23. Section 104 is amended by adding the following paragraph at the end:

"A physician who claims fees must provide the patient with an itemized invoice for his or her services, the medical supplies and apparatus, medications and products presented has having a benefit to health whose cost is claimed by the physician.".

24. Section 105 is amended by adding the following sentence at the end of the first paragraph: "The physician must in particular clearly identify the cost of his or her fees and the price of medical supplies, apparatus, medications and products presented as having a benefit to health.".

25. The following is inserted after section 112:

"**112.1.** A physician must cooperate with other health professionals and other persons authorized to provide health care to a patient.".

26. Section 113 is replaced by the following:

"**113.** A physician must accept a request for consultation from a physician and must promptly provide the latter with the written results of his or her consultation and the recommendations the physician considers appropriate. The physician may also, if he considers it necessary, provide another health professional or another authorized person who refers a patient to him or her or to whom the physician refers a patient with any information useful to the care and services to be given to that patient.".

27. This Regulation comes into force on 7 January 2015, except for sections 14 and 17, which come into force on 7 July 2015.

3593

M.O., 2014-10

Order number V-1.1-2014-10 of the Minister of Finance, December 5, 2014

Securities Act
(chapter V-1.1)

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

WHEREAS subparagraphs 1, 3, 4.1, 8, 9, 11, 26 and 34 of section 331.1 of the Securities Act (chapter V-1.1) stipulate that the *Autorité des marchés financiers* may make regulations concerning the matters referred to in those paragraphs;

WHEREAS the third and fourth paragraphs of section 331.2 of the said Act stipulate that a draft regulation shall be published in the Bulletin of the Authority, accompanied with the notice required under section 10 of the Regulations Act (chapter R-18.1) and may not be submitted for approval or be made before 30 days have elapsed since its publication;

WHEREAS the first and fifth paragraphs of the said section stipulate that every regulation made under section 331.1 must be approved, with or without amendment, by the Minister of Finance and the Economy and comes into force on the date of its publication in the *Gazette officielle du Québec* or any later date specified in the regulation;

WHEREAS the Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations was made by ministerial order 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 10, no. 48 of December 5, 2013;

WHEREAS the Authority made, on November 14, 2014, by the decision no. 2014-PDG-0138, 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 of Finance approves without amendment Regulation to amend Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations appended hereto.

December 5, 2014

CARLOS LEITÃO,
Minister of Finance

REGULATION TO AMEND REGULATION 31-103 RESPECTING REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

Securities Act
(chapter V-1.1, s. 331.1, par. (1), (3), (4.1), (8), (9), (11), (26) and (34))

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

(1) by inserting, after the definition of the expression "debt security", the following:

""designated rating" has the same meaning as in Regulation 81-102 respecting Investment Funds (chapter V-1.1, r. 39);

""designated rating organization" has the same meaning as in Regulation 81-102 respecting Investment Funds;

""DRO affiliate" means an affiliate of a designated rating organization that issues credit ratings in a foreign jurisdiction and that has been designated as such under the terms of the designated rating organization's designation;";

(2) by replacing, in the definition of the expression "IIROC Provision", the word "Provision" with the word "provision";

(3) by replacing, in the definition of the expression "MFDA Provision", the word "Provision" with the word "provision";

(4) by inserting, after the definition of the expression "principal jurisdiction", the following:

""principal regulator" has the same meaning as in section 4A.1 of Regulation 11-102 respecting Passport System (chapter V-1.1, r. 1);";

(5) by replacing, in the definition of the expression "sponsoring firm", the words "the registered firm" with the words "the firm registered in a jurisdiction of Canada";

(6) by inserting, after the definition of the expression "sponsoring firm", the following:

""sub-adviser" means an adviser to

(a) a registered adviser, or

(b) a registered dealer acting as a portfolio manager as permitted by section 8.24;".

2. Section 1.3 of the Regulation is amended:

(1) by repealing paragraph (1);

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

"(2) For the purpose of a requirement in this Regulation to notify or to deliver or submit a document to the regulator or the securities regulatory authority, the person may notify or deliver or submit the document to the person's principal regulator";

(3) by repealing paragraph (3);

(4) by inserting, after paragraph (3), the following:

"(4) Despite subsection (2), for the purpose of the notice and delivery requirements in section 11.9, if the principal regulator of the registrant and the principal regulator of the firm identified in paragraph 11.9(1)(a) or 11.9(1)(b), if registered in any jurisdiction of Canada, are not the same, the registrant must deliver the written notice to the following:

(a) the registrant's principal regulator, and

(b) the principal regulator of the firm identified in paragraph 11.9(1)(a) or 11.9(1)(b) as applicable, if registered in any jurisdiction of Canada identified in paragraph 11.9(1)(a) or 11.9(1)(b).

