

M.O., 2005-22**Order number V-1.1-2005-22 of the Minister of Finance dated 17 August 2005**

Securities Act
(R.S.Q., c. V-1.1; 2004, c. 37)

CONCERNING amendments to concordant regulations to Regulation 45-106 respecting prospectus and registration exemptions

WHEREAS the Securities Act (R.S.Q., c. V-1.1) has been amended by the chapter 37 of the statutes of 2004;

WHEREAS paragraphs 1 to 4, 6, 8, 9, 11, 14, 18.2, 19, 20 and 34 of section 331.1 and section 334 of the Securities Act stipulate that the Autorité des marchés financiers may make regulations concerning the matters referred to in those paragraphs and that a regulation made under this Act may confer a discretionary power on the Authority;

WHEREAS the third and fourth paragraphs of section 331.2 of the said Act stipulate that a draft regulation shall be published in the Bulletin of the Authority, accompanied with the notice required under section 10 of the Regulations Act (R.S.Q., c. R-18.1) and may not be submitted for approval or be made before 30 days have elapsed since its publication;

WHEREAS the first and fifth paragraphs of the said section stipulate that every regulation made under section 331.1 must be approved, with or without amendment, by the Minister of Finance and comes into force on the date of its publication in the *Gazette officielle du Québec* or any later date specified in the regulation;

WHEREAS sections 691 and 696 of chapter 45 of the statutes of 2002 stipulate, in particular, that sections 331.1 and 331.2 of the Securities Act are amended by replacing “Commission” wherever it appears by “Agency”, and making the necessary modifications;

WHEREAS sections 37 and 38 of chapter 37 of the statutes of 2004 stipulate, in particular, that sections 331.1 and 331.2 of the Securities Act are amended by replacing “Agency” wherever it appears by “Authority”;

WHEREAS the following regulations have been made by the Commission des valeurs mobilières du Québec:

— Policy statement Q-3, Options on April 8, 2003 by the decision No. 2003-C-0135;

— Regulation 13-101 respecting the system for electronic document analysis and retrieval (SEDAR) on June 12, 2001 by the decision No. 2001-C-0272;

— Policy statement 14-501Q on Definitions on April 3, 2003 by the decision No. 2003-C-0128;

— National instrument 32-101, Small securityholder selling and purchase arrangements on May 22, 2001 by the decision No. 2001-C-0196;

— Regulation 45-101 respecting rights offerings on June 12, 2001 by the decision No. 2001-C-0247;

— National instrument 62-101, Control block distribution issues on March 18, 2003 by the decision No. 2003-C-0108;

— Regulation 62-103 respecting the early warning system and related take-over bid and insider reporting issues on March 18, 2003 by the decision No. 2003-C-0109;

WHEREAS the government, by order-in-council No. 660-83 of March 30, 1983, enacted the Securities Regulation (1983, *G.O.* 2, 1269);

WHEREAS the following draft regulations were published in accordance with section 331.2 of Securities Act and made by the Autorité des marchés financiers:

— Regulation to amend the Securities Regulation published in the Supplement to the Bulletin concerning securities of the Autorité des marchés financiers, volume 2, No. 10 of March 11, 2005 and No. 27 of July 8, 2005, and made on August 15, 2005, by the decision No. 2005-PDG-0252;

— Regulation to amend Policy statement Q-3, Options published in the Supplement to the Bulletin concerning securities of the Autorité des marchés financiers, volume 2, No. 10 of June 11, 2005 and made on August 15, 2005, by the decision No. 2005-PDG-0259;

— Regulation to amend Regulation 13-101 respecting the system for electronic document analysis and retrieval (SEDAR) published in the Supplement to the Bulletin concerning securities of the Autorité des marchés financiers, volume 2, No. 10 of March 11, 2005 and made on August 15, 2005, by the decision No. 2005-PDG-0253;

— Regulation to amend Policy statement 14-501Q on Definitions published in the Supplement to the Bulletin concerning securities of the Autorité des marchés financiers, volume 2, No. 27 of July 8, 2005 and made on August 15, 2005, by the decision No. 2005-PDG-0254;

