

Draft Regulations

Draft Regulation

Financial Administration Act
(R.S.Q., c. A-6.001)

Savings products

Notice is hereby given, in accordance with sections 10 and 12 of the Regulations Act (R.S.Q., c. R-18.1), that the Regulation respecting savings products, appearing below, may be made by the Government on the expiry of 10 days following this publication.

Under section 13 of the Regulations Act, the draft Regulation may be made at the expiry of a shorter period than the 45-day period applicable under section 11 of that Act, by reason of the urgency due to the following circumstances:

— The budgets of the federal government and the Gouvernement du Québec for 2008-2009 establish the Tax-Free Savings Account (TFSA), which makes it possible for individuals to earn tax-free investment income. Currently, the Regulation does not allow Épargne Placements Québec to offer such an account to its clients. Yet for the benefit of holders of Québec savings products, Épargne Placements Québec should be able to add that account to the products it offers as soon as the Regulation comes into force. The making of the Regulation respecting savings products is therefore intended to allow Épargne Placements Québec to offer the TFSA to its clients as of 1 January 2009.

The draft Regulation replaces the former Regulation respecting savings products, made by Order in Council 1038-96 dated 21 August 1996, which has not been comprehensively revised since the creation of Épargne Placements Québec, formerly known as “Placements Québec”. Consequential amendments must be made to reflect the new name and ensure consistency with various legislative changes made over the last few years.

Further information on the draft Regulation may be obtained by contacting Carl Lessard, Principal Director, Direction principales des produits d'épargne et du suivi des transactions financières, Ministère des Finances, 8, rue Cook, 2^e étage, Québec (Québec) G1R 5P4; telephone: 418 644-0618; fax: 418 528-9704; e-mail: carl.lessard@finances.gouv.qc.ca

Any interested person wishing to comment on the draft Regulation is requested to submit written comments within the 10-day period to the Minister of Finance, 12, rue Saint-Louis, 1^{er} étage, Québec (Québec) G1R 5L3.

MONIQUE JÉRÔME-FORGET,
Minister of Finance

Regulation respecting savings products

Financial Administration Act
(R.S.Q., c. A-6.001, ss. 73 and 74)

CHAPTER I BOOK BASED SYSTEM

DIVISION I GENERAL

1. The Minister of Finance is responsible, under the name and at the address of Épargne Placements Québec, for the administration of the book based system for the purposes of the management, issue and sale of savings products authorized under a borrowing plan established pursuant to the Financial Administration Act (R.S.Q., c. A-6.001).

2. The book based system involves the recording by Épargne Placements Québec, in the register of participants' book based securities, of

(1) information relating to each participant in a participant file; and

(2) information relating to each savings product acquired by a participant in the securities portfolio associated with each participant file.

3. A participant file is established for each participant at the time the first savings product is acquired.

4. The information provided by participants is used by Épargne Placements Québec for the administration of the book based system and for the sale of savings products, including for the purpose of offering the products to participants and sending them product-related information.

Épargne Placements Québec may also use the information provided by participants for the purposes of studies and surveys with a view to improving its offer of services.

5. A participant's securities portfolio may contain one or more of the following accounts:

(1) an Épargne Placements account in which all the savings products acquired by a participant are held, other than products held in an account referred to in paragraph 2 or 3;

(2) a Tax-Free Savings Account (TFSA) within the meaning of the Taxation Act (R.S.Q., c. I-3) or the Income Tax Act (R.S.C. 1985, c. 1, 5th Supp.), or any other account of the same nature, insofar as the accounts are offered by Épargne Placements Québec; and

(3) a registered account within the meaning of the Taxation Act or the Income Tax Act, in which the participant's securities are held by a trustee in the participant's name, such as a retirement savings account, an education savings account or a disability savings account, or an account associated with a retirement fund or other fund or plan of the same nature, insofar as the accounts are offered by Épargne Placements Québec.

6. The savings products that may be book based in a participant's securities portfolio are determined under Division II of Chapter VII of the Financial Administration Act.

7. A book based security in a participant's securities portfolio is evidence of the participant's ownership of the security.