"(5) Subsection (2) does not apply to

(a) section 8.18;

(b) section 8.26.".

3. Section 3.3 of the Regulation is amended by inserting, after paragraph (3), the following:

"(4) Subsection (1) does not apply to the examination requirements in:

(a) section 3.7 if the individual was registered in a jurisdiction of Canada as a dealing representative of a scholarship plan dealer on and since September 28, 2009;

(b) section 3.9 if the individual was registered as a dealing representative of an exempt market dealer in Ontario or Newfoundland and Labrador on and since September 28, 2009.".

4. Section 3.6 of the Regulation is replaced with the following:

"**3.6. Mutual fund dealer – chief compliance officer**

A mutual fund dealer must not designate an individual as its chief compliance officer under subsection 11.3(1) unless any of the following apply:

(a) the individual has

(i) passed the Canadian Investment Funds Course Exam, the Canadian Securities Course Exam or the Investment Funds in Canada Course Exam,

(ii) passed the PDO Exam, the Mutual Fund Dealers Compliance Exam or the Chief Compliance Officers Qualifying Exam, and

(iii) gained 12 months of relevant securities industry experience in the 36-month period before applying for registration;

(b) the individual has met the requirements of section 3.13;

(c) section 3.13 does not apply in respect of the individual because of subsection 16.9(2).".

5. Section 3.7 of the Regulation is amended by replacing the word "section" with the word "paragraph".

6. Section 3.8 of the Regulation is replaced with the following:

"**3.8. Scholarship plan dealer – chief compliance officer**

A scholarship plan dealer must not designate an individual as its chief compliance officer under subsection 11.3(1) unless the individual has

(a) passed the Sales Representative Proficiency Exam,

(b) passed the Branch Manager Proficiency Exam,

(c) passed the PDO Exam or the Chief Compliance Officers Qualifying Exam, and

(d) gained 12 months of relevant securities industry experience in the 36-month period before applying for registration.".

7. Section 3.9 of the Regulation is amended by replacing, in the text preceding paragraph (a), "section 7.1(2)(d)" with "paragraph 7.1(2)(d)".

8. Section 3.10 of the Regulation is replaced with the following :

"**3.10. Exempt market dealer – chief compliance officer**

An exempt market dealer must not designate an individual as its chief compliance officer under subsection 11.3(1) unless any of the following apply:

(a) the individual has

(i) passed the Exempt Market Products Exam or the Canadian Securities Course Exam,

(ii) passed the PDO Exam or the Chief Compliance Officers Qualifying Exam, and

(iii) gained 12 months of relevant securities industry experience in the 36-month period before applying for registration;

(b) the individual has met the requirements of section 3.13;

(c) section 3.13 does not apply in respect of the individual because of subsection 16.9(2).".

9. Section 3.16 of the Regulation is amended :

(1) by replacing, in paragraph (1.1), the word "Provisions" with the word "provisions";

(2) by replacing, in paragraph (2.1), "paragraphs (2)(a) or (b)" with "paragraph (2)(a) or (b)" and the word "Provisions" with the word "provisions".

10. Section 4.1 of the Regulation is amended by replacing paragraph (1) with the following :

"(1) A firm registered in any jurisdiction of Canada must not permit an individual to act as a dealing, advising or associate advising representative of the registered firm if either of the following apply:

(a) the individual acts as an officer, partner or director of another firm registered in any jurisdiction of Canada that is not an affiliate of the first-mentioned registered firm,

(b) the individual is registered as a dealing, advising or associate advising representative of another firm registered in any jurisdiction of Canada.".

11. Section 4.2 of the Regulation is amended by replacing, in paragraph (3), "No later than the 7th day" with "No later than 7 days".

12. Section 6.7 of the Regulation is replaced with the following:

"**6.7. Exception for individuals involved in a hearing or proceeding**

Despite section 6.6, if a hearing or proceeding concerning a suspended individual is commenced under securities legislation or under the rules of an SRO, the individual's registration remains suspended.".

13. Section 7.1 of the Regulation is amended:

(1) in subparagraph (d) of paragraph (2):

(a) by replacing subparagraph (ii) with the following:

"(ii) subject to subsection (5), act as a dealer by trading a security that, if the trade were a distribution, would be exempt from the prospectus requirement, or,";

(b) by repealing subparagraph (iii);

(2) by inserting , after paragraph (4), the following:

"(5) An exempt market dealer must not trade a security if:

(a) the security is listed, quoted or traded on a marketplace; and

(b) the trade in the security does not require reliance on a further exemption from the prospectus requirement.".

