

(ii) another entity,

for the purpose of the entity compensating the officer or director for employment services or office.

If the company's executive management is employed or retained by an external management company (including a subsidiary, affiliate or associate) and the company has entered into an understanding, arrangement or agreement of any kind for the provision of executive management services by the external management company to the company directly or indirectly, the company must disclose any compensation payable

(iii) directly by the company to any persons employed or retained by the external management company who are acting as executive officers and directors of the company; and

(iv) by the external management company to such persons that is attributable to services rendered to the company directly or indirectly.”;

(b) by deleting “primary” in the English text of paragraph (f);

(c) by replacing “membre de la haute direction” with “dirigeant” and “membre” with “dirigeant” in the French text of paragraph (f);

(d) by adding the following paragraph after paragraph (f):

“(g) **Allocation of Compensation** – If the company's executive management is provided through an external management company, and the external management company has other clients in addition to the company, the company must disclose either,

(i) the portion of the compensation paid to the officer or director by the external management company that can be attributed to services rendered to the company; or

(ii) the entire compensation paid by the external management company to the officer or director.

If the company does allocate the compensation paid to the officer or director, it should disclose the basis for the allocation.”.

**44.** This Regulation comes into force on December 29, 2006.

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## M.O., 2006-05

### Order number V-1.1-2006-05 of the Minister of Finance dated 13 December 2006

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

CONCERNING amendments to concordant Regulations to Regulation 51-102 respecting continuous disclosure informations

WHEREAS subparagraphs 1, 8, 9, 11, 19, 19.1, 20 and 34 of section 331.1 of the Securities Act (R.S.Q., c. V-1.1) 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 the following regulations have been made by a decision of the Autorité des marchés financiers or approved by a ministerial order of the Minister of Finance:

— Regulation 44-101 respecting Short Form Prospectus Distributions approved by Ministerial Order No. 2005-2418 dated November 30, 2005;

— Regulation 52-107 respecting Acceptable Accounting Principles, Auditing Standards and Reporting Currency approved by Ministerial Order No. 2005-08 dated May 19, 2005;

— Regulation 71-102 respecting Continuous Disclosure and Other Exemptions relating to Foreign Issuers approved by Ministerial Order No. 2005-07 dated May 19, 2005;

— Regulation No. 3 respecting Unacceptable Auditors approved by Ministerial Order No. 2005-19 dated August 10, 2005;

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 Regulation 44-101 respecting Short Form Prospectus Distributions published in the Supplement to the Bulletin concerning securities of the Autorité des marchés financiers, volume 3, No. 41 of October 13, 2006 and made on December 12, 2006, by the decision No. 2006-PDG-0222;

— Regulation to amend Regulation 52-107 respecting Acceptable Accounting Principles, Auditing Standards and Reporting Currency published in the Supplement to the Bulletin concerning securities of the Autorité des marchés financiers, volume 3, No. 41 of October 13, 2006 and made on December 12, 2006, by the decision No. 2006-PDG-0219;

— Regulation to amend Regulation 71-102 respecting Continuous Disclosure and Other Exemptions relating to Foreign Issuers published in the Supplement to the Bulletin concerning securities of the Autorité des marchés financiers, volume 3, No. 41 of October 13, 2006 and made on December 12, 2006, by the decision No. 2006-PDG-0220;

— Regulation to repeal Regulation No. 3 respecting Unacceptable Auditors published in the Supplement to the Bulletin concerning securities of the Autorité des marchés financiers, volume 3, no. 41 of October 13, 2006 and made on December 12, 2006, by the decision No. 2006-PDG-0221;

WHEREAS there is cause to approve this regulation without amendment;

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

— Regulation to amend Regulation 44-101 respecting Short Form Prospectus Distributions;

— Regulation to amend Regulation 52-107 respecting Acceptable Accounting Principles, Auditing Standards and Reporting Currency;

— Regulation to amend Regulation 71-102 respecting Continuous Disclosure and Other Exemptions relating to Foreign Issuers;

— Regulation to repeal Regulation No. 3 respecting Unacceptable Auditors;

December 13, 2006

*Minister of Finance,*  
MICHEL AUDET

### **Regulation to amend Regulation 44-101 respecting short form prospectus distributions\***

Securities Act  
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (8) and (34))

1. Section 1.1 of Regulation 44-101 respecting Short Form Prospectus Distributions is amended:

(1) by replacing the definition of “approved rating organization” with the following:

““approved rating organization” means each of Dominion Bond Rating Service Limited, Fitch Ratings Ltd., Moody’s Investors Service, Standard & Poor’s and any of their successors;”;

(2) by replacing the definition of “approved rating” with the following:

““approved rating” means, for a security, a rating at or above one of the following rating categories issued by an approved rating organization for the security or a rating category that replaces a category listed below:

Approved Rating Organization	Long Term Debt	Short Term Debt	Preferred Shares
Dominion Bond Rating Service Limited	BBB	R-2	Pfd-3
Fitch Ratings Ltd.	BBB	F3	BBB
Moody’s Investors Service	Baa	Prime-3	“baaa”
Standard & Poor’s	BBB	A-3	P-3

”.

