du Québec is represented by a graphic symbol, which is an official mark of the Canadian Institute of Chartered Accountants.

A member may use the Ordre graphic symbol in advertisements, provided the symbol does not imply that the advertisements originate from the Ordre des comptables agréés du Québec or the Canadian Institute of Chartered Accountants.

A member may not allow a partnership or company that does not comply with the requirements of the Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint stock company to use the Ordre's graphic symbol.

CHAPTER VII FIRM NAME

76. A member shall not carry on his profession within a partnership or company under a firm name or any other designation which is misleading, derogatory to the honour or dignity of the profession or is a numbered name.

A member may consult an advisor designated for this purpose by the Ordre to determine whether the use of a name or designation is in keeping with the honour or dignity of the profession.

CHAPTER VIII FINAL PROVISIONS

77. This Regulation replaces the Code of Ethics of Chartered Accountants (R.R.Q., 1981, c. C-48, r.2) and the Chartered Accountants (Advertising) Regulation approved by decree No. 2408-84 dated October 31, 1984.

78. This Regulation comes into force on the fifteenth day following its publication in the *Gazette officielle du Québec*.

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Draft Regulations

Draft Regulation

Professional Code
(R.S.Q., c. C-26)

Advocates

— Practice of the profession within a partnership or company and in a multidisciplinary firm

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), that the General Council of the Barreau du Québec has adopted the Regulation respecting the practice of the profession of advocate within a partnership or company and in a multidisciplinary firm.

This regulation, the text whereof is reproduced herein below, will be examined by the Office des professions du Québec in accordance with section 95 of the Professional Code. Thereafter, it will be submitted, with the recommendation of the Office, to the Government which may approve it with or without amendment, upon the expiry of a period of 45 days following the present publication.

The purpose of the regulation is to establish the terms, conditions and restrictions under which members of the order may practise their profession within a limited liability partnership or joint-stock company. The regulation also authorizes a member of the order to engage in his professional activities in association with other professionals, under the conditions set forth in the regulation.

The regulation contains specific provisions regarding the administration of the partnership or company and who may hold its shares.

In accordance with Chapter VI.3 of the Professional Code, provisions will be introduced so that the partnership or company in which the member of the order works will hold security against the liability the partnership or company may incur by reason of the fault or negligence of the members in the practice of their profession within the partnership or company.

The regulation has no impact upon businesses.

Additional information may be obtained by contacting M^e Dominique Launay, lawyer, Service de recherche et de législation, Barreau du Québec, 445, boulevard Saint-Laurent, Montréal (Québec) H2Y 3T8, telephone: (514) 954-3400, poste 3145, e-mail: dlaunay@barreau.qc.ca

All interested persons wishing to provide comments are requested to send such comments, prior to the expiry of the 45-day deadline, to the chairman of the Office des professions du Québec, 800, place D'Youville, 10^e étage, Québec (Québec) G1R 5Z3. These comments will be forwarded by the Office to the minister responsible for the administration of legislation respecting the professions; they may also be forwarded to the professional order having adopted the regulation as well as to interested persons, departments or bodies.

JEAN-K. SAMSON,
*Chairman of the Office
des professions du Québec*

Regulation respecting the practice of the profession of advocate within a partnership or company and in a multidisciplinary firm

Professional Code
(R.S.Q., c. C-26, s. 93, par. g and h and s. 94, par. p)

DIVISION I GENERAL PROVISIONS

1. A member of the Barreau du Québec may, subject to the terms, conditions and restrictions established in this Regulation, practise his profession within a joint-stock company or a limited liability partnership within the meaning of Chapter VI.3 of the Professional Code (R.S.Q., c. C-26).

The partnership or company shall be constituted for the purpose of having a member of the Barreau du Québec offer and provide his services alone or with other persons who are governed by the Professional Code or with a person listed in Schedule A.

If any term, condition or restriction provided for in this Regulation is no longer satisfied, the member shall, within 15 days after he has been notified of the non-compliance, take the necessary measures to comply with this Regulation, failing which the member shall no longer be authorized to practise his profession within that partnership or company.

2. A member may practise his profession within a joint-stock company if the following terms, conditions and restrictions are satisfied:

(a) the company must be constituted for the purpose of offering and providing professional services governed by the Professional Code (R.S.Q., c. C-26) or services rendered by one of the persons listed in Schedule A;

(b) the name shall include the words “authorized professional company” or the abbreviation “A.P.C.”; and

(c) a member of the Barreau du Québec or of a professional order or a person listed in Schedule A who has been struck off the roll for a period of more than 3 months may not, during that period, directly or indirectly hold any voting shares of the said company;

Such member or person may not, during the period of striking off the roll, be a director, officer or representative of the company.

3. A member of the Barreau du Québec may practise his profession within a partnership or company contemplated in section 1 of this Regulation which is constituted under any Act other than an Act of Québec if the following conditions are met:

(a) the State in which the partnership or company was constituted authorizes the practice of the profession within a limited liability vehicle or a joint-stock company, as the case may be;

(b) the partnership or company has an establishment in Québec; and

(c) as regards professional services rendered in Québec, the terms and conditions provided for in this Regulation shall apply mutatis mutandis to a member who wishes to practise his profession within such a partnership or company.

