

34. Section 15.4 of the Regulation is amended by deleting, wherever it occurs in paragraph (9), the word “simplified”.

35. Section 15.13 of the Regulation is amended by replacing, in the French text of paragraph (2), the word “prestataire” with the word “fournisseur” and by deleting the word “instruments”.

36. Section 20.4 of the Regulation is replaced with the following:

“20.4. Mortgage Funds

Paragraphs 2.3(b) and (c) do not apply to a mutual fund that has adopted fundamental investment objectives to permit it to invest in mortgages in accordance with Regulation No. 29 respecting Mutual Funds Investing in Mortgages (c. V-1.1, r. 45) if

(a) a Regulation replacing Regulation No. 29 respecting Mutual Funds Investing in Mortgages has not come into force;

(b) the mutual fund was established, and has a simplified prospectus for which a receipt was issued, before the date that this Regulation came into force; and

(c) the mutual fund complies with Regulation No. 29 respecting Mutual Funds Investing in Mortgages.”

37. Appendix A of the Regulation is amended by replacing, in the French text of the title, the words “Les limites sur l’exposition à une contrepartie en matière d’instruments dérivés” with the words “Les limites sur l’exposition à une contrepartie en matière de dérivés”.

38. The Regulation is amended by replacing, wherever they occur in sections 1.2, 2.17, 3.1, 3.2, 5.3.1, 5.7, 7.1, 8.1, 9.2, 15.2, 15.5, 15.6, 15.8, 15.12 and 19.2, the words “simplified prospectus” with the word “prospectus”.

39. The Regulation is amended by replacing, wherever it occurs in the French text, the word “liquidités” with the word “espèces”, except in the expression “liquidités synthétiques”.

40. The Regulation is amended by replacing, wherever they occur in the French text of sections 2.12 to 2.14, the words “valeur au marché” with the words “valeur marchande”.

41. The Regulation is amended by replacing, wherever they occur in the French text of sections 4.4, 7.1, 11.1 and 11.5, the words “prestataire” and “prestataires” with, respectively, the words “fournisseur” and “fournisseurs”.

42. The Regulation is amended by replacing, wherever it occurs in the French text, the word “repère” with the words “indice de référence”.

43. This Regulation comes into force on April 30, 2012, except for the definition of “money market fund”, in section 1, and section 11, which come into force 6 months after this Regulation comes into force.

2019

M.D., 2012-07

Order number V-1.1-2012-07 of the Minister for Finance dated April 12, 2012

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

CONCERNING concordant regulations to Regulation 81-102 respecting mutual funds

WHEREAS subparagraphs 1, 6, 8, 9, 16, 19 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 following regulations have been made by the *Autorité des marchés financiers* or approved by the minister of Finances:

— Regulation 41-101 respecting general prospectus requirements, approved by ministerial order no. 2008-05 dated March 4, 2008 (2008, *G.O.* 2, 810);

— Regulation 81-101 respecting mutual fund prospectus disclosure, made by decision no. 2001-C-0283 dated June 12, 2001 (*Bulletin hebdomadaire*, vol. 32, no. 26 dated June 29, 2001);

— Regulation 81-106 respecting investment fund continuous disclosure approved by ministerial order no. 2005-05 dated May 19, 2005 (2005, *G.O.* 2, 1601);

WHEREAS there is cause to amend those regulations;

WHEREAS the following draft regulations were published in the *Bulletin de l'Autorité des marchés financiers*, volume 7, no. 25 of June 25, 2010:

— Regulation to amend Regulation 41-101 respecting general prospectus requirements;

— Regulation to amend Regulation 81-101 respecting mutual fund prospectus disclosure;

— Regulation to amend Regulation 81-106 respecting investment fund continuous disclosure;

WHEREAS those draft regulations were made by the *Autorité des marchés financiers* by decision no. 2012-PDG-0056 dated March 20, 2012;

WHEREAS there is cause to approve those regulations without amendment;

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

— Regulation to amend Regulation 41-101 respecting general prospectus requirements;

— Regulation to amend Regulation 81-101 respecting mutual fund prospectus disclosure;

— Regulation to amend Regulation 81-106 respecting investment fund continuous disclosure.

April 12, 2012

ALAIN PAQUET,
Minister for Finance

Regulation to amend Regulation 41-101 respecting general prospectus requirements

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (6), (8), (16) and (34))

1. Regulation 41-101 respecting General Prospectus Requirements (R.R.Q., c. V-1.1, r. 14) is amended by inserting, after section 14.8, the following:

“14.8.1. Custodial provisions relating to short sales

(1) For the purposes of subsection (2), “borrowing agent” has the same meaning as in Regulation 81-102 respecting Mutual Funds (c. V-1.1, r. 39) except that each reference in that definition to “a mutual fund” must be read as references to “an investment fund”.