8. In all cases in which a form or written document is required under this Regulation, the written document must be signed by the participant or the person authorized to act in the participant's name, and the form must be a form prescribed by the Minister of Finance or by the Government.

DIVISION II CONDITIONS FOR PARTICIPATION

§1. Qualifying participants

9. The persons or groups of persons in the following classes may participate in the book based system if they are domiciled in Québec:

(1) natural persons;

(2) general or limited partnerships constituted in Québec;

(3) legal persons established for a private interest or in the public interest, constituted under the statutes of Québec or of Canada, acting on their own account; and

(4) legal persons acting as trustees or trustee agents for the account of a natural person participating in a TFSA or a self-directed retirement, retirement savings, education savings or disability savings fund or plan, or other fund or plan of the same nature within the meaning of the Taxation Act or the Income Tax Act.

10. Groups of property in the following classes are considered to be qualifying participants in the book based system:

(1) successions of persons who upon their death were domiciled in Québec; and

(2) foundations and personal or social trusts governed by the Civil Code.

11. The classes of participants in sections 9 and 10 constitute corresponding classes of purchasers for the purposes of the acquisition of savings products.

The acquisition of a savings product may, pursuant to Division II of Chapter VII of the Financial Administration Act, be reserved for any of the classes of purchasers.

§2. Participation applications

I – Natural persons

12. To qualify for participation, a natural person must file an application with Épargne Placements Québec on the appropriate form prescribed by the Minister, and submit all required documents, if any.

The participation of a natural person acting through a power of attorney is permitted so long as the power of attorney is given to a natural person and is compliant with the rules set out in sections 35 and 36.

13. If a person is represented by a tutor, a curator or a mandatary designated in anticipation of incapacity or in a power of attorney, the appropriate participation form must be completed by the representative or, in the case of two or more representatives, by one of them.

In the case of two or more representatives, the participation form must in every case be filed with the designation of one or more representatives authorized to act, alone or jointly, in the participant's name. The designation is made on the form prescribed by the Minister and must specify which of the representatives must act jointly.

If the representative is a legal person, sections 17 and 18 apply, with the necessary modifications.

14. Every natural person acting as a representative alone or jointly must provide the information required of him or her on the form.

15. If the spouse of a participant contributes to the participant's Québec Savings Products Retirement Savings Plan, the spouse must provide the information required of him or her on the form.

II – Partnerships and legal persons

16. To qualify for participation, a partnership and a legal person must file an application with Épargne Placements Québec on the appropriate form prescribed by the Minister, and submit all required documents.

The form must be completed by a natural person authorized to act generally or specially in the name of the partnership or legal person.

17. The participation form must in every case be filed with the designation of one or more natural persons, the attorneys, who are authorized to act in the partnership's or legal person's name, with an indication of their title. The designation of one or more attorneys is made on the form prescribed by the Minister.

In the case of two or more attorneys, the designation must specify whether the persons are authorized to act alone or jointly and, in the latter case, which of the persons must act jointly.

18. Every natural person acting as an attorney, whether alone or jointly, must provide the information required of him or her on the form.

III – Successions

19. To qualify for participation, a succession must file an application with Épargne Placements Québec on the appropriate form prescribed by the Minister, and submit all required documents.

The form must be completed by the liquidator of the succession or by all the liquidators if there is more than

one, unless one or more of the liquidators is authorized to act alone or jointly in the succession's name.

In the case of two or more liquidators, the participation form must in every case be filed with the designation of one or more natural persons who are authorized to act in the succession's name. The designation of one or more representatives is made on the form prescribed by the Minister. In the case of two or more representatives, the designation must specify which of the persons are authorized to act alone or jointly.

If the liquidator is a legal person, sections 17 and 18 apply, with the necessary modifications.

20. Every natural person acting as a liquidator, either alone or jointly, must provide the information required of him or her on the form.

IV – Foundations and trusts

21. To qualify for participation, a foundation and a trust must file an application with Épargne Placements Québec on the appropriate form prescribed by the Minister, and submit all required documents.

The form must be completed by the natural person or persons acting as authorized administrators of the foundation or trust and be filed with documents attesting to capacity as an authorized administrator.