\* Regulation 44-101 respecting Short Form Prospectus Distributions, approved by Ministerial Order No. 2005-24 dated November 30, 2005 (2005, G.O. 2, 5183), has not been amended since its approval.

**2.** Form 44-101F1 of the Regulation is amended:

(1) in item 7.9, by replacing “If one or more ratings, including provisional ratings or stability ratings, have been received” with “If the issuer has asked for and received a stability rating, or if the issuer receives any other kind of rating, including a provisional rating;”;

(2) in item 10.1:

(a) by adding “or would be if it were not a reverse takeover, as defined in Regulation 51-102 respecting Continuous Disclosure Obligations,” after “Regulation 51-102 respecting Continuous Disclosure Obligations” in subparagraph (b) of paragraphs (1) and (2);

(b) by adding “*for significant acquisitions*” after “*Regulation 51-102 respecting Continuous Disclosure Obligations*” in paragraph (i) of instruction (2);

(3) in paragraph (1) of item 11.1:

(a) by replacing subparagraph 6 with the following:

“6. Any business acquisition report filed by the issuer under Part 8 of Regulation 51-102 respecting Continuous Disclosure Obligations for acquisitions completed since the beginning of the financial year in respect of which the issuer’s current AIF is filed, unless the issuer

(a) incorporated the BAR by reference into its current AIF, or

(b) incorporated at least 9 months of the acquired business or related businesses operations into the issuer’s most recent audited financial statements.”;

(b) by replacing “end” with “beginning” in subparagraph 7.

**3.** This Regulation comes into force on December 29, 2006.

**Regulation to amend Regulation 52-107 respecting acceptable accounting principles, auditing standards and reporting currency\***

Securities Act  
(R.S.Q., c. V-1.1, s. 331.1, par. (19) and (34))

**1.** Section 1.1 of Regulation 52-107 respecting Acceptable Accounting Principles, Auditing Standards and Reporting Currency is amended:

(1) by replacing “Regulation 51-102” with “Regulation 51-102 respecting Continuous Disclosure Obligations approved by Ministerial Order 2005-03 dated 19 May 2005” in the English text of the definition of “acquisition statements”;

(2) by adding the following paragraph after paragraph (a) of the definition of “recognized exchange”, and making the necessary changes:

“(a.1) in Québec, a person or company authorized by the securities regulatory authority to carry on business as an exchange; and”;

(3) by replacing “Regulation 51-102 Respecting Continuous Disclosure Obligations approved by Ministerial Order 2005-03 dated 19 May 2005” with “Regulation 51-102 respecting Continuous Disclosure Obligations” in the English text of the definition of “business acquisition report”;

(4) by adding “in a designated foreign jurisdiction” after “foreign disclosure requirements” in paragraph (b) of the definition of “designated foreign issuer”;

(5) by replacing the definition of “executive officer” with the following:

““executive officer” means, for an issuer, an individual who is:

(a) a chair, vice-chair or president;

(b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or

\* Regulation 52-107 respecting Acceptable Accounting Principles, Auditing Standards and Reporting Currency, approved by Ministerial Order No. 2005-08 dated May 19, 2005 (2005, G.O. 2, 1581), has not been amended since its approval.

(c) performing a policy-making function in respect of the issuer;”.

**2.** Section 2.1 of the Regulation is amended by replacing, in subparagraphs (d) and (f) of paragraph (2) of the English text, “Regulation 51-102” with “Regulation 51-102 respecting Continuous Disclosure Obligations”;

**3.** Section 4.1 of the Regulation is amended by replacing “filed by an SEC issuer” with “of an SEC issuer that are filed with or delivered to a securities regulatory authority or regulator” in paragraph (1).

**4.** Section 4.2 of the Regulation is amended by replacing “filed by an SEC issuer” with “of an SEC issuer that are filed with or delivered to a securities regulatory authority or regulator”.

**5.** Section 5.1 of the Regulation is amended by replacing “filed by a foreign issuer” with “of a foreign issuer that are filed with or delivered to a securities regulatory authority or regulator”.

**6.** Section 5.2 of the Regulation is amended:

(1) by replacing “filed by a foreign issuer” with “of a foreign issuer that are filed with or delivered to a securities regulatory authority or regulator”;

(2) by replacing paragraph (a) with the following:

“(a) U.S. GAAS, if the auditor’s report

(i) contains an unqualified opinion;

(ii) identifies all financial periods presented for which the auditor has issued an auditor’s report;

(iii) refers to the former auditor’s reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by a different auditor; and

(iv) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements;”.

**7.** Section 9.1 of the Regulation is amended by replacing paragraph (3) of with the following:

“(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 Definitions,

adopted by the *Commission des valeurs mobilières du Québec* pursuant to decision No. 2001-C-0274 dated June 12, 2001, opposite the name of the local jurisdiction.”.

