

- (1) 4% for the 2012 fiscal year;
- (2) 8% for the 2013 fiscal year;
- (3) 12% for the 2014 fiscal year;
- (4) 15% for every following fiscal year.”.

2. The following is added after section 5.1:

“**5.2.** Where the amount of the contribution of the municipality established under section 1.1 is revised under section 5.1, the amount established under section 1.2 is revised using the formula provided for in section 1.2 with the following modification:

B = the amount of the revised contribution of the municipality established under section 5.1.

If the amount calculated under the first paragraph is less than zero, it is deemed to be equal to zero.

An amount equal to the difference between the amount calculated under the first paragraph and the amount calculated under section 1.2 is added to or subtracted from the contribution for the following municipal fiscal year, as the case may be. If the municipality no longer receives police services after 1 January of that fiscal year and the amount cannot be added to or subtracted from the contribution, the amount is claimed from or refunded to the municipality, as the case may be. In no case does that amount bear interest.

5.3. Where the amount of the contribution of the municipality established under section 1.1 is revised under section 5.1, the amount established under section 1.3 is revised using the following formula:

A x B

A = 4% for the 2012 fiscal year;
8% for the 2013 fiscal year;
12% for the 2014 fiscal year;
15% for every following fiscal year;

B = the amount of the revised contribution of the municipality established under section 5.1.

An amount equal to the difference between the amount calculated under the first paragraph and the amount calculated under section 1.3 is added to or subtracted from the contribution for the following municipal fiscal year, as the case may be. If the municipality no longer receives police services after 1 January of that fiscal year and the amount cannot be added to or subtracted

from the contribution, the amount is claimed from or refunded to the municipality, as the case may be. In no case does that amount bear interest.”.

3. Section 10 is amended by inserting “, increased, if applicable, by the amount calculated under section 1.2 or 1.3, as the case may be,” after “1.1”.

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

1911

M.O., 2012

Order number V-1.1-2012-01 of the Minister for Finance dated 2 February 2012

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

CONCERNING Regulation to amend Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations

WHEREAS subparagraphs 11 and 34 of section 331.1 of the Securities Act (R.S.Q., c. V-1.1) provide 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 provide that a draft regulation shall be published in the *Bulletin de l’Autorité des marchés financiers*, 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 provide 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 on any later date specified in the regulation;

WHEREAS Order in Council no. 930-2011 of September 14, 2011 concerning the Minister for Finance provides that the Minister for Finance exercises, under the supervision of the Minister of Finance, the functions for the application of the Securities Act;

WHEREAS the Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations has been approved by Ministerial Order no. 2009-04 dated September 9, 2009 (2009, *G.O.* 2, 3309A);

WHEREAS there is cause to amend this regulation;

WHEREAS the draft Regulation to amend Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations was published in the *Bulletin de l'Autorité des marchés financiers*, volume 8, no. 19 of May 13, 2011;

WHEREAS the *Autorité des marchés financiers* made, on January 18, 2012, by the decision no. 2012-PDG-0003, Regulation to amend Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations;

WHEREAS there is cause to approve this regulation without amendment;

CONSEQUENTLY, the Minister for Finance approves without amendment Regulation to amend Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations appended hereto.

2 February 2012

ALAIN PAQUET,
Minister for Finance

Regulation to amend Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations

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

1. Section 1.1 of Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations (R.R.Q., c. V-1.1, r. 10) is amended:

(1) by inserting, after the definition of the expression “IIROC”, the following:

““IIROC Provision” means a by-law, rule, regulation or policy of IIROC named in Appendix G, as amended from time to time;”;

(2) by inserting, after the definition of the expression “MFDA”, the following:

““MFDA Provision” means a by-law, rule, regulation or policy of the MFDA named in Appendix H, as amended from time to time;”.