If two or more co-administrators are authorized to act, they may designate one or more of their number to complete the participation form and act in the participant's name. The designation is made on the form prescribed by the Minister and must specify, if applicable, which of the administrators act jointly.

If the administrator is a legal person, sections 17 and 18 apply, with the necessary modifications.

22. Every natural person acting as an administrator of a foundation or trust either alone or jointly must provide the information required of him or her on the form.

§3. Cancellation of participation

23. Participation in the book based system may be cancelled by Épargne Placements Québec if the amount payable to purchase the first security has not been received and credited to the Government's account, or more than one year has elapsed without any savings product being entered in a participant's securities portfolio.

Participation in the book based system may also be cancelled if no transaction has been made in the participant's security portfolio for a period of at least two years and the total balance of all accounts is less than \$10. The balance is then refunded to the participant.

Participation in the book based system also ends if the value of a participant's security portfolio is remitted to the Minister of Revenue pursuant to the provisions of the Public Curator Act (R.S.Q., c. C-81) that apply to unclaimed property.

DIVISION III TRANSACTIONS

§1. General

24. A participant or the person authorized to act in the participant's name may file a request with Épargne Placements Québec to have the participant's file modified or to have a purchase or sale transaction or a transfer of ownership of a security effected in the participant's securities portfolio.

25. Transactions for a natural person through a power of attorney are permitted so long as the power of attorney is given to a natural person and is compliant with the rules set out in sections 35 and 36.

26. In the event of a change in a participant's capacity, the person authorized to act in the participant's name may request that the participant's file be modified, so long as the rules in Division II are complied with.

The rule applies to the appointment, addition or replacement of a person authorized to act in a participant's name.

A modification may be set up against Épargne Placements Québec only as of the date on which the document evidencing the modification is received.

27. A modification or transaction is effective as soon as it is entered in the participant's file or securities portfolio.

28. Épargne Placements Québec may, for serious reasons and in the interests of the participant or the participant's successors, refuse to act on a request for a modification or transaction and require that the information appearing in the participant's file or support documents be updated.

29. Épargne Placements Québec may, in respect of a security acquired less than 10 *business* days earlier, delay the refund for or transfer of the security until the amount payable has been received and credited to the Government's account.

For the purposes of this Regulation, "business day" means any day, other than a Saturday or Sunday, on which payment items may be cleared in Québec in accordance with the rules of the Canadian Payments Association.

§2. Transaction requests

30. A transaction request may be sent by any means appropriate to the medium. The request is processed by Épargne Placements Québec after confirmation of the requesting person's identity.

Despite the foregoing, a request to transfer ownership of a security must be made in writing on the form in Schedule I.

If more than one person is authorized to act in a participant's name, the transaction request must be made in writing and be signed by all the persons required to consent.

31. A transaction request involving a participant's bank account information must be accompanied by a blank voided cheque.

A request to modify a participant's bank account information must, in order to be effective for a transfer of funds, be received by Épargne Placements Québec at least 10 business days before the date of the transfer. In the absence of timely request, Épargne Placements Québec will grant the request for subsequent transfers only.

32. Subject to automatic reinvestment under sections 53 and 54, in all cases in which Épargne Placements Québec is unable to process a request regarding a security maturing for payment, including because all the required documents have not been received, the maturity value is automatically invested in Épargne Flexi-Plus units until Épargne Placements Québec is able to process the request.

For the purposes of this Regulation, maturity value means the amount payable on maturity of the security, less simple interest payable, if any.

§3. *Statements of transactions*

33. Épargne Placements Québec must send a periodic statement to the participant or the person authorized to act in the participant's name, entitled "Portfolio Statement", which details the status of the participant's securities portfolio. A second statement entitled "Transaction Confirmation" is also sent as required to confirm various transactions in the participant's securities portfolio conducted through the book based system.

The Portfolio Statement is sent quarterly unless a different arrangement has been agreed on by Épargne Placements Québec and the participant or the person authorized to act in the participant's name. The participant's Portfolio Statement may, however, be sent annually if no transaction has been made for a period of at least one year and the total balance of all accounts is less than \$100, unless the participant or the person authorized to act in the participant's name requires otherwise.

