

Regulations and other Acts

Gouvernement du Québec

O.C. 118-2012, 22 February 2012

An Act respecting the Caisse de dépôt et placement du Québec
(R.S.Q., c. C-2)

Caisse de dépôt et placement du Québec — Terms and conditions of deposits, funds and portfolios

Regulation respecting the terms and conditions of deposits, funds and portfolios of the Caisse de dépôt et placement du Québec

WHEREAS paragraphs *d* and *e* of section 23 of the Act respecting the Caisse de dépôt et placement du Québec (R.S.Q., c. C-2) provide that the Caisse de dépôt et placement du Québec must establish by regulation the terms and conditions of deposits, funds and portfolios;

WHEREAS the second paragraph of section 13 of the Act provides that a regulation made by the Caisse de dépôt et placement du Québec under paragraphs *d* and *e* of section 23 of the Act must be submitted for approval to the Government, which may approve it with or without amendment;

WHEREAS, on 12 December 2011, the Caisse de dépôt et placement du Québec made the Regulation respecting the terms and conditions of deposits, funds and portfolios;

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), the draft Regulation was published in Part 2 of the *Gazette officielle du Québec* of 28 December 2011 with a notice that it could be submitted to the Government for approval on the expiry of 45 days following that publication;

WHEREAS the 45-day period has expired and no comments were received before the expiry of that period;

WHEREAS it is expedient to approve the Regulation without amendment;

IT IS ORDERED, therefore, on the recommendation of the Minister of Finance:

THAT the Regulation respecting the terms and conditions of deposits, funds and portfolios of the Caisse de dépôt et placement du Québec, attached to this Order in Council, be approved.

GILLES PAQUIN,
Clerk of the Conseil exécutif

Regulation respecting the terms and conditions of deposits, funds and portfolios of the Caisse de dépôt et placement du Québec

An Act respecting the Caisse de dépôt et placement du Québec
(R.S.Q., c. C-2, s. 23, pars. *d* and *e*)

DIVISION I DEFINITIONS

1. In this Regulation, unless the context indicates otherwise,

“Fund” means the Caisse de dépôt et placement du Québec;

“Act” means the Act respecting the Caisse de dépôt et placement du Québec;

“closing “ means the last day of a fiscal period;

“deposit” means all moneys deposited with the Fund under an Act;

“fiscal period” means the period corresponding to the months in the calendar year, inasmuch as the general fund, the individual funds and the specialized funds are concerned, and to the periods defined in the accounting policy established for each case, inasmuch as the specialized portfolios are concerned;

“working day” means any day other than Saturday, Sunday or holidays;

“opening” means the first day of a fiscal period.

DIVISION II FUNDS

2. The Fund may receive deposits in its general fund, in its individual funds, and in its specialized funds.

3. The general fund is a pooled fund in which the Fund may receive participation deposits from those of its depositors who are empowered to deposit moneys with the Fund pursuant to section 18 of the Act.

The general fund is a fund whose investments are diversified; it comprises all types or categories of assets and investments.

The general fund carries on cash flow activities for the purposes of the activities and operations of the Fund.

The general fund receives demand and term deposits from all depositors with the Fund, as well as from other funds, specialized portfolios and subsidiaries of the Fund.

The general fund may also hold other elements of assets benefitting all depositors.

Operating and administrative costs of all funds and portfolios are first accounted for in the general fund before the board of directors approves their distribution to the funds and portfolios.

4. At the closing of the fiscal period of the general fund, the net result of the investments of the cash flow activities, including the net result of the investments related to the other elements of assets provided for in the fifth paragraph of section 3, is established and the result is apportioned among the depositors in proportion to the value of the participation deposits they hold in all individual funds.

At that closing of the fiscal period, the net result of the investments of activities other than cash flow activities is also established and, after the allocation of the net result of the investments of the cash flow activities, as established in accordance with the previous paragraph, the balance of the net result of the investments of the activities of the general fund, other than cash flow activities, is apportioned among the depositors of the general fund in proportion to the number of units of participation held by each one in the fund.

The net result of the investments is made up of the net income or the net loss of investments, gains and losses on the sale of investments and unrealized gain or loss on investments and liabilities related to the investments, less operating and administrative costs allocated to the fund, following the approval for distribution of the costs by the Fund's board of directors.

At the opening of the fiscal period that follows, the net income is paid to the depositors or the net loss is recovered from the depositors. The same applies to the gains from the sale of investments or the recovered losses from the sale of investments. The payments can be made by issuing units of participation.

5. Individual funds each have a single depositor and their investments are diversified in keeping with individual requirements.