4. A member of the Barreau du Québec may practise his profession within a company or partnership contemplated in section 1 of this Regulation provided that the undertaking of the limited liability partnership or the joint-stock company prescribed by Schedule B with respect to that member is received by the executive director of the Barreau du Québec before the member begins to practise his profession. Receipt of the undertaking shall serve in lieu of the declaration under section 187.11 of the Professional Code.

Any amendment to the content of the undertaking of the limited liability partnership or the joint-stock company, or to any of the documents filed in support thereof, shall be sent to the executive director of the Barreau du Québec within 15 days following the date on which the amendment takes place.

5. A member of the Barreau du Québec may practise his profession within a limited liability partnership or joint-stock company if the following conditions are met:

(1) at all times, more than 50% of the voting rights attaching to the company or partnership shares are held:

(a) by members of the Barreau du Québec, by persons governed by the Professional Code or by persons listed in Schedule A;

(b) by legal persons, trusts or any other firm whose voting rights or shares are held entirely by one or more of the persons referred to in subparagraph *a*;

(c) at the same time by persons referred to in subparagraphs *a* and *b*;

(2) the majority of the directors sitting on the board of directors of the joint-stock company or the majority of the partners or directors of the limited liability partnership are persons referred to in subparagraph *a* of paragraph 1 of this section;

(3) quorum at meetings of the directors of a company or partnership contemplated in section 1 of this Regulation shall require attendance by a majority of members who are persons referred to in subparagraph *a* of paragraph (1) of this section;

(4) the conditions set forth in this article shall be set forth in the articles of the joint-stock company or in the partnership agreement of the limited liability partnership; and

(5) the member has paid the fees fixed by resolution of the General Council.

6. A member who is a partner, shareholder, officer, director or employee of a partnership or company contemplated in section 1 of this Regulation shall continue to be bound by the obligations arising from the Professional Code, the Act respecting the Barreau du Québec and the regulations made under the said Code or Act.

7. The name of a partnership or company contemplated in section 1 of this Regulation shall include only the names of members of a professional order governed by the Professional Code, persons listed in Schedule A, or retired or deceased members who practised their profession or carried on their activities within the partnership or company.

DIVISION II REPRESENTATIVE

8. If a member practises his profession within a partnership or company contemplated in section 1 of this Regulation, the partnership or company shall designate at least one representative to the Barreau du Québec and at most two or, if applicable, one replacement, from among its partners, shareholders, directors and officers.

The representative or the replacement, as the case may be, shall be a member of the Barreau du Québec and practise his profession within the partnership or company.

9. The representative shall be mandated by the partnership or company to provide information and documents and to reply to requests made to the partnership or company by the syndic, an inspector, an investigator or another representative of the Barreau du Québec.

The representative shall also be mandated to receive all correspondence from the Barreau du Québec, including every notice of non-compliance addressed to the partnership or company or to a member.

DIVISION III PUBLICITY AND ADVERTISING

10. Members of a general partnership continued as a limited liability partnership shall, within 15 days following the continuation, publish a notice to that effect in a newspaper circulated in the localities in which they have a place of business.

Such notice shall specify the change of status of the partnership and explain in general terms the effect of such change on the liability of the partners.

11. Only a partnership or company which offers only services which are the exclusive prerogative of an advocate or a law firm may advertise itself by using only the titles reserved under section 136 of the Act respecting the Barreau du Québec (R.S.Q., c. B-1).

DIVISION IV TRANSITIONAL AND FINAL PROVISION

12. This Regulation shall come into force on the fifteenth day following its publication in the *Gazette officielle du Québec*.

SCHEDULE A

- Member in good standing of the Chambre de l'assurance de dommages;
- Member in good standing of the Chambre de la sécurité financière;
- Member in good standing of a law society constituted outside Québec;
- Patent agent registered with the Commissioner of Patents under the Patent Act;
- Trade-mark agent registered with the Registrar of Trade-marks under the Trade-marks Act;
- Member in good standing of the Canadian Institute of Actuaries.

SCHEDULE B

UNDERTAKING OF THE LIMITED LIABILITY PARTNERSHIP OR THE JOINT-STOCK COMPANY

The partnership or company _____ (name and other registration details), having its head office at _____ and represented by _____ (officer or director), its _____, duly authorized,

hereinafter referred to as the "Firm",

pursuant to the Regulation respecting the practice of the profession of advocate within a partnership or company and in a multidisciplinary firm, hereby gives notice to:

the Ordre professionnel des avocats, the Barreau du Québec, a legal person established in the public interest and having its head office at 445, boulevard Saint-Laurent, Montréal, H2Y 3T8, herein represented by its executive director,

hereinafter referred to as the "Bar",

of the following facts and undertakings as regards the practice by members of the Bar of the profession of advocate in a partnership or company contemplated in section 1 of the Regulation.