(2) Except where the borrowing agent is the investment fund’s custodian or sub-custodian, if an investment fund deposits portfolio assets with a borrowing agent as security in connection with a short sale of securities, the market value of portfolio assets deposited with the borrowing agent must not, when aggregated with the market value of portfolio assets already held by the borrowing agent as security for outstanding short sales of securities by the investment fund, exceed 10% of the net asset value of the investment fund at the time of deposit.

(3) An investment fund must not deposit portfolio assets as security in connection with a short sale of securities with a dealer in Canada unless that dealer is a registered dealer and is a member of the Investment Industry Regulatory Organization of Canada.

(4) An investment fund must not deposit portfolio assets as security in connection with a short sale of securities with a dealer outside Canada unless that dealer

(a) is a member of a stock exchange and is subject to a regulatory audit, and

(b) has a net worth, determined from its most recent audited financial statements that have been made public, in excess of the equivalent of \$50 million.”

2. Form 41-101F2 of the Regulation is amended:

(1) by inserting, after paragraph (5) of Item 6.1, the following:

“(6) If the investment fund intends to sell securities short

(a) state that the investment fund may sell securities short; and

(b) briefly describe

(i) the short selling process, and

(ii) how short sales of securities are or will be entered into in conjunction with other strategies and investments of the investment fund to achieve the investment fund's investment objectives.”;

(2) by replacing paragraph (4) of Item 12.1 with the following:

“(4) As applicable, describe the risks associated with the investment fund entering into

(a) derivative transactions for non-hedging purposes,

(b) securities lending, repurchase or reverse repurchase transactions; and

(c) short sales of securities.”;

(3) by inserting, in paragraphs (a) and (b) of Item 20.3 and after the words “net asset value”, the words “and net asset value per security”.

3. This Regulation comes into force on April 30, 2012.

Regulation to amend Regulation 81-101 respecting mutual fund prospectus disclosure

Securities Act

(R.S.Q., c. V-1.1, s. 331.1, par. (1), (6) and (8))

1. Section 3.2 of Regulation 81-101 respecting Mutual Fund Prospectus Disclosure (R.R.Q., c. V-1.1, r. 38) is amended by replacing paragraphs 1 and 2 of the French text with the following:

“1) La transmission d’un prospectus simplifié provisoire déposé en vertu du présent règlement et établi conformément au Formulaire 81-101F1 pour un OPC, avec ou sans les documents intégrés par renvoi, permet de satisfaire à l’obligation prévue dans la législation en valeurs mobilières de transmettre ou d’envoyer un prospectus provisoire à une personne.

“2) La transmission d’un prospectus simplifié déposé en vertu du présent règlement et établi conformément au Formulaire 81-101F1 pour un OPC, avec ou sans les

documents intégrés par renvoi, permet de satisfaire à l’obligation prévue dans la législation en valeurs mobilières de transmettre ou d’envoyer un prospectus à une personne.”.

2. The titles of Part 4 and section 4.1 of the Regulation are replaced, in the French text, with the following:

“PARTIE 4 LANGAGE SIMPLE ET PRÉSENTATION

“4.1. Langage simple et présentation”.

3. Part A of the French text of Form 81-101F1 of the Regulation is amended, in the last paragraph of paragraph (3) of Item 4, by replacing the words “organisme d’assurance-dépôts gouvernemental” with the words “organisme public d’assurance-dépôts”.

4. Part B of Form 81-101F1 of the Regulation is amended:

(1) by deleting, in Item 5, paragraph (e);

(2) by replacing Item 7 with the following:

“Item 7 Investment Strategies

(1) Describe under the heading “What Does The Fund Invest In?” and under the sub-heading “Investment Strategies”

(a) the principal investment strategies that the mutual fund intends to use in achieving its investment objectives; and

(b) the process by which the mutual fund’s portfolio adviser selects securities for the fund’s portfolio, including any investment approach, philosophy, practices or techniques used by the portfolio adviser or any particular style of portfolio management that the portfolio adviser intends to follow.

(c) if the mutual fund may hold securities of other mutual funds,

(i) whether the mutual fund intends to purchase securities of, or enter into specified derivative transactions for which the underlying interest is based on the securities of, other mutual funds;

(ii) whether or not the other mutual funds may be managed by the manager or an affiliate or associate of the manager of the mutual fund;

(iii) what percentage of the net asset value of the mutual fund is dedicated to the investment in the securities of, or the entering into of specified derivative transactions for which the underlying interest is based on the securities of, other mutual funds; and

(iv) the process or criteria used to select the other mutual funds.