The depositor who has use of an individual fund may define general standards related to the distribution of his or her assets between the following general investment categories:

- (a) stocks;
- (b) bonds and hypothecs;
- (c) real estate;
- (d) short term.

Such general standards must however at all times be compatible with the objectives and policies of the Fund and with the general or specific standards enacted, from time to time, by the board of directors.

6. Specialized funds are pooled funds in which the Fund may receive participation deposits from those of its depositors who are empowered to deposit moneys with the Fund pursuant to section 20 of the Act.

Specialized funds are each made up of investments of any of the investment categories referred to in section 22 or a combination of such investment categories.

7. The equity of a depositor may be transferred from a specialized fund to an individual fund with the approval of the board of directors in compliance with the procedure established in Schedule A and upon such conditions and terms adopted by resolution by the board of directors.

DIVISION III DEMAND AND TERM DEPOSITS

8. The general fund accepts demand deposits and term deposits from day to day.

9. Demand deposits bear interest at a variable rate determined by the Fund in keeping with the conditions of any of the money, bond, equity or any other market or in keeping with any of the investment categories described in section 22 or a combination of any such investment categories. Interest is computed daily in keeping with

the returns earned at the maturity date of the deposits; the aggregate interest is credited to the demand deposit accounts on a monthly basis.

10. Demand deposits are redeemable by the Fund on the working day following receipt of a written notice of withdrawal.

11. Term deposits each bear interest at a fixed rate determined by the Fund in keeping with conditions of the money market on the date of the deposit.

The Fund may determine a variable rate in keeping with the conditions of any bond, equity or any other market or in keeping with any of the investment categories described in section 22 or a combination of any such investment categories.

The interest is computed on the amount of the deposit in keeping with the returns earned and is payable on the maturity date of the deposit

12. Term deposits are redeemable by the Fund on the date of maturity.

13. Interest to be paid on term deposits, as well as the principal of matured term deposits, is payable into the demand deposit account of the depositor.

14. Despite section 12, a depositor may withdraw from his or her demand deposit account, as soon as they are paid into such account, the moneys referred to in sections 13, 18, 19 and 20.

DIVISION IV PARTICIPATION DEPOSITS

15. The Fund accepts participation deposits in its funds at the opening of the respective fiscal periods of such funds and effects withdrawals of participation deposits from its funds at the opening of the respective fiscal periods of such funds.

16. Participation deposits are expressed in units of participation of the fund to which they are assigned. The number of units of participation corresponding to a deposit made into a fund or a withdrawal from such fund is equal to the amount of the deposit or withdrawal, divided by the price of the units of participation of the fund.

17. The price of the units of participation of the funds is calculated by dividing, at the time of establishing the price, the value of the net equity of each fund by the number of units then outstanding. For the purposes of a withdrawal or a deposit, the number of units is the number existing immediately before the withdrawal or deposit operation.

At the time of appraisal of the net equity of a fund, investments are taken at their market value; where there is no market or valid quotation for an investment or an asset, the Fund may appraise it on the basis of yield, at book value or at realizable value. For the purposes of such appraisals, the Fund's assets are part of the equity of the general fund which is also encumbered with the Fund's liabilities.

18. At the closing of the fiscal period of an individual fund, after the allocation to the fund of the net result of investments of the cash flow activities of the general fund, as established in accordance with the first paragraph of section 4, the net investment income of the fund is established.

The net result of investments of an individual fund is made up of the net income or the net loss of investments, gains and losses on the sale of investments and unrealized gain or loss on investments and liabilities related to the investments, less operating and administrative costs allocated to the fund, following the approval for distribution of the costs by the Fund's board of directors.

At the opening of the fiscal period that follows, the net income is paid to the depositor or the net loss is recovered. The same applies to the gains from the disposal of investments or the recovered losses from the sale of investments. The payments can be made by issuing units of participation.

19. At the closing of the fiscal period of a specialized fund, the net result of investments is established and, after allocation to the fund of the net result of investments of the cash flow activities of the general fund, as established in accordance with the first paragraph of section 4, the balance is apportioned among the depositors of the fund in proportion to the number of units of participation held by each one.

The net result of investments of a specialized fund is made up of the net income or the net loss of investments, gains and losses on the sale of investments and unrealized gain or loss on investments and liabilities related to the investments, less operating and administrative costs allocated to the fund, following the approval for distribution of the costs by the Fund's board of directors.

At the opening of the fiscal period that follows, the net income is paid to the depositors or the net loss is recovered. The same applies to the gains from the disposal of investments or the recovered losses from the sale of investments. The payments can be made by issuing units of participation.