1. The business of the Firm consists in offering and rendering services to the public, which services constitute the practice of the profession of advocate and, in this regard, the members of the Barreau du Québec named hereinafter practise their profession within the Firm:

M^e _____ member no.:

M^e _____ member no.:

2. The business of the Firm also includes activities constituting the practice of professional activities by persons governed by the Professional Code or persons listed in Schedule A of the Regulation. These persons are the following individuals or members of the following orders:

Name and professional activities:

3. The Firm hereby confirms to the Bar that it has undertaken in favour of each advocate practising his profession within the Firm to provide him with a working environment allowing him to comply with the rules of law applicable to the practice of his profession, particularly as regards the following:

a. attorney-client privilege, the confidentiality of information contained in client files and the preservation thereof;

b. professional independence;

c. the prevention of situations of conflict of interests;

d. the acts reserved for advocates under the law;

e. liability insurance;

f. professional inspection;

g. advertising;

h. billing and trust accounts; and;

i. access by the syndic of the Barreau du Québec to this Undertaking and, if applicable, to every contract or agreement regarding an advocate.

4. The Firm shall cause its shareholders who have the right to vote in the Firm, its partners, its directors and its officers as well as members of its personnel who are not members of the Bar to take cognizance of, and comply with, the Guide to Professional Conduct.

5. The Firm undertakes as follows in favour of the Bar:

(1) it shall ensure that the advocates who practise their profession within the Firm have a working environment allowing them to comply with the rules of law applicable to the practice of their profession;

(2) it shall refrain from taking any steps preventing an advocate from complying with a law or regulation respecting the practice of a profession or leading an advocate to violate such law or regulation;

(3) it shall inform the executive director of the Barreau in writing within fifteen (15) days after any of the following changes takes place:

– the addition of a new advocate to the Firm; or;
– the addition of a person or a member of an order not specifically mentioned in section 2;

(4) it shall inform all persons who form part of the Firm, other than the advocates practising their profession within the Firm, of the nature and scope of the obligations imposed upon it by reason of the undertakings entered into with the advocates or pursuant to this Undertaking;

(5) in the case of a joint-stock company, it shall cause and ensure that the persons who form part of the Firm and who are its shareholders, directors or officers abide by the same undertakings towards the Bar as those assumed by the Firm and it shall inform the Bar of the measures taken in this regard within thirty (30) days following a request to that effect from the Bar;

(6) it shall make available to the syndic of the Bar, if applicable, any information or document (including a copy of the share register, the register of shareholders, the register of directors, every shareholders' agreement, every contract or agreement between the Firm and any other partnership, company or individual concerning the practice of the profession and every contract or agreement between a member and the Firm) that the syndic considers relevant for purposes of carrying out an investigation, and it shall do the same for the authorized representative of the Bar within the context of a professional inspection;

(7) it shall provide the following information:

(*a.*) the name of the Firm and all other names used in Québec by the Firm as well as the registration number issued by the Inspector General of Financial Institutions;

(*b.*) the juridical form of the Firm and, if applicable, the date on which the general partnership was continued as a limited liability partnership;

(c) the address of the head office of the Firm and its establishments;

(d) the name and residential address of each person listed hereinbelow, the professional order to which he belongs or the name of the organization to which he belongs, and his member or licence number:

a. every director or officer of the Firm, if the Firm is a joint-stock company;

b. every partner of the Firm who is a member of the Barreau du Québec or a professional order governed by the Professional Code or who is a person listed in Schedule A, if the Firm is a limited liability partnership; and

c. every shareholder having the right to vote in the Firm, if the Firm is a joint-stock company;

(8) it shall provide the following documents:

(a) a certificate issued by the authority under which the Firm was constituted evidencing that the Firm exists;

(b) if applicable, a certified true copy of the declaration required under the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons stating that the general partnership was continued as a limited liability partnership; and

(c) written confirmation attesting that, at all times, more than 50% of the voting rights attaching to the shares of the Firm are held (1) by members of Barreau du Québec, by persons governed by the Professional Code or by persons listed in Schedule A; (2) by legal persons, trusts or any other firm whose voting rights or units are held entirely by one or more of the persons referred to in clause (1) of this paragraph; or (3) at the same time by persons referred to in clauses (1) and (2) of this paragraph;

(9) it shall pay the fees fixed by resolution of the General Council.

The Firm agrees that upon a breach of the undertakings so given in favour of the Bar, the Bar may, in addition to common law remedies, take appropriate remedial measures to ensure the protection of the public, as the circumstances require, including, without limitation, suspending or terminating the effect of this notice with respect to any advocate mentioned in section 1 and publishing an announcement warning the public as regards services which are rendered within the Firm and constitute the practice of the profession of advocate.

6. In accordance with section 8 of the Regulation, the Firm mandates the following person(s) to act as its representative:

M^e _____

Member no.: _____

The Firm mandates the following person to act as the replacement of the representative:

Me _____

Member no.: _____

The Firm is giving these undertakings in order to facilitate the fulfillment by the Barreau du Québec of its mission to protect the public with respect to advocates practising their profession within the business operated by the Firm. It recognizes the legal capacity of the Barreau du Québec to enter into a contract with it as evidenced in this duly given and accepted notice and it renounces the right to contest the validity of any provision of this contract before the courts.

Signed in _____, on the _____ day of _____, 20 _____.

Name of the Firm

Per: (name and title
of the representative)

Witness

5569

Draft Regulation

Professional Code
(R.S.Q., c. C-26; 2001, c. 78)

Bailiffs

— Code of ethics

— Amendment

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), that the Regulation to amend the Code of ethics of bailiffs, made by the Bureau of the Chambre des huissiers de justice du Québec, may be submitted to the Government for approval, with or without amendment, upon the expiry of 45 days following this publication.