14. The title of Division 1 of Part 8 of the Regulation is replaced with the following:

"**DIVISION 1 Exemptions from dealer and underwriter registration**

"**8.0.1. General condition to dealer registration requirement exemptions**

The exemptions in this Division are not available to a person if the person is registered in the local jurisdiction and if their category of registration permits the person to act as a dealer or trade in a security for which the exemption is provided.".

15. Section 8.5 of the Regulation is replaced with the following:

"**8.5. Trades through or to a registered dealer**

The dealer registration requirement does not apply to a person in respect of a trade in a security if either of the following applies:

(a) the trade is made through a registered dealer, if the dealer is registered in a category that permits the trade unless, in furtherance of the trade, the person seeking the exemption solicits or contacts directly any purchaser or prospective purchaser in relation to the trade;

(b) the trade is made to a registered dealer who is purchasing as principal, if the dealer is registered in a category that permits the trade.

"**8.5.1. Trades through a registered dealer by registered adviser**

The dealer registration requirement does not apply to a registered adviser, or an advising representative or associate advising representative acting on behalf of the registered adviser, in respect of trading activities that are incidental to its providing advice to a client, if the trade is made through a dealer registered in a category that permits the trade or a dealer operating under an exemption from the dealer registration requirement.".

16. Section 8.9 of the Regulation is amended by replacing paragraph (a) with the following:

"(a) the security was initially acquired under any of the following provisions:

(i) in Alberta, section 86(e) and paragraph 131(1)(d) of the Securities Act (R.S.A. 2000, chapter S-4) as they existed prior to their repeal by sections 9(a) and 13 of the Securities Amendment Act (S.A. 2003, chapter 32), and sections 66.2 and 122.2 of the Alberta Securities Commission Rules (General) (Alta. Reg. 46/87);

(ii) in British Columbia, sections 45(2) (5) and (22), and 74(2) (4) and (19) of the Securities Act (R.S.B.C. 1996, chapter 418);

(iii) in Manitoba, section 19(3) and paragraph 58(1)(a) of the Securities Act (Manitoba) and section 90 of the Securities Regulation MR 491/88R;

(iv) in New Brunswick, section 2.8 of Local Rule 45-501 Prospectus and Registration Exemptions;

(v) in Newfoundland and Labrador, paragraphs 36(1)(e) and 73(1)(d) of the Securities Act (R.S.N.L. 1990, chapter S-13);

(vi) in Nova Scotia, paragraphs 41(1)(e) and 77(1)(d) of the Securities Act (R.S.N.S. 1989, chapter 418);

(vii) in Northwest Territories, sections 3(c) and (z) of Blanket Order No. 1;

(viii) in Nunavut, sections 3(c) and (z) of Blanket Order No. 1;";

(ix) in Ontario, section 35(1)5 and paragraph 72(1)(d) of the Securities Act (R.S.O. 1990, chapter S.5) as they existed prior to their repeal by sections 5 and 11 of the Securities Act (S.O. 2009, c. 18, Sch. 26) and section 2.12 of Ontario Securities Commission Rule 45-501 Exempt Distributions ((2004) 27 OSCB 433) that came into force on January 12, 2004;

(x) in Prince Edward Island, paragraph 2(3)(d) of the former Securities Act (Prince Edward Island) and Prince Edward Island Local Rule 45-512 Exempt Distributions - Exemption for Purchase of Mutual Fund Securities;

(xi) in Québec, former section 51 and subsection 155.1(2) of the Securities Act (chapter V-1.1);

(xii) in Saskatchewan, paragraphs 39(1)(e) and 81(1)(d) of The Securities Act, 1988 (S.S. 1988-89, chapter S-42.2);".

17. Section 8.15 of the Regulation is amended by replacing paragraph (2) with the following:

"(2) This section does not apply in Ontario or Alberta.".

18. Section 8.17 of the Regulation is amended by replacing, in paragraph (2), the word "subsection" with the word "paragraph".

19. Section 8.18 of the Regulation is amended:

(1) by replacing paragraphs (1), (2), (3) and (4) with the following:

"(1) In this section

"foreign security" means

(a) a security issued by an issuer incorporated, formed or created under the laws of a foreign jurisdiction, or

(b) a security issued by a government of a foreign jurisdiction.

