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# NATIONAL ASSEMBLY

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SECOND SESSION

THIRTY-SEVENTH LEGISLATURE

Bill 29

(2006, chapter 50)

## **An Act to amend the Securities Act and other legislative provisions**

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**Introduced 9 June 2006**

**Passage in principle 9 November 2006**

**Passage 13 December 2006**

**Assented to 14 December 2006**

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## **EXPLANATORY NOTES**

*This bill amends the Securities Act to further the mutual recognition process started in 2004 with a view to achieving full cooperation among the Canadian provinces and territories in securities-related matters. The bill allows agreements to be made with the governments or securities commissions of the other provinces or the territories on the delegation of powers, mutual recognition and the incorporation of legislative provisions by reference. That power is to be exercised by the Government or by the Autorité des marchés financiers, with the Government's authorization. It allows the Authority to make regulations, decisions or orders for the same purposes within a set regulatory framework. It also allows the Authority, the Bureau de décision et de révision en valeurs mobilières or a recognized self-regulatory organization to make decisions or orders based on decisions by other Canadian securities commissions.*

*The bill moreover aims to harmonize Québec's securities laws with those of the other provinces and the territories of Canada. It amends a number of definitions and adds new ones to standardize interpretative provisions. In addition, to prepare for the introduction of uniform national rules, legislative provisions on public offerings, continuous disclosure requirements, reporting issuers, insiders and take-over bids are streamlined and replaced by regulation-making powers.*

*The bill amends the Securities Act to introduce a new regulatory framework for the management of investment funds. It extends the framework set out in the Act to all the funds available on the market and grants the Authority the power to make regulations to determine investment fund governance rules and establish conflict of interest management guidelines.*

*Lastly, the bill amends related statutes such as the Act respecting the Autorité des marchés financiers and the Act respecting the distribution of financial products and services, and contains consequential amendments to other Acts as well as transitional provisions.*

## **LEGISLATION AMENDED BY THIS BILL:**

- Civil Code of Québec (1991, chapter 64);

- Act respecting the Autorité des marchés financiers (R.S.Q., chapter A-33.2);
- Act constituting Capital régional et coopératif Desjardins (R.S.Q., chapter C-6.1);
- Act respecting international financial centres (R.S.Q., chapter C-8.3);
- Cities and Towns Act (R.S.Q., chapter C-19);
- Municipal Code of Québec (R.S.Q., chapter C-27.1);
- Act respecting the Communauté métropolitaine de Montréal (R.S.Q., chapter C-37.01);
- Act respecting the Communauté métropolitaine de Québec (R.S.Q., chapter C-37.02);
- Act respecting the distribution of financial products and services (R.S.Q., chapter D-9.2);
- Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (R.S.Q., chapter F-3.1.2);
- Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (R.S.Q., chapter F-3.2.1);
- Act respecting the disclosure of the compensation received by the executive officers of certain legal persons (R.S.Q., chapter I-8.01);
- Notaries Act (R.S.Q., chapter N-3);
- Act respecting trust companies and savings companies (R.S.Q., chapter S-29.01);
- Securities Act (R.S.Q., chapter V-1.1);
- Act respecting Northern villages and the Kativik Regional Government (R.S.Q., chapter V-6.1).



## Bill 29

### AN ACT TO AMEND THE SECURITIES ACT AND OTHER LEGISLATIVE PROVISIONS

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

**1.** Section 3 of the Securities Act (R.S.Q., chapter V-1.1), amended by section 1 of chapter 37 of the statutes of 2004, is again amended

(1) by replacing “a share in a mutual fund and the units of an unincorporated mutual fund, provided that the fund” in paragraph 11 by “a security of a mutual fund, provided that the mutual fund”;

(2) by replacing “of the fund” wherever it appears in that paragraph by “of the mutual fund”.

**2.** Section 4 of the Act is amended by replacing “96” at the end of the first paragraph by “89.3”.

**3.** Section 5 of the Act, amended by section 5 of chapter 38 of the statutes of 2001 and by section 3 of chapter 37 of the statutes of 2004, is again amended

(1) by inserting the following definition in alphabetical order:

““director” means a director of a legal person, or a natural person acting in a similar capacity for another person;”;

(2) by replacing the definition of “senior executive” by the following definition:

““officer” means the chair or vice-chair of the board of directors, the chief executive officer, the chief operating officer, the chief financial officer, the president, the vice-president, the secretary, the assistant secretary, the treasurer, the assistant treasurer or the general manager of an issuer or of a registrant, or any natural person designated as such by the issuer or the registrant or acting in a similar capacity;”;

(3) by striking out the definition of “unincorporated mutual fund”;

(4) by inserting the following definitions in alphabetical order:

““investment fund” means a mutual fund or a non-redeemable investment fund;

““material fact” means a fact that may reasonably be expected to have a significant effect on the market price or value of securities issued or securities proposed to be issued;

““non-redeemable investment fund” means

(1) an issuer whose primary purpose is to invest money provided by its security holders, that does not invest for the purpose of exercising or seeking to exercise control of an issuer or of being actively involved in the management of any issuer in which it invests and that is not a mutual fund; or