— Regulation to repeal National instrument 32-101, Small securityholder selling and purchase arrangements published in the Supplement to the Bulletin concerning securities of the Autorité des marchés financiers, volume 1, No. 46 of December 17, 2004 and made on August 15, 2005, by the decision No. 2005-PDG-0255;

— Regulation to amend Regulation 45-101 respecting rights offerings published in the Supplement to the Bulletin concerning securities of the Autorité des marchés financiers, volume 1, No. 46 of December 17, 2005 and made on August 15, 2005, by the decision No. 2005-PDG-0256;

— Regulation to repeal National instrument 62-101, Control block distribution issues published in the Supplement to the Bulletin concerning securities of the Autorité des marchés financiers, volume 1, No. 46 of December 17, 2005 and made on August 15, 2005, by the decision No. 2005-PDG-0257;

— Regulation to amend Regulation 62-103 respecting the early warning system and related take-over bid and insider reporting issues published in the Supplement to the Bulletin concerning securities of the Autorité des marchés financiers, volume 1, No. 46 of December 17, 2005 and made on August 15, 2005, by the decision No. 2005-PDG-0258;

WHEREAS there is cause to approve those regulations without amendment;

CONSEQUENTLY, the Minister of Finance approves without amendment the following regulations appended hereto:

— Regulation to amend the Securities Regulation;

— Regulation to amend Policy statement Q-3, Options;

— Regulation to amend Regulation 13-101 respecting the system for electronic document analysis and retrieval (SEDAR);

— Regulation to amend Policy statement 14-501Q on Definitions;

— Regulation to repeal National instrument 32-101, Small securityholder selling and purchase arrangements;

— Regulation to amend Regulation 45-101 respecting rights offerings;

— Regulation to repeal National instrument 62-101, Control block distribution issues;

— Regulation to amend Regulation 62-103 respecting the early warning system and related take-over bid and insider reporting issues.

August 17, 2005

MICHEL AUDET
Minister of Finance

Regulation to amend the Securities Regulation*

Securities Act

(R.S.Q., c. V-1.1, s. 331.1, subpars. 1 to 4, 6, 8, 9, 11, 14, 18.2, 19 and 20, and s. 334; 2004, c. 37)

1. The Securities Regulation is amended by inserting the following after section 3:

“**3.1.** For the purposes of paragraph 9 of the definition of “distribution” in section 5 of the Act, the determined portion that must be held by a person or group of persons is more than 20% of the voting securities and the determined portion that the person or group of persons must dispose of in accordance with the provisions determined by regulation is a single security.”.

2. Section 13 of the Regulation is amended by replacing the number “33” with the number “33.2”.

3. Sections 66 to 70.3 of the Regulation are repealed.

4. Section 94 of the Regulation is amended by deleting the words “or pursuant to the exemption provided by section 66”.

5. Sections 101, 102 and 104 to 114.4 of the Regulation are repealed.

6. The heading of Chapter I of Title III of the Regulation is replaced with the following:

* The Securities Regulation, enacted pursuant to Order-in-Council No. 660-83 dated March 30, 1983 (1983, *G.O.* 2, 1269), was last amended by the regulations approved by Ministerial Orders No. 2005-04 dated May 19, 2005 (2005, *G.O.* 2, 1496) and No. 2005-17 dated August 2, 2005 (2005, *G.O.* 2, 3523). For previous amendments, refer to the *Tableau des modifications et Index sommaire*, Éditeur officiel du Québec, 2005, updated to March 1, 2005.

“ISSUER DEEMED TO HAVE MADE A DISTRIBUTION OF SECURITIES TO THE PUBLIC

115.0.1. For the purposes of subparagraph 8 of the second paragraph of section 68 of the Act, an issuer may be designated by the Authority as deemed to have made a distribution of securities to the public where it has met any of the following criteria:

(1) The performance of the securities of a reporting issuer or of an issuer deemed to have made a distribution of securities to the public referred to in subparagraphs 1 to 7 of the second paragraph of section 68 of the Act arises from the performance of the securities of such person;

(2) This person's financial information is necessary for a decision to invest in the issuer;

(3) Its outstanding securities are listed on a stock exchange or on a published market and are held by at least 50 beneficial holders residing in Québec who hold at least 2% of all these securities.

Notwithstanding the first paragraph, the Authority may, at its discretion, decide to designate any other issuer where, in its opinion, such designation is necessary in the interest of investors.