A participant may also obtain the information in the securities portfolio by telephone or through the Internet.

A participant may also empower an authorized sales agent to receive a copy of statements sent to the participant by completing the form prescribed by the Minister for that purpose.

34. A statement is evidence of the transactions listed in it.

Épargne Placements Québec must be informed of any error or irregularity appearing in a statement within 30 business days after the statement date. The Government is not liable after that date for any prejudice that may result from the error or irregularity.

§4. *Transactions through a power of attorney*

35. If a transaction request is made through a power of attorney, the power of attorney must be given in writing on the form prescribed by the Minister, and the participant's signature must be attested by a notary, an advocate or a person authorized by Épargne Placements Québec or the participant's financial institution.

36. The attestation must be dated, bear the signature of the person authorized to issue it and contain a clear indication of that person's name and title.

An agent or employee of a financial institution must affix the institution's seal, mark or stamp.

§5. *Transfer transactions*

37. Transferable security may be transferred only between two participants in the book based system. A recipient of a transfer who is not a participant must become one.

A transfer may, however, be made between the participant's accounts.

38. Subject to sections 41 to 44, a person authorized to act in a participant's name may not make a transaction request to have ownership of a security transferred to the person, except if the person is the sole shareholder of a legal person participating in Épargne Placements Québec.

39. A transfer request must be made on the form in Schedule I and contain a description of the securities in the participant's securities portfolio. The signature of the participant or the person authorized to act in the participant's name must be attested as provided in sections 35 and 36.

40. A transfer may be made only for the minimum amount of securities authorized by the terms and conditions of issue pursuant to Division II of Chapter VII of the Financial Administration Act. The transfer may not operate to raise the total value of a participant's securities above the maximum amount authorized by those terms and conditions, the whole being calculated on the basis of the par value of the securities when issued.

41. In the event that a participant dies, a transfer is made to the succession, an heir or a legatee by particular title only after proof of the participant's death and the document or act evidencing ownership of the security have been sent to Épargne Placements Québec.

42. If a participant is a dissolved partnership, a transfer is made only after the document or act attesting the partition of the partnership's property and ownership of the security has been sent to Épargne Placements Québec.

43. If a participant is a legal person that has been dissolved, amalgamated or liquidated or that has otherwise ceased to exist, a transfer is made only after the document or act attesting that fact and ownership of the security has been sent to Épargne Placements Québec.

44. If a participant is a terminated foundation or trust, a transfer is made only after the document or act attesting that fact and ownership of the security has been sent to Épargne Placements Québec.

DIVISION IV PAYMENTS

45. Payments by the Government in relation to a security are made by cheque or transfer of funds.

Payments made to the Government for the purchase of a security may be made by cheque or transfer of funds from a recognized financial institution, in legal tender, by money order or bank draft or, so long as Épargne Placements Québec so agrees, by deposit of a Canada Savings Bond Certificate, by debit or credit card, by electronic cash card or through payroll deduction.

46. A participant or the person authorized to act in the participant's name may at any time request Épargne Placements Québec to terminate periodic withdrawals made through fund transfers or payroll deduction.

47. Épargne Placements Québec may cancel the purchase of a security if payment of the security cannot be made, the amount payable has not been received and credited to the Government's account, or payment was not made within the required time.

If payment of a security must be made through periodic withdrawals and the withdrawals cannot be made on a repeated basis, Épargne Placements Québec may terminate the withdrawals and, if appropriate, cancel the request to purchase the security and refund the amounts received, or limit the purchase to payments already made.

48. Payment made to the credit of a participant's designated account pursuant to the instructions of the participant or the person authorized to act in the participant's name is deemed to have been made on the date indicated in the instructions given by Épargne Placements Québec to the financial institution.

49. Payment that is unable to be made through a transfer of funds into the participant's designated account is effected by a cheque made out to the participant and sent to the mailing address appearing in the participant's file.

50. In all cases where Épargne Placements Québec is notified that a participant's designated account has been closed or that the account holder has been replaced, has become incapable, is under protective supervision or is deceased, Épargne Placements Québec may suspend all payments until it receives new payment instructions or sufficient proof that the instructions received are valid.