The purpose of the Regulation is to amend the Code of ethics of bailiffs to introduce provisions stating the terms and conditions according to which a professional may communicate information that is protected by professional secrecy so as to prevent an act of violence.

These provisions are required by the Act to amend various legislative provisions as regards the disclosure of confidential information to protect individuals (2001, c. 78). That Act permits the lifting of professional secrecy to prevent an act of violence, including a suicide, where the professional has grounds to believe that there is an imminent danger of death or serious bodily injury to a person or an identifiable group of persons. However, the communication must be limited to such information as is necessary to achieve the purposes for which the information is communicated, and the information may only be communicated to a person exposed to the danger, to that person's representative, or to the persons who can come to that person's aid.

The Order expects the proposed amendments to have no impact on businesses, including small and medium-sized businesses.

Further information may be obtained by contacting Ronald Dubé, Secretary and Director General of the Chambre des huissiers de justice du Québec, 1100, boulevard Crémazie Est, bureau 215, Montréal (Québec) H2P 2X2; telephone: (514) 721-1100; fax: (514) 721-7878.

Any person having comments to make is asked to send them in writing, before the expiry of the 45-day period, to the Chair of the Office des professions du Québec, 800, place D'Youville, 10^e étage, Québec (Québec) G1R 5Z3. Comments will be forwarded by the Office to the Minister responsible for the administration of legislation respecting the professions; they may also be communicated to the professional order that made the Regulation, as well as to the interested persons, departments and bodies.

JEAN-K. SAMSON,
Chair of the Office
des professions du Québec

Regulation to amend the Code of ethics of bailiffs*

Professional Code
(R.S.Q., c. C-26, s. 87; 2001, c. 78, s. 6)

1. The Code of ethics of bailiffs is amended by inserting the following section after section 23:

“**23.1.** A bailiff who, pursuant to the third paragraph of section 60.4 of the Professional Code, communicates information that is protected by professional secrecy to prevent an act of violence must

(1) communicate immediately the information that becomes known to the bailiff to the person exposed to the danger or that person's representative, or to the persons who can come to that person's aid;

(2) record the particulars regarding the communication of the information protected by professional secrecy in a file created for that purpose, notably:

(a) the date, time and mode of communication of the information;

(b) the reasons supporting the decision to communicate the information, including the name of the person who caused the bailiff to communicate the information; and

(c) the nature of the communication, including the name of the person or persons to whom the information was given; and

(3) send the syndic, as soon as possible, a notice regarding the communication that includes the particulars identified in paragraph 2.”.

2. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

5577

* The Code of ethics of bailiffs, approved by Order in Council 550-2002 dated 7 May 2002 (2002, G.O. 2, 2504), has not been amended since its approval.

Draft Regulation

Professional Code
(R.S.Q., c. C-26; 2001, c. 78)

Dietitians

— Code of ethics

— Amendment

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), that the Regulation to amend the Code of ethics of dietitians, made by the Bureau of the Ordre professionnel des diététistes du Québec, may be submitted to the Government for approval, with or without amendment, upon the expiry of 45 days following this publication.

The purpose of the Regulation is to amend the Code of ethics of dietitians to introduce provisions stating the terms and conditions according to which a professional may communicate information that is protected by professional secrecy so as to prevent an act of violence.

These provisions are required by the Act to amend various legislative provisions as regards the disclosure of confidential information to protect individuals (2001, c. 78). That Act permits the lifting of professional secrecy to prevent an act of violence, including a suicide, where the professional has grounds to believe that there is an imminent danger of death or serious bodily injury to a person or an identifiable group of persons. However, the communication must be limited to such information as is necessary to achieve the purposes for which the information is communicated, and the information may only be communicated to a person exposed to the danger, to that person's representative, or to the persons who can come to that person's aid.

The Order expects the proposed amendments to have no impact on businesses, including small and medium-sized businesses.

Further information may be obtained by contacting Jean-Philippe Legault, Director General of the Ordre professionnel des diététistes du Québec, 1425, boulevard René-Lévesque Ouest, bureau 703, Montréal (Québec) H3G 1T7; telephone: (514) 393-3733 or 1 888 393-8528; fax: (514) 393-3582.

Any interested person having comments to make is asked to send them in writing, before the expiry of the 45-day period, to the Chair of the Office des professions du Québec, 800, place D'Youville, 10^e étage, Québec (Québec) G1R 5Z3. Comments will be forwarded by the

Office to the Minister responsible for the administration of legislation respecting the professions; they may also be communicated to the professional order that made the Regulation, as well as to the interested persons, departments and bodies.

JEAN-K. SAMSON,
*Chair of the Office
des professions du Québec*

Regulation to amend the Code of ethics of dietitians*

Professional Code
(R.S.Q., c. C-26, s. 87; 2001, c. 78, s. 6)

1. The Code of ethics of dietitians is amended by inserting the following subdivision after subdivision 6 of Division II:

“**§6.1.** *Lifting of professional secrecy to protect individuals*

29.1. In addition to the cases provided for in section 25, a dietitian may communicate information that is protected by professional secrecy to prevent an act of violence, including a suicide, where the dietitian has reasonable cause to believe that there is an imminent danger of death or serious bodily injury to a person or an identifiable group of persons.