CHAPTER I.1 PERIODICAL DISCLOSURE”.

7. The Regulation is amended by adding by adding the following after section 119:

“**119.01.** An issuer that has distributed securities under a prospectus exemption provided for under sections 47 or 48 of the Act as they read prior to their repeal is required to file with the Authority and send to every securityholder audited annual financial statements and unaudited semi-annual financial statements in the form and within the time limit determined by regulation.

The issuer must notify the Authority in writing of the sending of these financial statements and file, no later than one day following the date of sending, two copies of any document sent to the holders.”.

8. Sections 124 and 125 of the Regulation are repealed.

9. Section 140 of the Regulation is replaced with the following:

“**140.** An issuer of securities to which is attached a fiscal benefit is required to furnish holders the information that they will need to claim in their tax return this fiscal benefit.”.

10. The Regulation is amended by adding the following after section 194:

“**194.1.** Registration as a dealer is not required for the following:

(1) an issuer that limits its activities as a dealer to the distribution, under a prospectus exemption pursuant to section 41 of the Act, of securities of its own issue, provided that such distributions are only a secondary activity of the issuer;

(2) a bank or an authorized foreign bank listed in Schedule I, II or III to the Bank Act, the Caisse centrale Desjardins du Québec established under the Act respecting the Mouvement Desjardins (2000, c. 77), a financial services cooperative within the meaning of the Act respecting financial services cooperatives (R.S.Q., c. C-67.3) or a trust company licensed under the Act respecting trust companies and savings companies that limits its activities as a dealer to the distribution or sale of a promissory note payable in one year or less under the prospectus exemption referred to in paragraph 3 of section 41 of the Act.

194.2. Registration as an adviser is not required for a person that acts as an adviser only to accredited investors referred to in paragraph *a*, *b*, *c*, *d*, *f*, *g*, *i*, *p*, in subparagraph *i* of paragraph *q* or in paragraph *v* of the definition of “accredited investor” provided for in section 1.1 of Regulation 45-106 respecting Prospectus and Registration Exemptions approved by Ministerial Order No. 2005-20 dated August 12, 2005 and in respect of whom the exemption provided for in section 2.3 thereof applies.

The first paragraph does not apply to a person that carries on business in respect of a trust company or trust corporation registered or authorized to carry on business in a foreign jurisdiction referred to in paragraph *p* of the definition of “accredited investor” or in respect of a person registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a foreign jurisdiction referred to in subparagraph *i* of paragraph *q* of this definition.”.

11. Schedules VI, XVI and XVII to the Regulation are repealed.

12. This Regulation comes into force on September 14, 2005.

Regulation to amend Policy Statement Q-3, Options*

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, subpars. 3, 11 and 15;
2004, c. 37)

1. The heading of Title One and sections 1 to 2.2 of Policy Statement Q-3, Options are repealed.

2. Section 10 of the Policy Statement is amended by replacing the word “Commission” in the first paragraph with the words “Autorité des marchés financiers”.

3. This Regulation comes into force on September 14, 2005.

Regulation to amend Regulation 13-101 respecting the system for electronic document analysis and retrieval (SEDAR)**

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, subpars. 1, 2 and 11;
2004, c. 37)

1. Appendix A of Regulation 13-101 respecting the system for electronic document analysis and retrieval (SEDAR) is amended by deleting paragraph 2 in part II A c.

2. This Regulation comes into force on September 14, 2005.

* Policy Statement Q-3, Options, adopted on April 8, 2003 pursuant to decision No. 2003-C-0135 and published in the Supplement to the Bulletin of the Commission des valeurs mobilières du Québec, volume 34, No. 19, dated May 16, 2003, has not been amended since its adoption.

** The amendments to Regulation 13-101 respecting the system for electronic document analysis and retrieval (SEDAR), adopted on June 12, 2001 pursuant to decision No. 2001-C-0272 and published in the Supplement to the Bulletin of the Commission des valeurs mobilières du Québec, volume 32, No. 26, dated June 29, 2001, were made by the policy adopted on June 12, 2001 pursuant to decision No. 2001-C-0273 and published in the Supplement to the Bulletin of the Commission des valeurs mobilières du Québec, volume 32, No. 26, dated June 29, 2001 and the regulations approved by Ministerial Orders No. 2005-06 dated May 19, 2005 (2005, G.O. 2, 2368) and No. 2005-17 dated August 2, 2005 (2005, G.O. 2, 3523).