20. Withdrawals of participation deposits must be made by means of written notices of withdrawal to be sent to the Fund, indicating the amount of the withdrawal and the date of the withdrawal. Following receipt of such notice, the Fund proceeds in the following manner and according to the sequence prescribed.

On the first day of each fiscal period of a fund during which a depositor has forwarded a notice of withdrawal, the Fund cancels a sufficient number of the depositor's units of participation up to the maximum amounts provided for in the fourth paragraph. The balance of the variance account between the book value of the cancelled units and their cancellation price is then apportioned among the depositors of the fund and paid in proportion to the number of units of participation held by each depositor after the cancellation.

The proceeds from the cancellation of units of participation are recorded in one of the Fund's credit accounts. The amount bears interest at such rate paid by the Fund on demand deposits, as of the day following its recording, whether it be a working day or not. The first day of each month, an amount which does not exceed the limits provided hereinafter is transferred from the credit account to the depositor's demand deposit account.

The maximum amount of monthly reimbursements which the Fund is required to make to a depositor in respect of one or several notices of withdrawal is limited to the sum of \$15,000,000 plus the proceeds of \$2,000,000 multiplied by the number of months elapsed since receipt of the notice of withdrawal by the Fund. Any cancellation of units of participation that is not made due to the maximum amount permitted is carried forward to the first days of the subsequent fiscal periods and made as soon as the limit permits.

DIVISION V PORTFOLIOS

21. Portfolios under separate management are portfolios of movable and immovable assets which the Fund does not own but whose management is entrusted to it by a depositor.

22. Financial operations may be effected among the various specialized portfolios.

The specialized portfolios are the following:

(1) specialized real estate portfolios composed primarily of real estate assets, shares in real estate corporations or corporations whose object is to acquire, hold, rent or administer real estate properties, as well as evidences of indebtedness relating thereto;

(2) specialized participation portfolios in enterprises;

(3) specialized hypothec portfolios;

(4) specialized portfolios of foreign securities or securities acquired on foreign markets or administered within the scope of overall management of international investments;

(5) specialized portfolios of shares and of securities convertible into shares;

(6) specialized portfolios of money market securities and cash management;

(7) specialized bond portfolios;

(8) specialized portfolios of any of the investment categories referred to in subparagraphs 1 to 7 and 9 to 13 and in juxtaposition with financial instruments or contracts;

(9) specialized portfolios containing one or more securities;

(10) specialized portfolios containing a combination of investment categories referred to in subparagraphs 1 to 9 and 11 to 13;

(11) specialized foreign currency portfolios;

(12) specialized portfolios of derivative financial instruments;

(13) specialized portfolios of diversified products.

23. The specialized portfolios are pooled investments in which the funds of the Fund may invest.

24. Sections 15, 16, 17 and 20 apply to specialized portfolios to the extent that they may be applicable.

25. At the closing of the fiscal period of a specialized portfolio, the net result of investments of the portfolio is established and apportioned among the holders of units of participation in proportion to the number of units of participation held by each one.

The net result of investments of a specialized portfolio is made up of the net income or the net loss of investments, gains and losses on the sale of investments and unrealized gain or loss on investments and liabilities related to the investments, less operating and administrative costs allocated to the portfolio, following the approval for distribution of the costs by the Fund's board of directors.

At the opening of the following fiscal period, the net income is paid to the funds or the net loss is recovered. The payments can be made by issuing units of participation.

DIVISION VI MISCELLANEOUS

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

SCHEDULE A

(s. 7)

TRANSFER PROCEDURE OF A DEPOSITOR'S ASSETS FROM A SEGREGATED TO AN INDIVIDUAL FUND

1. In this Schedule, the following expressions mean:

“Apportionment”: apportionment to a depositor of part of the investments or other elements of assets or liabilities.

“Depositor’s equity” the sum of:

(1) the stated value of the depositor’s participation units;

(2) the share of accumulated income as at 31 December 1979 attributed to the depositor;

(3) the share of profit or loss on disposal of investments incurred since 1 January 1980 such as it would have been attributable to the depositor at the end of the fiscal period when such disposal occurred;

(4) the share of variance recorded on the withdrawal of participation units attributable to the depositor, in proportion to the units held by the depositor as compared to the fund’s total units at the time of transfer.

“Net assets”: aggregate investments and other assets at stated value less corresponding liabilities; in the case of a specialized fund, this is equal to the depositors overall equity.

“Share”: unless the content indicates otherwise, the share of a depositor is that share represented by the number of participation units held by such depositor, in proportion to the fund’s total number of units.