However, the dietitian may only communicate the information to a person exposed to the danger, to that person's representative or to the persons who can come to that person's aid.

The dietitian may only communicate such information as is necessary to achieve the purposes for which the information is communicated, including the name of the person in danger and the name of the person who made the threat, and their contact information, as well as the nature of the threat.

If it is necessary in the best interests of the person or persons exposed to the danger, the dietitian shall consult another member of the order, a member of another professional order, or any other qualified person, provided the consultation will not prejudicially delay the communication of the information.

* The Code of ethics of dietitians, approved by Order in Council 48-94 dated 10 January 1994 (1994, G.O. 2, 668), has been amended once, by the Regulation approved by Order in Council 450-99 dated 21 April 1999 (1999, G.O. 2, 1104).

29.2. A dietitian who, pursuant to section 29.1, communicates information protected by professional secrecy to prevent an act of violence must

- (1) communicate the information immediately;
- (2) if the information is communicated orally, confirm the information in writing to the person to whom the information is given;
- (3) enter the following particulars in the client's record as soon as possible:
 - (a) the reasons supporting the decision to communicate the information, including the name of the person who caused the dietitian to communicate the information and the name of the person or group of persons exposed to a danger; and
 - (b) the content of the communication, the mode of communication, and the name of the person to whom the information was given; and
- (4) as soon as possible, send the syndic a notice regarding the communication that includes the reasons supporting the decision to communicate the information and the date and time it was communicated.”.

2. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

5576

Draft Regulation

Professional Code
(R.S.Q., c. C-26; 2001, c. 78)

Certified human resources professionals and industrial relations counsellors — Code of ethics — Amendments

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), that the Regulation to amend the Code of ethics of the members of the Ordre des conseillers en relations industrielles du Québec, made by the Bureau of the Ordre des conseillers en ressources humaines et en relations industrielles agréés du Québec, may be submitted to the Government for approval, with or without amendment, upon the expiry of 45 days following this publication.

The purpose of the Regulation is to amend the Code of ethics of the members of the Ordre des conseillers en relations industrielles du Québec to introduce provisions stating the terms and conditions according to which a professional may communicate information that is protected by professional secrecy so as to prevent an act of violence.

These provisions are required by the Act to amend various legislative provisions as regards the disclosure of confidential information to protect individuals (2001, c. 78). That Act permits the lifting of professional secrecy to prevent an act of violence, including a suicide, where the professional has grounds to believe that there is an imminent danger of death or serious bodily injury to a person or an identifiable group of persons. However, the communication must be limited to such information as is necessary to achieve the purposes for which the information is communicated, and the information may only be communicated to a person exposed to the danger, to that person's representative, or to the persons who can come to that person's aid.

The Order expects the proposed amendments to have no impact on businesses, including small and medium-sized businesses.

Further information may be obtained by contacting Florent Francoeur, Secretary and Director General of the Ordre des conseillers en ressources humaines et en relations industrielles agréés du Québec, 1200, avenue McGill College, bureau 1400, Montréal (Québec) H3B 4G7; telephone: (514) 879-1636; fax: (514) 879-1722.

Any person having comments to make is asked to send them in writing, before the expiry of the 45-day period, to the Chair of the Office des professions du Québec, 800, place D'Youville, 10^e étage, Québec (Québec) G1R 5Z3. Comments will be forwarded by the Office to the Minister responsible for the administration of legislation respecting the professions; they may also be communicated to the professional order that made the Regulation, as well as to the interested persons, departments and bodies.

JEAN-K. SAMSON,
*Chair of the Office
des professions du Québec*

Regulation to amend the Code of ethics for members of the Ordre des conseillers en relations industrielles du Québec*

Code des professions
(R.S.Q., c. C-26, a. 87; 2001, c. 78, a. 6)

1. The title of the code of ethics for members of the Ordre des conseillers en relations industrielles du Québec is replaced by the following:

“Code of Ethics for Members of the Ordre des conseillers en ressources humaines et en relations industrielles agréés du Québec”

2. The regulation is amended with the addition of the following section after section IX:

“SECTION IX.1 COMMUNICATION OF INFORMATION PROTECTED BY PROFESSIONAL SECRECY IN ORDER TO PROTECT PERSONS

51.1 A member who communicates information protected by professional secrecy in order to protect persons, pursuant to the third paragraph of section 60.4 of the Professional Code, shall:

1° promptly notify the person or persons exposed to a danger, or their representative, or persons who may come to their aid;

2° record the following information, in writing, in the client’s file:

(a) reasons to support the decision to communicate information, including the identity and contact information of the person who necessitated the communication;

(b) nature of the information communicated, including the identity and contact information of the person or persons to whom the information was communicated, specifying, as the case may be, whether it is the person or persons exposed to the danger, or their representative, or persons who may come to their aid.”

3. This regulation shall come into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

5579

Draft Regulation

Professional Code
(R.S.Q., c. C-26)

Psychologists — Code of ethics — Amendment

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), that the Regulation to amend the Code of ethics of psychologists, made by the Bureau of the Ordre des psychologues du Québec, may be submitted to the Government for approval, with or without amendment, upon the expiry of 45 days following this publication.