2. Section 3.16 of the Regulation is amended:

(1) by inserting, after paragraph (1), the following:

“(1.1) Subsection (1) only applies to a registered individual who is a dealing representative of a member of IIROC in respect of a requirement specified in any of paragraphs (1)(a) to (c) if the registered individual complies with the corresponding IIROC Provisions that are in effect.”;

(2) by inserting, after paragraph (2), the following:

“(2.1) Subsection (2) only applies to a registered individual who is a dealing representative of a member of the MFDA in respect of a requirement specified in paragraphs (2)(a) or (b) if the registered individual complies with the corresponding MFDA Provisions that are in effect.”.

3. Section 9.3 of the Regulation is amended:

(1) by inserting, after paragraph (1), the following:

“(1.1) Subsection (1) only applies to a registered firm in respect of a requirement specified in any of paragraphs (1)(a) to (q) if the registered firm complies with the corresponding IIROC Provisions that are in effect.”;

(2) by inserting, after paragraph (2), the following:

“(2.1) Subsection (2) only applies to a registered firm in respect of a requirement specified in any of paragraphs (2)(a) to (m) if the registered firm complies with the corresponding IIROC Provisions that are in effect.”.

4. Section 9.4 of the Regulation is amended:

(1) by inserting, after paragraph (1), the following:

“(1.1) Subsection (1) only applies to a registered firm in respect of a requirement specified in any of paragraphs (1)(a) to (q) if the registered firm complies with the corresponding MFDA Provisions that are in effect.”;

(2) by inserting, after paragraph (2), the following:

“(2.1) Subsection (2) only applies to a registered firm in respect of a requirement specified in any of paragraphs (2)(a) to (k) if the registered firm complies with the corresponding MFDA Provisions that are in effect.”.

5. The Regulation is amended by adding, after Appendix F, the following:

“APPENDIX G
EXEMPTIONS FROM CERTAIN REQUIREMENTS FOR IIROC MEMBERS
 (Section 9.3)

Regulation 31-103 Provision	IIROC Provision
section 12.1 [<i>capital requirements</i>]	1. Dealer Member Rule 17.1; and 2. Form 1 <i>Joint Regulatory Financial Questionnaire and Report</i> - Part I, Statement B, “Notes and Instructions”
section 12.2 [<i>notifying the regulator of a subordination agreement</i>]	1. Dealer Member Rule 5.2; and 2. Dealer Member Rule 5.2A
section 12.3 [<i>insurance – dealer</i>]	1. Dealer Member Rule 400.2 [<i>Financial Institution Bond</i>]; 2. Dealer Member Rule 400.4 [<i>Amounts Required</i>]; and 3. Dealer Member Rule 400.5 [<i>Provisos with respect to Dealer Member Rules 400.2, 400.3 and 400.4</i>]
section 12.6 [<i>global bonding or insurance</i>]	1. Dealer Member Rule 400.7 [<i>Global Financial Institution Bonds</i>]
section 12.7 [<i>notifying the regulator of a change, claim or cancellation</i>]	1. Dealer Member Rule 17.6; 2. Dealer Member Rule 400.3 [<i>Notice of Termination</i>]; and 3. Dealer Member Rule 400.3B [<i>Termination or Cancellation</i>]
section 12.10 [<i>annual financial statements</i>]	1. Dealer Member Rule 16.2 [<i>Dealer Member Filing Requirements</i>]; and 2. Form 1 <i>Joint Regulatory Financial Questionnaire and Report</i>
section 12.11 [<i>interim financial information</i>]	1. Dealer Member Rule 16.2 [<i>Dealer Member Filing Requirements</i>]; and 2. Form 1 <i>Joint Regulatory Financial Questionnaire and Report</i>
section 12.12 [<i>delivering financial information – dealer</i>]	1. Dealer Member Rule 16.2 [<i>Dealer Member Filing Requirements</i>]