(2) Indicate what types of securities, other than those held by the mutual fund in accordance with its fundamental investment objectives, may form part of the mutual fund's portfolio assets under normal market conditions.

(3) If the mutual fund intends to use derivatives

(a) for hedging purposes only, state that the mutual fund may use derivatives for hedging purposes only;

(b) for non-hedging purposes, or for hedging and non-hedging purposes, briefly describe

(i) how derivatives are or will be used in conjunction with other securities to achieve the mutual fund's investment objectives,

(ii) the types of derivatives expected to be used and give a brief description of the nature of each type, and

(iii) the limits of the mutual fund's use of derivatives.

(4) State whether any, and if so what proportion, of the assets of the mutual fund may or will be invested in foreign securities.

(5) If the mutual fund is not a money market fund, and intends to engage in active and frequent trading of portfolio securities as a principal investment strategy to achieve its investment objectives such that the portfolio turnover rate of the mutual fund is expected to be more than 70 percent, describe

(a) the tax consequences to securityholders of an active portfolio turnover, and

(b) how the tax consequences of, or trading costs associated with, the mutual fund's portfolio turnover may affect the mutual fund's performance.

(6) If the mutual fund may depart temporarily from its fundamental investment objectives as a result of adverse market, economic, political or other considerations, disclose any temporary defensive tactics the mutual fund's portfolio adviser may use or intends to use in response to such conditions.

(7) Describe any restrictions on investments adopted by the mutual fund, beyond what is required under securities legislation, that do not pertain to the fundamental nature of the mutual fund.

(8) If the mutual fund intends to enter into securities lending, repurchase or reverse repurchase transactions under sections 2.12, 2.13 or 2.14 of Regulation 81-102 Mutual Funds (c. V-1.1, r. 39)

(a) state that the mutual fund may enter into securities lending, repurchase or reverse repurchase transactions; and

(b) briefly describe

(i) how those transactions are or will be entered into in conjunction with other strategies and investments of the mutual fund to achieve the mutual fund's investment objectives;

(ii) the types of those transactions to be entered into and give a brief description of the nature of each type, and

(iii) the limits of the mutual fund's entering into of those transactions.

(9) For an index mutual fund,

(a) for the 12 month period immediately preceding the date of the simplified prospectus,

(i) indicate whether one or more securities represented more than 10 percent of the permitted index or permitted indices;

(ii) identify that security or those securities; and

(iii) disclose the maximum percentage of the permitted index or permitted indices that the security or securities represented in the 12 month period, and

(b) disclose the maximum percentage of the permitted index or permitted indices that the security or securities referred to in paragraph (a) represented at the most recent date for which that information is available.

(10) If the mutual fund intends to sell securities short under section 2.6.1 of Regulation 81-102 respecting Mutual Funds (c. V-1.1, r. 39)

(a) state that the mutual fund may sell securities short; and

(b) briefly describe

(i) the short selling process, and

(ii) how short sales of securities are or will be entered into in conjunction with other strategies and investments of the mutual fund to achieve the mutual fund's investment objectives.”;

(3) in Item 9:

(a) by replacing paragraph (1.1) with the following:

“(1.1) If securities of a mutual fund representing more than 10% of the net asset value of the mutual fund are held by a securityholder including another mutual fund, the mutual fund must disclose

(a) the percentage of the net asset value of the mutual fund that those securities represent at a date within 30 days of the date of the simplified prospectus of the mutual fund; and

(b) the risks associated with a possible redemption requested by the securityholder.”;

(b) by replacing, in paragraph (5), the words “net assets” with the word “net asset value”;

(c) by replacing paragraphs (6) and (7) with the following:

“(6) If, at any time during the 12 month period immediately preceding the date of the simplified prospectus, more than 10% of the net asset value of a mutual fund was invested in the securities of an issuer, other than a government security or a security issued by a clearing corporation, disclose

(a) the name of the issuer and the securities;

(b) the maximum percentage of the net asset value of the mutual fund that securities of that issuer represented during the 12 month period; and

(c) disclose the risks associated with these matters, including the possible or actual effect of that fact on the liquidity and diversification of the mutual fund, its ability to satisfy redemption requests and on the volatility of the mutual fund.