The purpose of the Regulation is to amend the Code of ethics of psychologists to introduce provisions stating the terms and conditions according to which a professional may communicate information that is protected by professional secrecy so as to prevent an act of violence.

These provisions are required by the Act to amend various legislative provisions as regards the disclosure of confidential information to protect individuals (2001, c. 78). That Act permits the lifting of professional secrecy to prevent an act of violence, including a suicide, where the professional has grounds to believe that there is an imminent danger of death or serious bodily injury to a person or an identifiable group of persons. However, the communication must be limited to such information as is necessary to achieve the purposes for which the information is communicated, and the information may only be communicated to a person exposed to the danger, to that person’s representative or to the persons who can come to that person’s aid.

The Order expects the proposed amendments to have no impact on businesses, including small and medium-sized businesses.

Further information may be obtained by contacting Henri Martin-Laval, acting Secretary General of the Ordre des psychologues du Québec, 1100, avenue Beaumont, bureau 510, Montréal (Québec) H3P 3H5; telephone: (514) 738-1881 or 1 800 363-2644; fax: (514) 738-8838.

* The Code of Ethics of the Ordre des conseillers en relations industrielles du Québec, approved by decree No. 381-98 of March 25, 1998 (1998, *G.O.* 2, 1906), has not been amended since its approval.

Any interested person having comments to make is asked to send them in writing, before the expiry of the 45-day period, to the Chairman of the Office des professions du Québec, 800, place D'Youville, 10^e étage, Québec (Québec) G1R 5Z3. Comments will be forwarded by the Office to the Minister responsible for the administration of legislation respecting the professions; they may also be communicated to the professional order that made the Regulation, as well as to the interested persons, departments and bodies.

JEAN-K. SAMSON,
*Chairman of the Office
des professions du Québec*

Regulation to amend the Code of ethics of psychologists*

Professional Code
(R.S.Q., c. C-26, s. 87; 2001, c. 78, s. 6)

1. The Code of ethics of psychologists is amended by inserting the following sections after section 39:

“**39.1.** In addition to the cases provided for in section 39, a psychologist who judges that no other means at his or her disposal may prevent it may communicate information that is protected by professional secrecy to prevent an act of violence, including a suicide, where the psychologist has reasonable cause to believe that there is an imminent danger of death or serious bodily injury to a person or an identifiable group of persons.

However, the psychologist may only communicate the information to a person exposed to the danger, to that person's representative or to the persons who can come to that person's aid.

The psychologist may only communicate such information as is necessary to achieve the purposes for which the information is communicated.

39.2. A psychologist who, pursuant to section 39.1, communicates information protected by professional secrecy to prevent an act of violence must enter in the client's record the circumstances of the communication, the information that was communicated, and the name of the person or persons to whom the information was given.”.

* The Code de déontologie des psychologues, approved by Décret 3048-82 dated 20 December 1982 (1983, *G.O.* 2, 94), was replaced by the Code of ethics of psychologists by a decision dated 18 February 1983 (1983, *G.O.* 2, 1951) and has not been amended since.

2. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

5578

Draft Regulation

An Act respecting the Société des alcools du Québec (R.S.Q., c. S-13)

Duties and costs payable — Amendments

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), that the Regulation to amend the Regulation respecting the duties and costs payable under the Act respecting the Société des alcools du Québec, the text of which appears below, may be made by the Government upon the expiry of 45 days following this publication.

The purpose of the draft Regulation is to adapt the duties payable for a distiller's permit with respect to small agrotouristic companies that manufacture products requiring a distiller's permit and whose annual volume of worldwide sales is equal to or less than 3000 hectolitres.

To that end, the draft Regulation proposes to amend the Regulation respecting the duties and costs payable under the Act respecting the Société des alcools du Québec, so as to introduce new tariffing for holders of an industrial distiller's permit whose annual volume of worldwide sales is equal to or less than 3000 hectolitres. In such a case, the payable duties are reduced by half. It also prescribes, for a first application for a permit, the filing by an applicant of a declaration indicating the forecasted annual volume of worldwide sales of the applicant's products in hectolitres. Thereafter, in order to determine the annual duties, the draft Regulation prescribes the filing of an annual declaration indicating the actual annual volume of worldwide sales of the holder of a distiller's permit's products in hectolitres.

To date, study of the matter has revealed no impact on the public, businesses and small and medium-sized businesses.

Further information may be obtained by contacting

Luc Désautels, Secteur Fabricants, Régie des alcools, des courses et des jeux, 1, rue Notre-Dame Est, bureau 9.01, Montréal (Québec) H2Y 1B6, telephone: (514) 873-8763, fax: (514) 873-4850, e-mail: luc.desautels@racj.gouv.qc.ca

Any person having comments to make is asked to send them in writing, before the expiry of the 45-day period, to Jacques Normand, Secretary of the Régie des alcools, des courses et des jeux, 560, boulevard Charest Est, Québec (Québec) G1K 3J3.