“Stated value”: residual value of an asset as determined when acquired or recorded, subject to the bookkeeping adjustments which have affected it since that time, until the transfer;

“Unadjusted net assets of a depositor”: in the fund’s net assets, the pro rata value of the participation units of the depositor as compared to the value of the aggregate participation units of the fund.

2. For the purpose of transferring a depositor’s equity from a specialized fund to an individual fund, it is proceeded to the following as at 1 January 1983:

(1) the computation of:

(a) the value of the specialized fund net assets;

(b) the depositor’s unadjusted net assets;

(c) the depositor’s equity;

(d) the depositor’s equity is divided by its unadjusted net assets in order to set up an adjustment factor which will absorb the difference between the cost of investments for the specialized fund and the cost for the depositor;

(e) the depositor’s adjusted net assets are determined by replacing, in the depositor’s unadjusted net assets, the stated value of investments by the value obtained when applying to such stated value the adjustment factor mentioned above;

(2) the apportionment of assets in the following manner:

(a) the apportionment of assets and liabilities of the specialized fund is effected, on the whole, according to the share of each depositor;

(b) the apportionment of each element of assets and liabilities is effected, inasmuch as it is possible, according to the policy mentioned in the preceding paragraph subject to the adjustments and terms agreed upon by the depositor and the Fund or as determined by resolution of the board of directors;

(3) the following operations:

(a) the closing of the accounts of the depositor’s adjusted net assets and the depositor’s equity in the specialized fund and the cancellation of the participation units held by the depositor in the fund;

the remittance to the depositor’s individual fund of the elements of assets and liabilities attributed to the latter, at the closing value mentioned in the preceding paragraph, said value to become the stated value in the individual fund, and the issue to the depositor of the number of participation units of fixed value of \$1,000,

as required for the purpose of obtaining a value equal to that of the transfer. Any fraction of \$1,000 will be completed by the opening up of an account receivable.

1925

Gouvernement du Québec

O.C. 119-2012, 22 February 2012

An Act respecting the Caisse de dépôt et placement du Québec
(R.S.Q., c. C-2)

Caisse de dépôt et placement du Québec — **Internal management** — **Amendment**

Regulation to amend the Regulation respecting the internal management of the Caisse de dépôt et placement du Québec

WHEREAS paragraph *a* of section 23 of the Act respecting the Caisse de dépôt et placement du Québec (R.S.Q., c. C-2) provides that the Caisse de dépôt et placement du Québec must establish by regulation the rules relating to its internal management and its commercial affairs;

WHEREAS the Regulation respecting the internal management of the Caisse de dépôt et placement du Québec (R.R.Q., c. C-2, r. 3) has provisions concerning the terms and conditions of deposits, funds and portfolios, which are governed by paragraphs *d* and *e* of section 23 of the Act;

WHEREAS those provisions were repeated with amendment in the Regulation respecting the terms and conditions of deposits, funds and portfolios, which was approved by the Government on 22 February 2012 under Order in Council 118-2012;

WHEREAS, on 12 December 2011, the Caisse de dépôt et placement du Québec made the Regulation to amend the Regulation respecting the internal management of the Caisse de dépôt et placement du Québec in order to revoke from the Regulation the provisions concerning the terms and conditions of deposits, funds and portfolios;

WHEREAS the second paragraph of section 13 of the Act respecting the Caisse de dépôt et placement du Québec provides that a regulation made by the Caisse de dépôt et placement du Québec under paragraphs *d* and *e* of section 23 of the Act must be submitted for approval to the Government, which may approve it with or without amendment;

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), the text of the Regulation was published as a draft in Part 2 of the *Gazette officielle du Québec* of 28 December 2011 with a notice that it could be submitted to the Government for approval on the expiry of 45 days following that publication;

WHEREAS the 45-day period has expired and no comments were received before the expiry of that period;

WHEREAS it is expedient to approve the Regulation without amendment;

IT IS ORDERED, therefore, on the recommendation of the Minister of Finance:

THAT the Regulation to amend the Regulation respecting the internal management of the Caisse de dépôt et placement du Québec, attached to this Order in Council, be approved.

GILLES PAQUIN,
Clerk of the Conseil exécutif

Regulation to amend the Regulation respecting the internal management of the Caisse de dépôt et placement du Québec

An Act respecting the Caisse de dépôt et placement du Québec
(R.S.Q., c. C-2, s. 23, par. *a*)

1. The Regulation respecting the internal management of the Caisse de dépôt et placement du Québec (R.R.Q., c. C-2, r. 3) is amended by striking out paragraphs *c*, *e* and *i* of section 1 of Division 1, Divisions IX, X, XI, XII, XIII, section 50.1 of Division XIV and Schedule C.

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

1926