Regulation to amend Policy Statement 14-501Q on Definitions*

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, subpar. 34; 2004, c. 37)

1. The title of Policy Statement 14-501Q on Definitions is replaced with the following:

“Regulation 14-501Q respecting definitions”.

2. The Policy Statement is amended by adding the following after section 1:

1.1. A mutual fund within the meaning of a regulation made under the Act is an issuer whose primary purpose is to invest money provided by its securityholders and whose securities entitle the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets, including a separate fund or trust account, of the issuer.

1.2. In a regulation, the acronym CUSIP stands for Committee on Uniform Securities Identification Procedures, which is a standard system for identifying and describing securities used for electronically processing and recording securities transactions in North America and the CUSIP number means a number designating a single issue of a Canadian or U.S. security and its issuer.

1.3. In a regulation, unless otherwise indicated by the context:

(1) “board of directors” means, in addition to a board of directors, an individual or a group of individuals who play a similar role with a person or company that does not have a board of directors;

(2) “manager” means a person or company that directs the business, operations and affairs of the issuer.”

3. This Regulation comes into force on September 14, 2005.

* Policy Statement 14-501Q on Definitions, adopted on April 3, 2003 pursuant to decision No. 2003-C-0128 and published in the Supplement to the Bulletin of the Commission des valeurs mobilières du Québec, volume 34, No. 14, dated April 11, 2003, has not been amended since its adoption.

Regulation to repeal National Instrument 32-101, Small Securityholder Selling and Purchase Arrangements *

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, subpars. 11 and 34; 2004, c. 37)

- 1.** National Instrument 32-101, Small Securityholder Selling and Purchase Arrangements is repealed.
- 2.** This Regulation comes into force on September 14, 2005.

Regulation to amend Regulation 45-101 respecting rights offerings **

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, subpars. 1, 3, 11, 14 and 34; 2004, c. 37)

- 1.** Section 1.1 of Regulation 45-101 respecting rights offerings is amended:

(a) by deleting “a in all jurisdictions except Quebec,” and subparagraph b in the definition of “acceptance date”;

(b) by replacing the definition of “rights offering” with the following:

““rights offering”: the issuance by an issuer to its current securityholders of a right to purchase additional securities of the issuer’s own issue;”.

- 2.** This Regulation comes into force on September 14, 2005.

Regulation to repeal National Instrument 62-101, Control Block Distribution Issues *

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, subpars. 11 and 34; 2004, c. 37)

- 1.** National Instrument 62-101, Control Block Distribution Issues is repealed.
- 2.** This Regulation comes into force on September 14, 2005.

Regulation to amend Regulation 62-103 respecting the early warning system and related take-over bid and insider reporting issues **

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, subpars. 1, 3, 11 and 34; 2004, c. 37)

- 1.** Section 1.1 of Regulation 62-103 respecting the early warning system and related take-over bid and insider reporting issues is amended by deleting subparagraph f in the definition of “applicable provisions”.

- 2.** Section 6.1 of the Regulation is amended by replacing subparagraphs 1 and 2 with the following:

“(1) An entity is exempt from the early warning requirements and the obligation to report under Part 4 in connection with an increase in the securityholding percentage of the entity in a class of securities of a reporting issuer that arises without any action being taken by the entity and solely from a reduction in outstanding securities that occurs as a result of redemptions or other repurchases by the reporting issuer that affect or are offered to all securityholders of the relevant class.

* National Instrument 32-101, Small Securityholder Selling and Purchase Arrangements, adopted on May 22, 2001 pursuant to decision No. 2001-C-0196 and published in the Supplement to the Bulletin of the Commission des valeurs mobilières du Québec, vol. 32, No. 22, dated June 1, 2001, has not been amended since its adoption.

** Regulation 45-101 respecting rights offering, adopted on June 12, 2001 pursuant to decision No. 2001-C-0247 and published in the Supplement to the Bulletin of the Commission des valeurs mobilières du Québec, vol. 32, No. 25, dated June 22, 2001, was amended solely by the Regulation approved by Ministerial Order No. 2005-17 dated August 2, 2005 (2005, G.O. 2, 3523).