PAULINE MAROIS,
Minister of Finance, the Economy and Research

SERGE MÉNARD,
Minister of Public Security

Regulation to amend the Regulation respecting the duties and costs payable under the Act respecting the Société des alcools du Québec*

An Act respecting the Société des alcools du Québec (R.S.Q., c. S-13, s. 30 and s. 37, pars. 9 and 10)

1. Section 1 of the Regulation respecting the duties and costs payable under the Act respecting the Société des alcools du Québec is amended

(1) by substituting the following for subparagraph 1 of the first paragraph:

“(1) for a distiller’s permit, for a first application for a permit or for the transfer of a permit,

(a) \$2790 where the forecasted annual volume of worldwide sales is equal to or less than 3000 hectolitres; or

(b) \$5580 where the forecasted annual volume of worldwide sales is greater than 3000 hectolitres;”;

(2) by inserting the following after the first paragraph:

“For the purposes of determining the duties prescribed in subparagraph 1 of the first paragraph, the applicant shall provide the Régie des alcools, des courses et des jeux with a declaration indicating, in hectolitres, the forecasted annual volume of the worldwide sales of the applicant’s products.

Those duties shall then be determined annually according to the permit holder’s actual volume of worldwide sales. To that end, the holder of a distiller’s permit shall, at least 90 days prior to the date on which the annual duties must be paid, send to the Régie a declaration indicating, in hectolitres, the actual annual volume of the worldwide sales of the applicant’s products. The declaration is optional where a distiller agrees to pay the maximum duties.”; and

(3) by striking out the word “sworn” in the second paragraph.

2. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

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* The Regulation respecting the duties and costs payable under the Act respecting the Société des alcools du Québec, made by Order in Council 343-96 dated 21 March 1996 (1996, *G.O.* 2, 1695), has not been amended since it was made.

Treasury Board

Gouvernement du Québec

T.B. 199279, 21 January 2003

An Act respecting the Pension Plan of Management Personnel (R.S.Q., c. R-12.1; 2002, c. 30)

Schedule I

— Amendment

Schedule I to the Act respecting the Pension Plan of Management Personnel

WHEREAS, under section 207 of the Act respecting the Pension Plan of Management Personnel (R.S.Q., c. R-12.1; 2002, c. 30, s. 153), the Government may, by order, amend Schedule I to the Act;

WHEREAS, under section 24.1 of the Act (2002, c. 30, s. 123), the Government may, by order, with respect to employment designated in that Schedule identify, according to sectors or classes of employers, the person who is authorized to confirm the non-unionizable classification of the employment;

WHEREAS it is expedient to amend the Schedule;

WHEREAS, under section 40 of the Public Administration Act (R.S.Q., c. A-6.01), the Conseil du trésor shall, after consulting the Minister of Finance, exercise the powers conferred on the Government by an Act that establishes a pension plan applicable to personnel of the public and parapublic sectors, with the exception of certain powers;

WHEREAS the Minister of Finance, the Economy and Research has been consulted;

THE CONSEIL DU TRÉSOR DECIDES :

THAT Schedule I to the Act respecting the Pension Plan of Management Personnel, attached hereto, replace the existing Schedule I.

ALAIN PARENTEAU,
Clerk of the Conseil du trésor

SCHEDULE I

(Section 1)

DIVISION I

NON-UNIONIZABLE EMPLOYMENT

1. In the public and parapublic sectors, the positions held by management or non-management personnel determined according to the classification plans established by the authorities designated for each of the public and parapublic sectors, if the positions are provided for in the relevant organization plan of an employer that is approved by the designated authority, and if they are confirmed in accordance with Division II.

In addition, the positions held by management or non-management personnel in the sector referred to in paragraph 2 of section 11 must be recognized in the conditions of employment established by the designated authority.

2. In the departments and bodies referred to in paragraph 1 of section 11, the following employment, if it is part of the authorized staffing level for regular positions, and if it is confirmed in accordance with Division II:

- (1) human resource management consultant;
- (2) Attorney General's prosecutor;
- (3) mediator and conciliator; and
- (4) labour commissioner.

3. The following employment, in the government bodies referred to in section 37 of the Public Administration Act (c. A-6.01) or in the bodies in which, under the law, the conditions of employment or the standards and scales of remuneration of the members of its personnel are determined by the Government, if the employment is confirmed in accordance with Division II:

- (1) positions similar to positions of management personnel appointed under the Public Service Act that are referred to in the first paragraph of section 1;
- (2) mediators of the Conseil des services essentiels if the position is provided for in the relevant organization plan; and

(3) human resource management consultants, if the employment is subject to the conditions of employment of management personnel within the body and if the position is provided for in the relevant organization plan.

4. For members of the staff of a Minister, of a person referred to in section 124.1 of the Act respecting the National Assembly (c. A-23.1) or of the other Members, the position of executive secretary and, where applicable, the position of assistant executive secretary where the conditions of employment provide that the latter benefits from the conditions of employment of senior management officers appointed under the Public Service Act, if the positions are confirmed in accordance with Division II.

5. In private institutions and for all other employers party to the plan, positions similar to positions of management or non-management personnel in the public and parapublic sectors, in relation to their respective sectors, that are referred to in the first paragraph of section 1 and paragraph 1 of section 2, if they are confirmed in accordance with Division II.

6. Any employment not referred to in sections 1 to 3 that is similar to the employment referred to in section 1 and is held by a person who belongs to a class of employees designated pursuant to section 23 of the Act.