(2) Subject to subsections (3) and (4), the dealer registration requirement does not apply in respect of any of the following:

(a) an activity, other than a sale of a security, that is reasonably necessary to facilitate a distribution of securities that are offered primarily in a foreign jurisdiction;

(b) a trade in a debt security with a permitted client during the security's distribution, if the debt security is offered primarily in a foreign jurisdiction and a prospectus has not been filed with a Canadian securities regulatory authority for the distribution;

(c) a trade in a debt security that is a foreign security with a permitted client, other than during the security's distribution;

(d) a trade in a foreign security with a permitted client, unless the trade is made during the security's distribution under a prospectus that has been filed with a Canadian securities regulatory authority;

(e) a trade in a foreign security with an investment dealer;

(f) a trade in any security with an investment dealer that is purchasing as principal.

(3) The exemption under subsection (2) is not available to a person unless all of the following apply:

(a) the head office or principal place of business of the person is in a foreign jurisdiction;

(b) the person is registered under the securities legislation of the foreign jurisdiction in which its head office or principal place of business is located in a category of registration that permits it to carry on the activities in that jurisdiction that registration as a dealer would permit it to carry on in the local jurisdiction;

(c) the person engages in the business of a dealer in the foreign jurisdiction in which its head office or principal place of business is located;

(d) the person is trading as principal or agent for

(i) the issuer of the securities,

(ii) a permitted client, or

(iii) a person that is not a resident of Canada;

(e) the person has submitted to the securities regulatory authority a completed Form 31-103F2 Submission to Jurisdiction and Appointment of Agent for Service.

(4) The exemption under subsection (2) is not available to a person in respect of a trade with a permitted client unless one of the following applies:

(a) the permitted client is a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer;

(b) the person has notified the permitted client of all of the following:

(i) the person is not registered in the local jurisdiction to make the trade;

(ii) the foreign jurisdiction in which the head office or principal place of business of the person is located;

(iii) all or substantially all of the assets of the person may be situated outside of Canada;

(iv) there may be difficulty enforcing legal rights against the person because of the above;

(v) the name and address of the agent for service of process of the person in the local jurisdiction.";

(2) by replacing, in paragraph (5), "12 month period" with "12-month period".

20. Section 8.20 of the Regulation is amended:

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

"(1) In Alberta, British Columbia, New Brunswick and Saskatchewan, the dealer registration requirement does not apply to a person in respect of a trade in an exchange contract by the person if one of the following applies:

(a) the trade is made through a registered dealer, if the dealer is registered in a category that permits the trade unless, in furtherance of the trade, the person seeking the exemption solicits or contacts directly any purchaser or prospective purchaser in relation to the trade;

(b) the trade is made to a registered dealer who is purchasing as principal, if the dealer is registered in a category that permits the trade;";

(2) by repealing paragraphs 2 and 3.

21. The Regulation is amended by inserting, after section 8.20, the following:

"**8.20.1. Exchange contract trades through or to a registered dealer - Alberta, British Columbia, New Brunswick and Saskatchewan**

The dealer registration requirement does not apply to a registered adviser, or an advising representative or associate advising representative acting on behalf of the registered adviser, in respect of trading activities related to exchange contracts that are incidental to its providing advice to a client, if the trade is made through a dealer registered in a category that permits the trade or a dealer operating under an exemption from the dealer registration requirement.".

22. Section 8.21 of the Regulation is amended by deleting the definitions of "designated rating", "designated rating organization" and "DRO affiliate".

23. Section 8.22 of the Regulation is amended by replacing, in paragraph (3), the word "subsection" with the word "paragraph".

24. The Regulation is amended by inserting, after section 8.22, the following:

"**8.22.1. Short-term debt**

(1) In this section, "short-term debt instrument" means a negotiable promissory note or commercial paper maturing not more than one year from the date of issue.

(2) Except in Ontario, the dealer registration requirement does not apply to any of the following in respect of a trade in a short-term debt instrument with a permitted client

(a) a bank listed in Schedule I, II or III to the Bank Act (S.C., 1991, chapter 46);

(b) an association to which the Cooperative Credit Associations Act (S.C., 1991, chapter 48) applies or a central cooperative credit society for which an order has been made under subsection 473 (1) of that Act;

(c) a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or of a jurisdiction in Canada to carry on business in Canada or in any jurisdiction in Canada, as the case may be;

(d) the Business Development Bank of Canada.

(3) The exemption under subsection (2) is not available to a person if the short-term debt instrument is convertible or exchangeable into, or accompanied by a right to purchase, another security other than another short-term debt instrument.".