subsection 13.2(3) <i>[know your client]</i>	<ol style="list-style-type: none"> 1. Dealer Member Rule 1300.1(a)-(n) <i>[Identity and Creditworthiness]</i>; 2. Dealer Member Rule 1300.2; 3. Dealer Member Rule 2500, Section II <i>[Opening New Accounts]</i>; and 4. Form 2 <i>New Client Application Form</i>
section 13.3 <i>[suitability]</i>	<ol style="list-style-type: none"> 1. Dealer Member Rule 1300.1(o) <i>[Business Conduct]</i>; 2. Dealer Member Rule 1300.1(p) <i>[Suitability Generally]</i>; 3. Dealer Member Rule 1300.1(q) <i>[Suitability Determination Required When Recommendation Provided]</i>; 4. Dealer Member Rule 1300.1(r) and Dealer Member Rule 1300.1(s) <i>[Suitability Determination Not Required]</i>; 5. Dealer Member Rule 1300.1(t) <i>[Corporation Approval]</i>; 6. Dealer Member Rule 2700, Section I <i>[Customer Suitability]</i>; and 7. Dealer Member Rule 3200 <i>[Minimum Requirements for Dealer Members Seeking Approval Under Rule 1300.1(t) for Suitability Relief for Trades not Recommended by the Member]</i>
section 13.12 <i>[restriction on lending to clients]</i>	<ol style="list-style-type: none"> 1. Dealer Member Rule 100 <i>[Margin Requirements]</i>
section 13.13 <i>[disclosure when recommending the use of borrowed money]</i>	<ol style="list-style-type: none"> 1. Dealer Member Rule 29.26
section 13.15 <i>[handling complaints]</i>	<ol style="list-style-type: none"> 1. Dealer Member Rule 2500B <i>[Client Complaint Handling]</i>; and 2. Dealer Member Rule 2500, Section VIII <i>[Client Complaints]</i>

<p>subsection 14.2(2) <i>[relationship disclosure information]</i></p>	<ol style="list-style-type: none"> 1. Dealer Member Rules of IIROC that set out the requirements for relationship disclosure information similar to those contained in IIROC's Client Relationship Model proposal, published for comment on January 7, 2011; <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>IIROC has not yet assigned a number to the relationship disclosure dealer member rule in its Client Relationship Model proposal. We will refer to the dealer member rule number when IIROC has assigned one.</p> </div> <ol style="list-style-type: none"> 2. Dealer Member Rule 29.8; 3. Dealer Member Rule 200.1(c); 4. Dealer Member Rule 200.1(h); 5. Dealer Member Rule 1300.1(p) <i>[Suitability Generally]</i>; 6. Dealer Member Rule 1300.1(q) <i>[Suitability Determination Required When Recommendation Provided]</i>; 7. Dealer Member Rule 1300.2; and 8. Dealer Member Rule 2500B, Part 4 <i>[Complaint procedures / standards]</i>
<p>section 14.6 <i>[holding client assets in trust]</i></p>	<ol style="list-style-type: none"> 1. Dealer Member Rule 17.3
<p>section 14.8 <i>[securities subject to a safekeeping agreement]</i></p>	<ol style="list-style-type: none"> 1. Dealer Member Rule 17.2A 2. Dealer Member Rule 2600 – Internal Control Policy Statement 5 <i>[Safekeeping of Clients' Securities]</i>
<p>section 14.9 <i>[securities not subject to a safekeeping agreement]</i></p>	<ol style="list-style-type: none"> 1. Dealer Member Rule 17.3; 2. Dealer Member Rule 17.3A; and 3. Dealer Member Rule 200.1(c)
<p>section 14.12 <i>[content and delivery of trade confirmation]</i></p>	<ol style="list-style-type: none"> 1. Dealer Member Rule 200.1(h)

“APPENDIX H
EXEMPTIONS FROM CERTAIN REQUIREMENTS FOR MFDA MEMBERS
 (Section 9.4)