**8.** This Regulation comes into force on December 29, 2006.

## **Regulation to amend Regulation 71-102 respecting continuous disclosure and other exemptions relating to foreign issuers \***

Securities Act

(R.S.Q., c. V-1.1, s. 331.1, par. (11), (20) and (34))

**1.** Section 1.1 of Regulation 71-102 respecting Continuous Disclosure and Other Exemptions Relating to Foreign Issuers is amended:

(1) by adding the following paragraph after paragraph (a) of the definition of “recognized exchange”, and making the necessary changes:

“(a.1) in Québec, a person or company authorized by the securities regulatory authority to carry on business as an exchange; and”;

(2) by repealing the definition of “board of directors”;

(3) by adding “in a designated foreign jurisdiction” after “foreign disclosure requirements” in paragraph (b) of the definition of “designated foreign issuer”;

(4) by adding the following after the definition of “Nasdaq”:

““non-standard year” means a financial year, other than a transition year, that does not have 365 days, or 366 days if it includes February 29;”;

(5) by repealing the definition of “SEDI issuer”;

(6) by replacing the definition of “executive officer” with the following:

““executive officer” means, for a reporting issuer, an individual who is

\* Regulation 71-102 respecting Continuous Disclosure and Other Exemptions Relating to Foreign Issuers, approved by Ministerial Order No. 2005-07 dated May 19, 2005 (2005, *G.O.* 2, 1591), has not been amended since its approval.

- (a) a chair, vice-chair or president;
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or
- (c) performing a policy-making function in respect of the issuer;”;
- (7) in the definition of “interim period”:
- (a) by adding “a non-standard year or” after “in the case of a year other than” in paragraph (a);
- (b) by adding the following paragraph after paragraph (a):
- “(a.1) in the case of a non-standard year, a period commencing on the first day of the financial year and ending within 22 days of the date that is nine, six or three months before the end of the financial year; or”;
- (8) by deleting “or” at the end of the English text of paragraph (a) of the definition of “interim period”;
- (9) by replacing “Regulation 51-102” with “Regulation 51-102 respecting Continuous Disclosure Obligations” in the English text of the definition of “investment fund”.
- 2.** Section 4.2 of the Regulation is amended by replacing “is exempt from” with “satisfies”.
- 3.** Section 4.7 of the Regulation is amended, in the English text of paragraph (2), by deleting “the exemption in”.
- 4.** Section 4.8 of the Regulation is amended by replacing “is exempt from” with “satisfies”.
- 5.** Section 4.9 of the Regulation is amended by replacing “is exempt from” with “satisfies”.
- 6.** Section 4.10 of the Regulation is amended:
- (1) by replacing “An SEC foreign issuer is exempt from securities” with “Securities”;
- (2) by adding “do not apply to an SEC foreign issuer” after “material contracts”.
- 7.** Section 4.11 of the Regulation is amended by replacing “is exempt from” with “satisfies”.

**8.** Section 4.12 of the Regulation is replaced with the following:

**“4.12 Insider Reporting**

The insider reporting requirement does not apply to an insider of an SEC foreign issuer that has a class of securities registered under section 12 of the 1934 Act if the insider complies with the requirements of U.S. federal securities law relating to insider reporting.”.

**9.** Section 5.3 of the Regulation is amended by replacing “is exempt from” with “satisfies”.

**10.** Section 5.8 of the Regulation is amended, in the English text of paragraph (2), by deleting “the exemption in”.

**11.** Section 5.9 of the Regulation is amended by replacing “is exempt from” with “satisfies”.

**12.** Section 5.10 of the Regulation is amended by replacing “is exempt from” with “satisfies”.

**13.** Section 5.11 of the Regulation is amended:

(1) by replacing “A designated foreign issuer is exempt from securities” with “Securities”;

(2) by adding “do not apply to a designated foreign issuer” after “material contracts”.

**14.** Section 5.12 of the Regulation is amended by replacing “is exempt from” with “satisfies”.

**15.** Section 5.13 of the Regulation is replaced with the following:

**“5.13 Insider Reporting**

The insider reporting requirement does not apply to an insider of a designated foreign issuer if the insider complies with foreign disclosure requirements relating to insider reporting.”.

**16.** Section 5.14 of the Regulation is amended, in the English text of paragraph (b), by replacing “Regulation 54-101 Respecting Communication with Beneficial Owners of Securities of a Reporting Issuer” with “Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer”.

**17.** The Regulation is amended, in the English text and wherever they appear, by replacing the words “Regulation 52-107” with “Regulation 52-107 respecting Acceptable Accounting Principles, Auditing Standards and Reporting Currency”.

**18.** This Regulation comes into force on December 29, 2006.

### **Regulation to repeal Regulation No. 3 respecting unacceptable auditors\***

Securities Act  
(R.S.Q., c. V-1.1, s. 331.1, par (9), (19) and (19.1))

**1.** Regulation No. 3 respecting Unacceptable Auditors is repealed.

**2.** This Regulation comes into force on the date of its publication in the *Gazette officielle du Québec*.

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\* Regulation C-3 respecting Unacceptable Auditors, adopted on June 12, 2001 pursuant to decision No. 2001-C-0293 and published in the Supplement to the Bulletin of the *Commission des valeurs mobilières du Québec*, volume 32, No. 27, dated July 6, 2001, was amended solely by the regulation approved by Ministerial Order No. 2005-19 dated August 10, 2005 (2005, *G.O.* 2, 3516).