25. The Regulation is amended by inserting, before section 8.23, the following:

"**8.22.2. General condition to adviser registration requirement exemptions**

The exemptions in this Division are not available to a person if the person is registered in the local jurisdiction in a category of registration that permits the person to act as an adviser in respect of the activities for which the exemption is provided.".

26. Section 8.26 of the Regulation is amended:

(1) by deleting, in paragraph (2), the definition of "Canadian permitted client";

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

"(3) The adviser registration requirement does not apply to a person in respect of its acting as an adviser to a permitted client, other than a permitted client that is person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, if the adviser does not advise that client on securities of Canadian issuers, unless providing that advice is incidental to its providing advice on a foreign security.";

(3) in paragraph (4):

(a) by replacing subparagraph (b) with the following:

"(b) the adviser is registered in a category of registration, or operates under an exemption from registration, under the securities legislation of the foreign jurisdiction in which its head office or principal place of business is located, that permits it to carry on the activities in that jurisdiction that registration as an adviser would permit it to carry on in the local jurisdiction;";

(b) by replacing, in subparagraph (f), the words "Submission to Jurisdiction and Appointment of Agent for Service" with the words "Submission to jurisdiction and appointment of agent for service".

27. The Regulation is amended by inserting, after section 8.26, the following:

"**8.26.1. International sub-adviser**

(1) The adviser registration requirement does not apply to a sub-adviser if all of the following apply:

(a) the obligations and duties of the sub-adviser are set out in a written agreement with the registered adviser or registered dealer;

(b) the registered adviser or registered dealer has entered into a written agreement with its clients on whose behalf investment advice is or portfolio management services are to be provided, agreeing to be responsible for any loss that arises out of the failure of the sub-adviser

(i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the registrant and each client of the registrant for whose benefit the advice is or portfolio management services are to be provided, or

(ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;

(2) The exemption under subsection (1) is not available unless all of the following apply:

(a) the sub-adviser's head office or principal place of business is in a foreign jurisdiction;

(b) the sub-adviser is registered in a category of registration, or operates under an exemption from registration, under the securities legislation of the foreign jurisdiction in which its head office or principal place of business is located, that permits it to carry on the activities in that jurisdiction that registration as an adviser would permit it to carry on in the local jurisdiction;

(c) the sub-adviser engages in the business of an adviser in the foreign jurisdiction in which its head office or principal place of business is located.

"**8.26.2. General condition to investment fund manager registration requirement exemptions**

The exemptions in this Division are not available to a person if the person is registered in the local jurisdiction as an investment fund manager.".

28. Section 8.28 of the Regulation is replaced with the following:

"**8.28. Capital accumulation plan**

(1) In this section

"capital accumulation plan" means a tax assisted investment or savings plan, including a defined contribution registered pension plan, a group registered retirement savings plan, a group registered education savings plan, or a deferred profit-sharing plan, that permits a plan member to make investment decisions among two or more investment options offered within the plan, and in Québec and Manitoba, includes a simplified pension plan;

"plan member" means a person that has assets in a capital accumulation plan;

"plan sponsor" means an employer, trustee, trade union or association or a combination of them that establishes a capital accumulation plan, and includes a plan service provider to the extent that the plan sponsor has delegated its responsibilities to the plan service provider; and

"plan service provider" means a person that provides services to a plan sponsor to design, establish, or operate a capital accumulation plan.

(2) The investment fund manager registration requirement does not apply to a plan sponsor or their plan service provider in respect of activities related to a capital accumulation plan.".

29. Section 9.1 of the Regulation is amended by replacing the words "Dealer Member" with the words "dealer member".

30. Section 10.1 of the Regulation is amended by deleting, in subparagraph (k) of paragraph (1), the words "to be paid by a registrant".

31. Sections 11.9 of the Regulation is amended:

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

"(1) A registrant must give the regulator or, in Québec, the securities regulatory authority written notice in accordance with subsection (2) if it proposes to acquire any of the following:

(a) for the first time, direct or indirect ownership, beneficial or otherwise, of 10% or more of the voting securities or other securities convertible into voting securities of

(i) a firm registered in any jurisdiction of Canada or any foreign jurisdiction, or

(ii) a person of which a firm registered in any jurisdiction of Canada or any foreign jurisdiction is a subsidiary;

(b) all or a substantial part of the assets of a firm registered in any jurisdiction of Canada or any foreign jurisdiction.";

(2) by repealing paragraph (3);

(3) by replacing paragraphs (4), (5) and (6) with the following:

"(4) Except in Ontario and British Columbia, if, within 30 days of the receipt of a notice under subsection (1), the regulator or, in Québec, the securities regulatory authority notifies the registrant making the acquisition that the regulator or, in Québec, the securities regulatory authority objects to the acquisition, the acquisition must not occur until the regulator or the securities regulatory authority approves it.