The rule also applies if the account holder is a partnership or legal person that has been dissolved, amalgamated or liquidated or has otherwise ceased to exist, or is a terminated foundation or trust.

DIVISION V REINVESTMENT

§1. *Reinvestment on request*

51. On the request of a participant or the person authorized to act in the participant's name, the maturity value of a security may be reinvested in available securities.

52. Interest payable during the term of a security may, on the request of the participant or the person authorized to act in the participant's name, be reinvested in available securities.

§2. *Automatic reinvestment*

53. Subject to cancellation of participation pursuant to section 23, if Épargne Placements Québec has not received instructions from the participant or the person authorized to act in the participant's name specifying how maturing securities are to be dealt with, the maturity value of the securities is automatically reinvested on their maturity date in Flexi-Plus Savings units.

Despite the foregoing, the maturity value of Québec Savings Bonds is automatically reinvested in Québec Savings Bonds issued on the maturity date, or if such bonds are not available, in Flexi-Plus Savings units.

54. Épargne Placements Québec sends a Transaction Confirmation detailing the reinvestment to the participant or the person authorized to act in the participant's name.

DIVISION VI REGISTERS

55. The Minister of Finance is responsible for the register of participants and every other register or record required for the purposes of the book based system.

CHAPTER II ASSIGNMENT OF AND HYPOTHECS ON SECURITIES

56. For the purposes of section 74 of the Financial Administration Act, the Minister of Finance may make the provisions of this Chapter applicable to any savings product, declaring at the time of their issue whether they are unassignable or assignable and whether or not they may be charged with a movable hypothec.

57. A security may be assigned, by onerous or gratuitous title, only if

(1) the security is a savings product declared assignable; and

(2) the assignee is in a class of authorized purchasers of the savings product.

58. Assignment of a security must be effected through a transfer made in accordance with sections 37 to 44. The assignment may be set up against Épargne Placements Québec only as of the time of the transfer.

59. A security may be charged with a hypothec only if

(1) the security is a savings product that has been declared a savings product that may be hypothecated; and

(2) the hypothec is granted to a financial institution that is a bank, a trust company, a savings company or a savings and credit union, or to the Québec Government as tender or performance security in respect of the contracts it awards.

60. In addition to the conditions set out in section 59, the hypothec must be a hypothec with delivery; delivery results from an entry in the book based system of the rights of the hypothecary creditor in the hypothecated security.

A hypothec may not charge all of a participant's securities. A hypothec on all of a participant's property or claims may not be set up against Épargne Placements Québec in relation to the participant's securities.

61. On receipt of a notice of hypothec, Épargne Placements Québec makes the required entries in the book based system.

The notice must be given on the form in Schedule II.

62. A transaction request made in respect of a hypothecated security must be in writing, and requires the hypothecary creditor's consent.

63. Subject to the remedy of taking in payment, a hypothecary creditor may not collect interest or principal in respect of a hypothecated security in advance of the maturity date.

The hypothecary creditor may, however, if there is default on the part of the participant and written notice is given to Épargne Placements Québec, obtain repayment of the principal and payment of any interest falling due in respect of the hypothecated security, if the security is repayable in advance of the maturity date.

64. If a hypothecary creditor that is an authorized purchaser of the hypothecated security exercises the remedy of taking in payment, the hypothecary creditor, with the participant's consent or pursuant to an irrevocable judgment, is entitled to have ownership of the security transferred in accordance with sections 37 to 44.

A hypothecary creditor who is not an authorized purchaser of the hypothecated security is entitled, with the consent of the participant or pursuant to an irrevocable judgment, to repayment of the principal and payment of any interest falling due in respect of the hypothecated security, if the security is repayable in advance of the maturity date.

65. Épargne Placements Québec may, on the written request of a participant, agree to the value of securities designated by the participant being frozen in favour of a third party for the amount of the principal only or for the principal and interest.

No transaction may be made with respect to the securities while the funds are frozen, except for reinvestment at maturity, unless written authorization is given by the third party in whose favour the funds have been frozen.