Regulation 31-103 Provision	MFDA Provision
section 12.1 [<i>capital requirements</i>]	1. Rule 3.1.1 [<i>Minimum Levels</i>]; 2. Rule 3.1.2 [<i>Notice</i>]; 3. Rule 3.2.2 [<i>Member Capital</i>]; 4. Form 1 <i>MFDA Financial Questionnaire and Report</i> ; and 5. Policy No. 4 [<i>Internal Control Policy Statements – Policy Statement 2: Capital Adequacy</i>]
section 12.2 [<i>notifying the regulator of a subordination agreement</i>]	1. Form 1 <i>MFDA Financial Questionnaire and Report</i> , Statement F [<i>Statement of Changes in Subordinated Loans</i>]; and 2. Membership Application Package – Schedule I (Subordinated Loan Agreement)
section 12.3 [<i>insurance – dealer</i>]	1. Rule 4.1 [<i>Financial Institution Bond</i>]; 2. Rule 4.4 [<i>Amounts Required</i>]; 3. Rule 4.5 [<i>Provisos</i>]; and 4. Policy No. 4 [<i>Internal Control Policy Statements – Policy Statement 3: Insurance</i>]
section 12.6 [<i>global bonding or insurance</i>]	1. Rule 4.7 [<i>Global Financial Institution Bonds</i>]
section 12.7 [<i>notifying the regulator of a change, claim or cancellation</i>]	1. Rule 4.2 [<i>Notice of Termination</i>]; and 2. Rule 4.3 [<i>Termination or Cancellation</i>]
section 12.10 [<i>annual financial statements</i>]	1. Rule 3.5.1 [<i>Monthly and Annual</i>]; 2. Rule 3.5.2 [<i>Combined Financial Statements</i>]; and 3. Form 1 <i>MFDA Financial Questionnaire and Report</i>
section 12.11 [<i>interim financial information</i>]	1. Rule 3.5.1 [<i>Monthly and Annual</i>]; 2. Rule 3.5.2 [<i>Combined Financial Statements</i>]; and 3. Form 1 <i>MFDA Financial Questionnaire and Report</i>
section 12.12 [<i>delivering financial information – dealer</i>]	1. Rule 3.5.1 [<i>Monthly and Annual</i>]
section 13.3 [<i>suitability</i>]	1. Rule 2.2.1 [<i>“Know-Your-Client”</i>]; and 2. Policy No. 2 [<i>Minimum Standards for Account Supervision</i>]
section 13.12 [<i>restriction on lending to clients</i>]	1. Rule 3.2.1 [<i>Client Lending and Margin</i>]; and 2. Rule 3.2.3 [<i>Advancing Mutual Fund Redemption Proceeds</i>]
section 13.13 [<i>disclosure when recommending the use of borrowed money</i>]	1. Rule 2.6 [<i>Borrowing for Securities Purchases</i>]

section 13.15 <i>[handling complaints]</i>	<ol style="list-style-type: none"> 1. Rule 2.11 <i>[Complaints]</i> 2. Policy No. 3 <i>[Complaint Handling, Supervisory Investigations and Internal Discipline]</i>; and 3. Policy No. 6 <i>[Information Reporting Requirements]</i>
subsection 14.2(2) <i>[relationship disclosure information]</i>	<ol style="list-style-type: none"> 1. Rule 2.2.5 <i>[Relationship Disclosure]</i>
section 14.6 <i>[holding client assets in trust]</i>	<ol style="list-style-type: none"> 1. Rule 3.3.1 <i>[General]</i>; 2. Rule 3.3.2 <i>[Cash]</i>; and 3. Policy No. 4 <i>[Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities]</i>
section 14.8 <i>[securities subject to a safekeeping agreement]</i>	<ol style="list-style-type: none"> 1. Rule 3.3.3 <i>[Securities]</i>; and 2. Policy No. 4 <i>[Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities]</i>
section 14.9 <i>[securities not subject to a safekeeping agreement]</i>	<ol style="list-style-type: none"> 1. Rule 3.3.3 <i>[Securities]</i>
section 14.12 <i>[content and delivery of trade confirmation]</i>	<ol style="list-style-type: none"> 1. Rule 5.4.1 <i>[Delivery of Confirmations]</i>; 2. Rule 5.4.2 <i>[Automatic Payment Plans]</i>; and 3. Rule 5.4.3 <i>[Content]</i>

”.

6. This Regulation comes into force on February 28, 2012.