7. Employment held by persons appointed by the Government if their conditions of employment provide that the plan applies to them.

DIVISION II CONFIRMATION OF NON-UNIONIZABLE EMPLOYMENT

8. The Secretariat of the Conseil du trésor confirms the non-unionizable classification of

(1) employment held in the departments and bodies referred to in paragraph 1 of section 11; and

(2) employment referred to in sections 3, 4, and 5 if, in the latter case, it is held with a labour union or association representing the management personnel.

9. The Ministère de l'Éducation confirms the non-unionizable classification of

(1) employment held with employers referred to in paragraph 2 of section 11; and

(2) employment held in institutions or with employers referred to in section 5, except those referred to in section 8, whose activities fall within the jurisdiction of the Minister of Education.

10. The Ministère de la Santé et des Services sociaux confirms the non-unionizable classification of

(1) employment held with employers referred to in paragraph 3 of section 11; and

(2) employment held in establishments or with employers referred to in section 5, except those referred to in section 8, whose activities fall within the jurisdiction of the Minister of Health and Social Services.

DIVISION III PUBLIC AND PARAPUBLIC SECTORS

11. For the purposes of this Schedule, the public and parapublic sectors are

(1) departments and bodies whose personnel is appointed under the Public Service Act (c. F-3.1.1);

(2) school boards within the meaning of the Education Act (c. I-13.3) or within the meaning of the Education Act for Cree, Inuit and Naskapi Native Persons (c. I-14) or colleges within the meaning of the General and Vocational Colleges Act (c. C-29); and

(3) regional boards and public institutions within the meaning of the Act respecting health services and social services (c. S-4.2), health and social services boards, and public institutions within the meaning of the Act respecting health services and social services for Cree Native persons (c. S-5).

12. This Schedule has effect from 1 July 2002.

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Gouvernement du Québec

T.B. 199280, 21 January 2003

An Act respecting the Pension Plan
of Management Personnel
(R.S.Q., c. R-12.1; 2002, c. 30)

Regulation — **Amendments**

Regulation to amend the Regulation under the Act
respecting the Pension Plan of Management Personnel

WHEREAS, under paragraph 2.1 of section 196 of the Act respecting the Pension Plan of Management Personnel (R.S.Q., c. R-12.1; 2002, c. 30, s. 149, par. 2), the Government may define, by regulation, for the purposes of subparagraph 8 of the first paragraph of section 3 of the Act, the fact of holding temporarily non-unionizable employment, with the corresponding classification;

WHEREAS, under section 196 of the Act, the Government makes the Regulation after the Commission administrative des régimes de retraite et d'assurances has consulted the Comité de retraite referred to in section 173.1 of the Act respecting the Government and Public Employees Retirement Plan (R.S.Q., c. R-10);

WHEREAS the Comité de retraite has been consulted;

WHEREAS the Conseil du trésor made the Regulation under the Act respecting the Pension Plan of Management Personnel by T.B. 197329 dated 27 November 2001;

WHEREAS it is expedient to amend the Regulation;

WHEREAS, under section 40 of the Public Administration Act (R.S.Q., c. A-6.01), the Conseil du trésor shall, after consulting the Minister of Finance, exercise the powers conferred on the Government by an Act that establishes a pension plan applicable to personnel of the public and parapublic sectors, with the exception of certain powers;

WHEREAS the Minister of Finance, the Economy and Research has been consulted;

WHEREAS it is expedient to make the Regulation to amend the Regulation under the Act respecting the Pension Plan of Management Personnel;

THE CONSEIL DU TRÉSOR DECIDES:

THAT the Regulation, attached hereto, be made.

ALAIN PARENTEAU,
Clerk of the Conseil du trésor

Regulation to amend the Regulation under the Act respecting the Pension Plan of Management Personnel*

An Act respecting the Pension Plan of Management Personnel (R.S.Q., c. R-12.1, s. 196, 1st par., subpar. 2; 2002, c. 30, s. 149, pars. 1 and 2)

1. Division I of the Regulation under the Act respecting the Pension Plan of Management Personnel is revoked.

2. This Regulation is amended by inserting the following division after the repealed Division I:

**“DIVISION I.1
PERSON TEMPORARILY HOLDING NON-
UNIONIZABLE EMPLOYMENT, WITH THE
CORRESPONDING CLASSIFICATION
(section 3, subpar. 8)**

1.1 For the purposes of subparagraph 8 of the first paragraph of section 3 of the Act, a person temporarily holds non-unionizable employment, with the corresponding classification, when the person holds it

(1) to fill a vacant position temporarily or on an interim basis;

(2) to lighten a heavy workload, or as a non-permanent or seasonal employee;

(3) to perform work of a casual or cyclical nature, or to carry out a specific mandate having a fixed term; or

(4) to replace an employee contemplated by the pension plan for management personnel, during that employee's absence.”.

3. This Regulation comes into force on the day it is made but it has effect from 1 July 2002.

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* The Regulation under the Act respecting the Pension Plan of Management Personnel, made by Decision 197329 dated 27 November 2001 of the Conseil du trésor (2001, G.O. 2, 6317), has not been amended.

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Abbreviations : **A**: Abrogated, **N**: New, **M**: Modified

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