(5) In Ontario, if, within 30 days of the receipt of a notice under subparagraph (1)(a)(i) or paragraph (1)(b), the regulator notifies the registrant making the acquisition that the regulator objects to the acquisition, the acquisition must not occur until the regulator approves it.

(6) Following receipt of a notice of objection under subsection (4) or (5), the person who submitted the notice under subsection (1) may request an opportunity to be heard on the matter by the regulator or, in Québec, the securities regulatory authority objecting to the acquisition.".

32. Section 11.10 of the Regulation is amended:

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

"(1) A registered firm must give the regulator or, in Québec, the securities regulatory authority written notice in accordance with subsection (2) if it knows or has reason to believe that any person, alone or in combination with any other person, is about to acquire, or has acquired, for the first time, direct or indirect ownership, beneficial or otherwise, of 10% or more of the voting securities or other securities convertible into voting securities of any of the following:

(a) the registered firm;

(b) a person of which the registered firm is a subsidiary.";

(2) by replacing subparagraph (c) of paragraph (2) with the following:

"(c) include all facts that to the best of the registered firm's knowledge after reasonable inquiry regarding the acquisition are sufficient to enable the regulator or the securities regulatory authority to determine if the acquisition is

(i) likely to give rise to a conflict of interest,

(ii) likely to hinder the registered firm in complying with securities legislation,

(iii) inconsistent with an adequate level of investor protection, or

(iv) otherwise prejudicial to the public interest.";

(3) by repealing paragraph (3);

(4) by replacing paragraphs (5), (6) and (7) with the following:

"(5) Except in British Columbia and Ontario, if, within 30 days of the receipt of a notice under subsection (1), the regulator or the securities regulatory authority notifies the person making the acquisition that the regulator or, in Québec, the securities regulatory authority objects to the acquisition, the acquisition must not occur until the regulator or the securities regulatory authority approves it.

(6) In Ontario, if, within 30 days of the receipt of a notice under paragraph (1)(a), the regulator notifies the person making the acquisition that the regulator objects to the acquisition, the acquisition must not occur until the regulator approves it.

(7) Following receipt of a notice of objection under subsection (5) or (6), the person proposing to make the acquisition may request an opportunity to be heard on the matter by the regulator or, in Québec, the securities regulatory authority objecting to the acquisition.".

33. Section 12.2 of the Regulation is replaced with the following:

"**12.2. Subordination agreement**

(1) If a registered firm has entered into a subordination agreement in the form set out in Appendix B, it may exclude the amount of non-current related party debt subordinated under that agreement from the calculation of its excess working capital on Form 31-103F1 Calculation of Excess Working Capital.

(2) The registered firm must deliver an executed copy of the subordination agreement referred to subsection (1) to the regulator or, in Québec, the securities regulatory authority on the earliest of the following dates:

(a) 10 days after the date on which the subordination agreement is executed;

(b) the date on which the amount of the subordinated debt is excluded from the registered firm's non-current related party debt as calculated on Form 31-103F1 Calculation of Excess Working Capital.

(3) The registered firm must notify the regulator or, in Québec, the securities regulatory authority 10 days before it

(a) repays the loan or any part of the loan, or

(b) terminates the agreement.".

34. Section 12.6 of the Regulation is amended by replacing, wherever it occurs, the word "may" with the word "must".

35. Section 12.12 of the Regulation is amended by replacing paragraph (3) with the following:

"(3) Subsection (2) does not apply to an exempt market dealer unless it is also registered in another category, other than the portfolio manager or restricted portfolio manager category.".

36. Section 12.14 of the Regulation is amended:

(1) by replacing subparagraph (c) of paragraph (1) with the following:

"(c) a completed Form 31-103F4 Net Asset Value Adjustments if any net asset value adjustment has been made in respect of an investment fund managed by the investment fund manager during the financial year.";

(2) by replacing subparagraph (c) of paragraph (2) with the following:

"(c) a completed Form 31-103F4 Net Asset Value Adjustments if any net asset value adjustment has been made in respect of an investment fund managed by the investment fund manager during the interim period.";

(3) by repealing paragraph (3).

37. Section 13.10 of the Regulation is amended by replacing, in paragraph (1), the word "subsection" with the word "paragraph".

38. Section 13.16 of the Regulation is amended, in paragraph (1), by replacing, in paragraph (a) of the definition of "complaint", the word "trading" with the words "a trading".