The funds are frozen by an entry in the book based system to that effect, with mention of the name and address of the third party in whose favour they have been frozen and, if applicable, the expiry date of the freezing. The entry is removed if the third party agrees to the removal in writing; an entry setting a date on which the freezing of the funds expires is automatically cancelled at 00:00 a.m. on the day after that date.

66. This Regulation replaces the Regulation respecting savings products made by Order in Council 1038-96 dated 21 August 1996.

67. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

Épargne
Placements

Québec

333, Grande Allée Est
Québec (Québec) G1R 5W3

1 800 463-5229

APPLICATION FOR TRANSFER
BETWEEN PARTICIPANTS

Schedule I (ss. 30 and 39)

IMPORTANT INSTRUCTIONS

1. Please print in block letters
2. The participant (or representative) must sign in section 1
3. The recipient of the transfer (or representative) must sign in section 2
4. The signature of the participant (or representative) MUST be certified in section 4
5. In the case of a succession, attach the originals (or certified copies) of the death certificate and the will.

1. IDENTIFICATION OF THE PARTICIPANT

The participant is: an individual or his (her) succession
 a general or a limited partnership, legal person, foundation or trust

Last name and first name of the participant or business name (BLOCK LETTERS)

Represented by* (if applicable):

Last name and first name of the representative (BLOCK LETTERS)

* If more than one representative, provide the information on a separate sheet if need be.

X
Signature of the participant or representative

Date
 DD MM YYYY

X
Signature of another representative (IF REQUIRED)

Date
 DD MM YYYY

Participant number

Social insurance number
 for an INDIVIDUAL, if participant number unknown

2. IDENTIFICATION OF THE RECIPIENT OF THE TRANSFER

The recipient is: an individual or his (her) succession
 a general or a limited partnership, legal person, foundation or trust

Represented by* (if applicable):

Last name and first name of the representative (BLOCK LETTERS)

X
Signature of the recipient or representative

Date
 DD MM YYYY

* If more than one representative, provide the information on a separate sheet if need be.

Participant number

Social insurance number
 for an INDIVIDUAL, if participant number unknown

3. DESCRIPTION OF THE SAVINGS PRODUCTS TRANSFERRED (according to the issue details of the products in question)

Product (According to the name indicated on the portfolio statement)	Par value	Maturity date
_____	\$ _____	DD MM YYYY
_____	\$ _____	DD MM YYYY

If more than two products, attach a separate sheet.

4. CERTIFICATION OF THE SIGNATURE OF THE PARTICIPANT (OR REPRESENTATIVE)

The signature of the participant (or representative) must be certified by the financial institution or by a notary, lawyer, commissioner for oaths or by a person authorized by Épargne Placements Québec.

Signed at _____
 Name of the city or municipality (BLOCK LETTERS)

Date
 DD MM YYYY

Last name and first name of the person certifying (BLOCK LETTERS)

Title or profession

By signing below, I certify that the signature that appears in section 1 or, as the case may be, in the appendix to this form, is truly that of the participant (or representative), as identified on this form or on this appendix.

X
Signature of the person certifying

Telephone _____ Ext. _____

Seal, mark or stamp of the financial institution

RESERVED - Sending the form

Date DD MM YYYY Time _____ Agent no. _____ Remit before 12 noon or 8 p.m.

Épargne
Placements

Québec 
1 800 463-5229

333, Grande Allée Est
Québec (Québec) G1R 5W3

NOTICE OF HYPOTHEC

Schedule II (s. 61)

1. HYPOTHECARY CREDITOR (BLOCK LETTERS)

Name of financial institution _____ Inst. number _____ Transit _____
 Number _____ Street _____
 City _____ Prov. _____ Postal code _____

Representative(s) of the institution:

1) _____
 Last name and first name (BLOCK LETTERS) Title Telephone - Ext.

2) _____
 Last name and first name (BLOCK LETTERS) Title Telephone - Ext.