* National Instrument 62-101, Control Block Distribution Issues, adopted on March 18, 2003 pursuant to decision No. 2003-C-0108 and published in the Supplement to the Bulletin of the Commission des valeurs mobilières du Québec, vol. 34, No. 19 dated May 16, 2003, has not been amended since its adoption.

** Regulation 62-103 respecting the early warning system and related take-over bid and insider reporting issues, adopted on March 18, 2003 pursuant to decision No. 2003-C-0109 and published in the Supplement to the Bulletin of the Commission des valeurs mobilières du Québec, volume 34, No. 19, dated May 16, 2003, was amended solely by the Regulation approved by Ministerial Order No. 2005-04 dated May 19, 2005 (2005, G.O. 2, 2363).

(2) An entity is exempt from the early warning requirements and the obligation to report under Part 4 in connection with a decrease in the securityholding percentage of the entity in a class of securities of a reporting issuer that arises without any action being taken by the entity and solely from an increase in outstanding securities that occurs as a result of treasury issuances of securities by the reporting issuer.”

3. Appendix A of the Regulation is amended:

(a) by replacing “1fiii” next to the jurisdiction of Alberta and after the word “Clause” with “1piii”;

(b) by replacing the words “Paragraph *b* of the definition of “primary distribution to the public” contained in section 1 of the Security Frauds Prevention Act” next to the jurisdiction of New Brunswick with the words “Paragraph *c* of the definition of “distribution” contained in subsection 1(1) of the Securities Act”;

(c) by adding the following after the jurisdiction of Ontario:

“Quebec Subparagraph (9) of the definition of “distribution” provided for in section 5 of the Securities Act (R.S.Q., c. V-1.1)”.

4. Appendix B of the Regulation is amended:

(a) by replacing “141(1), 141(2), and 141(3)” next to the jurisdiction of Alberta and after the word “Subsections” with “176(1), 176(2) and 176(3)”;

(b) by adding the following after the jurisdiction of Manitoba:

“New Brunswick Subsections 126(1) and (2) of the Securities Act (New Brunswick)”.

5. This Regulation comes into force on September 14, 2005.

7069

M.O., 2005-21

Order number V-1.1-2005-21 of the Minister of Finance dated 12 August 2005

Securities Act
(R.S.Q., c. V-1.1, c. 37; 2004, c. 37)

CONCERNING the Regulation 45-102 respecting resale of securities

WHEREAS the Securities Act (R.S.Q., c. V-1.1) has been amended by the chapter 37 of the statutes of 2004;

WHEREAS subparagraphs 1, 3, 4, 11, and 34 of section 331.1 of the Securities Act stipulate that the Autorité des marchés financiers may make regulations concerning the matters referred to in those paragraphs;

WHEREAS the third and fourth paragraphs of section 331.2 of the said Act stipulate that a draft regulation shall be published in the Bulletin of the Authority, accompanied with the notice required under section 10 of the Regulations Act (R.S.Q., c. R-18.1) and may not be submitted for approval or be made before 30 days have elapsed since its publication;

WHEREAS the first and fifth paragraphs of the said section stipulate that every regulation made under section 331.1 must be approved, with or without amendment, by the Minister of Finance and comes into force on the date of its publication in the *Gazette officielle du Québec* or any later date specified in the regulation;

WHEREAS sections 691 and 696 of chapter 45 of the statutes of 2002 stipulate, in particular, that sections 331.1 and 331.2 of the Securities Act are amended by replacing “Commission” wherever it appears by “Agency”, and making the necessary modifications;

WHEREAS sections 37 and 38 of chapter 37 of the statutes of 2004 stipulate, in particular, that sections 331.1 and 331.2 of the Securities Act are amended by replacing “Agency” wherever it appears by “Authority”;

WHEREAS the draft Regulation 45-102 respecting resale of securities was published in the Supplement to the Bulletin concerning securities of the Autorité des marchés financiers, volume 1, No. 46 of December 17, 2004;

WHEREAS on August 11, 2005, by the decision No. 2005-PDG-0260, the Authority made the Regulation 45-102 respecting resale of securities;