39. The Regulation is amended by inserting, after section 13.16, the following:

"**Division 6 – Registered sub-advisers**

13.17. Exemption from certain requirements for registered sub-advisers

(1) A registered sub-adviser is exempt from the following requirements in respect of its activities as a sub-adviser:

(a) section 13.4;

(b) division 3 of Part 13;

(c) division 5 of Part 13;

(d) section 14.3;

(e) section 14.5;

(f) section 14.14.

(2) The exemption under subsection (1) is not available unless all of the following apply:

(a) the obligations and duties of the registered sub-adviser are set out in a written agreement with the sub-adviser's registered adviser or registered dealer;

(b) the registered adviser or registered dealer has entered into a written agreement with its clients on whose behalf investment advice is or portfolio management services are to be provided agreeing to be responsible for any loss that arises out of the failure of the registered sub-adviser

(i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the registrant and each client of the registrant for whose benefit the advice is or portfolio management services are to be provided, or

(ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.".

40. Section 14.1.1 of the Regulation is amended by replacing the words "An investment fund manager" with the words "A registered investment fund manager".

41. Section 14.7 of the Regulation is amended by inserting, in subparagraph (c) of paragraph (1), the word "the" before the words "Canadian Investor Protection Fund".

42. Section 14.11.1 of the Regulation is amended by replacing, in subparagraph (iii) of subparagraph (b) of paragraph (1), the word "subparagraphs" with the word "subparagraph".

43. Section 14.12 of the Regulation is amended by replacing, in paragraph (6), "Section 14.12(5)" with "Subsection 14.12(5)".

44. Section 14.14 of the Regulation is amended by replacing, in paragraphs (4) and (5), as these paragraphs are scheduled to come into force on July 15, 2015, the word "subsections" with the word "subsection".

45. Section 14.18 of the Regulation is amended by replacing, in paragraph (4), "subsections 14.14(5)" with "subsection 14.14(5)".

46. Section 14.19 of the Regulation is amended:

(1) by replacing, in paragraph (1), the word "subsections" with the word "subsection";

(2) by replacing, in paragraph (3), the word "paragraphs" with the word "paragraph".

47. Section 15.1 of the Regulation is amended by deleting, in paragraph (1), the words ", in Québec,".

48. Section 16.10 of the Regulation is replaced with the following:

"**16.10. Proficiency for dealing and advising representatives**

If an individual is registered in a jurisdiction of Canada as a dealing or advising representative in a category referred to in a section of Division 2 of Part 3 on the day this Regulation comes into force, that section does not apply to the individual so long as the individual remains registered in the category.".

49. Form 31-103F1 of the Regulation is amended:

(1) by replacing Line 5 of the table with the following:

"5. Add 100% of non-current related party debt unless the firm and the lender have executed a subordination agreement in the form set out in Appendix B of Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations and the firm has delivered a copy of the agreement to the regulator or, in Québec, the securities regulatory authority. See section 12.2 of Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations.";

(2) by replacing, in the French text of Line 10, the words “présent règlement” with the words “Règlement 31-103 sur les obligations et dispenses d’inscription et les obligations continues des personnes inscrites”;

(3) in the Notes below the table:

(i) by replacing, in the introduction to the notes, the words “This form” with “Form 31-103F1 Calculation of Excess Working Capital”;

(ii) by replacing the notes to Lines 5, 8 and 9 with the following:

“**Line 5. Related-party debt** – Refer to the CICA Handbook for the definition of “related party” for publicly accountable enterprises. The firm is required to deliver a copy of the executed subordination agreement to the regulator or, in Québec, the securities regulatory authority on the earlier of a) 10 days after the date the agreement is executed or b) the date an amount subordinated by the agreement is excluded from its calculation of excess working capital on Form 31-103F1 Calculation of Excess Working Capital. The firm must notify the regulator or, in Québec, the securities regulatory authority, 10 days before it repays the loan (in whole or in part), or terminates the subordination agreement. See section 12.2 of Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations.

“**Line 8. Minimum Capital** – The amount on this line must be not less than (a) $25,000 for an adviser and (b) $50,000 for a dealer. For an investment fund manager, the amount must be not less than $100,000 unless subsection 12.1(4) of Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations applies.