“(7) As applicable, describe the risks associated with the mutual fund entering into

(a) derivative transactions for non-hedging purposes;

(b) securities lending, repurchase or reverse repurchase transactions; and

(c) short sale transactions.”;

(d) by replacing, in the French text of instruction (3), the words “les devises étrangères” with the words “le change”;

(e) by deleting instruction (5).

5. Form 81-101F2 of the Regulation is amended:

(1) in Item 4:

(a) by deleting paragraph (3);

(b) in paragraph (5):

(i) by adding, at the end of subparagraph (a), the word “or”;

(ii) by deleting paragraph (c) and making the necessary changes;

(2) by inserting, in Item 7, after paragraph (2), the following:

“(2.1) Describe the manner in which the net asset value and the net asset value per security of the mutual fund will be made available to the public and state the information will be available at no cost to the public.”;

(3) by replacing, in the French text, the title of item 10.10 with the following:

“10.10. Autres fournisseurs de services”;

(4) in Item 12:

(a) by replacing, in the French text, the title with the following:

“Rubrique 12 Gouvernance de l’OPC”;

(b) by replacing paragraphs (2) and (3) with the following:

“(2) If the mutual fund intends to use derivatives or sell securities short, describe the policies and practices of the mutual fund to manage the risks associated with engaging in those types of transactions.

“(3) In the disclosure provided under subsection (2), include disclosure of

(a) whether there are written policies and procedures in place that set out the objectives and goals for derivatives trading and short selling and the risk management procedures applicable to those transactions;

(b) who is responsible for setting and reviewing the policies and procedures referred to in paragraph (a), how often are the policies and procedures reviewed, and the extent and nature of the involvement of the board of directors or trustee in the risk management process;

(c) whether there are trading limits or other controls on derivative trading or short selling in place and who is responsible for authorizing the trading and placing limits or other controls on the trading;

(d) whether there are individuals or groups that monitor the risks independent of those who trade; and

(e) whether risk measurement procedures or simulations are used to test the portfolio under stress conditions.”;

(c) by replacing, in the French text of instruction (1), the words “produits dérivés” with the word “dérivés”.

6. The Regulation is amended by replacing, wherever they occur in the French text, the words “instruments dérivés” and “d’instruments dérivés” with, respectively, the words “dérivés” and “de dérivés”.

7. This Regulation comes into force on April 30, 2012.

Regulation to amend Regulation 81-106 respecting investment fund continuous disclosure

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (8), (9) and (19))

1. Section 3.5 of Regulation 81-106 respecting Investment Fund Continuous Disclosure (R.R.Q., c. V-1.1, r. 42) is amended by deleting paragraphs (4) and (5).

2. Paragraph (1) of section 3.6 of the Regulation is amended by replacing subparagraph (3) with the following:

“3. to the extent the amount is ascertainable, the portion of the total client brokerage commissions, as defined in Regulation 23-102 respecting Use of Client Brokerage Commissions (c. V-1.1, r. 7), paid or payable to dealers by the investment fund for the provision of goods or services by the dealers or third parties, other than order execution.”.

3. Section 14.2 of the Regulation is amended:

(1) by replacing paragraph (3) with the following:

“(3) An investment fund must calculate its net asset value at least as frequently as the following:

(a) if the investment fund does not use specified derivatives or sell securities short, once a week;

(b) if the investment fund uses specified derivatives or sells securities short, once every business day.”;

(2) by inserting, after paragraph (6), the following:

“(6.1) An investment fund must, upon calculating the net asset value of the investment fund under this section, make the following information available to the public at no cost:

(a) the net asset value of the investment fund;

(b) the net asset value per security of the investment fund unless the investment fund is a scholarship plan.”;

(3) by replacing paragraph (7) with the following:

“(7) An investment fund that arranges for the publication of its net asset value or net asset value per security in the financial press must ensure that its current net asset value or net asset value per security is provided on a timely basis to the financial press.”.

4. This Regulation comes into force on April 30, 2012.

2020

M.D., 2012-08

Order number D-9.2-2012-08 of the Minister for Finance dated April 12, 2012

An Act respecting the distribution of financial products and services
(R.S.Q., c. D-9.2)

CONCERNING the Regulation to amend the Regulation respecting the issuance and renewal of representatives’ certificates

WHEREAS paragraphs 1, 2, 3 and 5 of section 200 of the Act respecting the distribution of financial products and services (R.S.Q., c. D-9.2) provide that the *Autorité des marchés financiers* may make regulations concerning the matters referred to in those paragraphs;

WHEREAS the first and the third paragraphs of section 217 of such Act provide, in particular, that a regulation made by the *Autorité des marchés financiers* under this Act must be submitted to the Minister of Finance for