2. PARTICIPANT (HYPOTHECARY DEBTOR)

The participant is: an individual or his (her) succession
 a corporation, legal person, foundation or trust

Name of the participant – Last name and first name if an INDIVIDUAL (BLOCK LETTERS) _____ Date of birth _____
 DD MM YYYY Participant number (if known) _____

Number _____ Street _____ Apt. _____
 City _____ Prov. _____ Postal code _____ Social insurance number for an INDIVIDUAL _____

Represented by (if applicable)*: _____
 Last name and first name (BLOCK LETTERS) Title Telephone - Ext.

* If more than one representative, provide the information on a separate sheet.

3. DESCRIPTION OF HYPOTHECATED SECURITIES

Product (According to the name indicated on the portfolio statement)	Par value	Type of interest*	Maturity date
_____	\$ _____	_____	DD MM YYYY
_____	\$ _____	_____	DD MM YYYY
_____	\$ _____	_____	DD MM YYYY
Total par value: \$ _____		Amount of hypothec: \$ _____	

Attach a separate sheet if needed.

Attention: For Québec Stock Index Bonds, and for all **simple interest (IPA and IPM)** savings products, only the principal can be subject to a movable hypothec.

*Type of interest: ICA = Interest compounded annually IPA = Interest paid annually IPM = Interest paid monthly

4. SIGNATURES

The signatories require registration of this notice of hypothec in the book based system:

Signed at _____ Date _____
 Name of the city or municipality (BLOCK LETTERS) DD MM YYYY

X _____ X _____
Signature of the participant (hypothecary debtor) or representative **Signature of representative 1** of the financial institution

X _____ X _____
Signature of another representative of the participant (IF REQUIRED) **Signature of representative 2** of the financial institution, if necessary

ATTENTION: These documents will be returned to you if the stamp of the financial institution does not appear below.

Seal, mark or stamp of the financial institution

ASSIGNMENT AND HYPOTHEC OF SECURITIES

For the purposes of section 74 of the Financial Administration Act, the Minister of Finance may make applicable the provisions of this chapter to any of the savings products by declaring, at the time they are issued, whether they are unassignable or assignable and whether or not they may be charged with a movable hypothec.

A security may be assigned, by onerous or gratuitous title, only on the following conditions:

1. the security is a savings product that has been declared assignable;
2. the assignee belongs to a class of authorized purchasers of the savings product.

An assignment of security must be effected through a transfer made in accordance with the provisions that apply for that purpose. The assignment may be set up against Épargne Placements Québec only as of such transfer.

A security may be charged with a hypothec only on the following conditions:

1. the security is a savings product that has been declared a savings product that may be hypothecated;
2. the hypothec is granted to a financial institution that is a bank, a trust company, a savings company or a savings and credit union, or to the Québec government for the purposes set out in the Regulation respecting savings products.

In addition to the conditions mentioned in the preceding paragraph, the hypothec must be a hypothec with delivery; delivery results from an entry in the book based system of the rights of the hypothecary creditor in the hypothecated security.

The hypothec may not charge all of a participant's securities. A hypothec on all of a participant's property or claims may not be set up against Épargne Placements Québec in relation to the participant's securities.

Upon receiving a notice of hypothec, Épargne Placements Québec carries out the required registrations in the book based system.

The notice must be given by completing the "Notice of Hypothec" form.

A transaction request regarding a hypothecated security must be made in writing and be accompanied by the consent of the hypothecary creditor.

Subject to the remedy of taking in payment, the hypothecary creditor may not, in advance of the maturity date of the hypothecated security, collect the interest or the principal pertaining to such security.

However, the creditor may, in the event of the participant's default and upon written notice to Épargne Placements Québec, obtain repayment of the principal and payment of any interest falling due in respect of the hypothecated security, if the security is repayable in advance of the maturity date.

In the event the hypothecary creditor exercises the remedy of taking in payment, it is entitled, if it is an authorized purchaser of the hypothecated security and upon presentation of the written consent of the participant or an irrevocable judgment, to obtain a transfer of the ownership of the security in accordance with the provisions that apply for that purpose.

If the creditor is not an authorized purchaser of the hypothecated security, it is entitled to obtain, upon presentation of the written consent of the participant or an irrevocable judgment, the repayment of the principal and the interest payable, if any, regarding the hypothecated security if such security is repayable in advance of the maturity date.