“**Line 9. Market Risk** – The amount on this line must be calculated according to the instructions set out in Schedule 1 to Form 31-103F1 Calculation of Excess Working Capital. A schedule supporting the calculation of any amounts included in Line 9 as market risk should be provided to the regulator or, in Québec, the securities regulatory authority in conjunction with the submission of Form 31-103F1 Calculation of Excess Working Capital.”;

(iii) by replacing, in Line 12, the words “this form” with “Form 31-103F1 Calculation of Excess Working Capital”;

(4) in Schedule 1:

(i) by inserting, after subparagraph (ii) of paragraph (d) of Section 2, the following:

"Securities of mutual funds qualified by prospectus for sale in the United States of America: 5% of the net asset value per security if the fund is registered as an investment company under the Investment Company Act of 1940, as amended from time to time, and complies with Rule 2a-7 thereof.";

(ii) by replacing subparagraph (l) of subparagraph (ii) of paragraph (e) of Section 2 with the following:

"(l) SIX Swiss Exchange";

(iii) by deleting, in subparagraph (b) of subparagraphs (i) and (ii) of paragraph (f) of Section 2, the words "of the loan or the rates set by Canadian financial institutions or Schedule III banks, whichever is greater".

50. The Regulation is amended by adding, after Form 31-103F3, the following:

"**FORM 31-103F4 NET ASSET VALUE ADJUSTMENTS**

(Section 12.14)

This is to notify the regulator or, in Québec, the securities regulatory authority, of a net asset value (NAV) adjustment made in respect of an investment fund managed by the investment fund manager in accordance with paragraph 12.14(1)(c) or paragraph 12.14(2)(c). All of the information requested should be provided on a fund by fund basis. Please attach a schedule if necessary.

1. Name of the investment fund manager:

2. Name of each of the investment funds for which a NAV adjustment occurred:

3. Date(s) the NAV error occurred:

4. Date the NAV error was discovered:

5. Date of the NAV adjustment:

6. Original total NAV on the date the NAV error first occurred:

7. Original NAV per unit on each date(s) the NAV error occurred:

8. Revised NAV per unit on each date(s) the NAV error occurred:

9. NAV error as percentage (%) of the original NAV on each date(s) the NAV error occurred:

10. Total dollar amount of the NAV adjustment:

11. Effect (if any) of the NAV adjustment per unit or share:

12. Total amount reimbursed to security holders, or any corrections made to purchase and redemption transactions affecting the security holders of each investment fund affected, if any:

13. Date of the NAV reimbursement or correction to security holder transactions, if any:

14. Total amount reimbursed to investment fund, if any:

15. Date of the reimbursement to investment fund, if any:

16. Description of the cause of the NAV error:

17. Was the NAV error discovered by the investment fund manager?

Yes ☐ No ☐

18. If No, who discovered the NAV error?

19. Was the NAV adjustment a result of a material error under the investment fund manager's policies and procedures?

Yes ☐ No ☐

20. Have the investment fund manager's policies and procedures been changed following the NAV adjustment?

Yes ☐ No ☐

21. If Yes, describe the changes:

22. If No, explain why not:

23. Has the NAV adjustment been communicated to security holders of each of the investment funds affected?

Yes ☐ No ☐

24. If Yes, describe the communications:

Notes:

Line 2. NAV adjustment – Refers to the correction made to make the investment fund's NAV accurate.

Line 3. NAV error – Refers to the error discovered on the Original NAV. Please refer to Section 12.14 of Policy Statement to Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations for guidance on NAV error and causes of NAV errors.

Line 3. Date(s) the NAV error occurred – Means the date of the NAV error first occurred and the subsequent dates of the NAV error.

Line 8. Revised NAV per unit – Refers to the NAV per unit calculated after taking into account the NAV error.

Line 9. NAV error as a percentage (%) of the original NAV – Refers to the following calculation:

(Revised NAV / Original NAV) – 1 x 100".

51. Appendix B of the Regulation is amended by replacing, in subparagraph (b) of paragraph (2), the words "in respect to the Loan" with the words "in respect of the Loan,".

52. Appendix G of the Regulation is amended:

(1) by deleting, under the caption "Regulation 31-103 Provision" with regard to "section 12.2", the words "*notifying the regulator of a*";

(2) under the caption "IIROC Provision" with regard to "subsection 14.2(2) [*relationship disclosure information*]":

(i) by deleting the following:

"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.";

(ii) by adding the following:

"9. Dealer Member Rule 3500 [*Relationship Disclosure*]".

53. Appendix H of the Regulation is amended by deleting, under the caption "Regulation 31-103 Provision" with regard to "section 12.2", the words "*notifying the regulator of a*".

54. The Regulation is amended by replacing, wherever they occur, the words "IIROC Provisions" with the words "IIROC provisions" and the words "MFDA Provisions" with the words "MFDA provisions".

55. This Regulation comes into force on January 11, 2015, except for paragraph (2) of section 13 and section 24 of this Regulation, which come into force on July 11, 2015.

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