(2) a non-redeemable investment fund designated under section 272.2 or determined by regulation;”;

(5) by inserting the following definitions in alphabetical order:

““forward-looking information” means disclosure regarding possible events, situations or operating results that is based on assumptions about future economic conditions and courses of action, and includes financial information about prospective operating results, financial position or cash flows that is presented either as a forecast or a projection;

““insider” means an insider within the meaning of section 89;”;

(6) by inserting the following definitions in alphabetical order:

““mutual fund” means

(1) an issuer whose primary purpose is to invest money provided by its security holders and whose securities entitle the holder to receive on demand or within a specified period after demand an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets, including a separate fund or trust account, of the issuer; or

(2) a mutual fund designated under section 272.2 or determined by regulation;

““offering memorandum” means a document purporting to describe the business and internal affairs of an issuer that has been prepared primarily for delivery to a prospective subscriber or purchaser so as to assist the prospective subscriber or purchaser to make an investment decision about securities being sold in a distribution in connection with which a prospectus would have been filed but for an exemption under this Act or the regulations, but does not include a document setting out current information about an issuer for the benefit of a prospective subscriber or purchaser familiar with the issuer through prior investment or business dealings;”;

(7) by replacing “provided for in section 43 or in a” in paragraph 3 of the definition of “distribution” by “under section 43 or prescribed by”, by replacing “person or group of persons having control of an issuer or” in paragraph 9 of

that definition by “control person of an issuer or a person” and by replacing “person or group” in that paragraph by “that control person or that person”;

(8) by striking out the definition of “mutual fund”;

(9) by replacing “a mutual fund” in the definition of “closed company” by “an investment fund”.

**4.** The Act is amended by inserting the following sections after section 5:

**“5.1.** For the purposes of this Act and the regulations, “person” includes, in addition to a natural person and a legal person, a partnership, a trust, a fund, an association, a syndicate, a body and any other group of persons that is not constituted as a legal person as well as any person acting as a trustee, liquidator, executor or legal representative.

**“5.2.** “Control person” means a person that, alone or with other persons acting in concert by virtue of an agreement, holds a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer. If the person, alone or with other persons acting in concert by virtue of an agreement, holds more than 20% of those voting rights, the person is presumed to hold a sufficient number of the voting rights to affect materially the control of the issuer.

**“5.3.** When used in relation to an issuer other than an investment fund, “material change” means a change in the business, operations or capital of the issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the issuer, or a decision to implement such a change made by the directors or by senior management of the issuer who believe that confirmation of the decision by the directors is probable.

When used in relation to an investment fund, “material change” means a change in the business, operations or affairs of the investment fund that would be considered important by a reasonable investor in determining whether to subscribe for, purchase or continue to hold securities of the investment fund, or a decision to implement such a change made by the directors of the investment fund or its investment fund manager, by senior management of the investment fund who believe that confirmation of the decision by the directors is probable, or by senior management of the investment fund manager who believe that confirmation of the decision by the directors of the investment fund manager is probable.

**“5.4.** If a document, a part of a document or a provision of Québec securities laws or of extra-provincial securities laws is described as being incorporated by reference in another document or in another provision of Québec securities laws or of extra-provincial securities laws, it is deemed to be an integral part of that document or those laws.

**“5.5.** In this Act, the words and expressions defined in sections 5.1 to 5.4 have the meaning assigned to them by those sections unless the context indicates otherwise.”

**5.** Section 6 of the Act is amended

(1) by replacing “this Act applies” in the third line of the first paragraph by “this Act and the regulations apply”;

(2) by replacing “patrimonium” wherever it appears in the first paragraph by “patrimony”.

**6.** Section 7 of the Act is amended

(1) by striking out the first paragraph;

(2) by striking out “or 104” in the second paragraph.

**7.** Section 7.1 of the Act is repealed.

**8.** Section 10.6 of the Act is amended by replacing “with or transmitted to the Authority” by “or transmitted”.

**9.** The Act is amended by inserting the following section after section 10.6:

**“10.7.** The Authority may, by regulation, determine conditions for transmitting and receiving documents referred to in this Act or a regulation made under this Act.”

**10.** Section 11 of the Act is amended by replacing “and obtain a receipt therefor from” in the second line of the first paragraph by “that shall be subject to a receipt issued by”.

**11.** Section 12 of the Act is amended by striking out the second paragraph.

**12.** Section 13 of the Act is amended by replacing the second paragraph by the following paragraph:

“It must provide full, true and plain disclosure of all material facts relating to the securities issued or proposed to be distributed.”

**13.** Section 14 of the Act is amended by adding “or unless it is not in the public interest to do so” at the end of the first paragraph.

**14.** Section 15 of the Act is amended by replacing paragraphs 1 to 6 by the following paragraphs:

“(1) the prospectus or any document filed with it fails to comply with this Act or the regulations, contains any statement, promise, estimate or forward-



looking information that is misleading, including through plain and simple omission, or contains a misrepresentation;

“(2) an unconscionable consideration has been paid or is intended to be paid for promotional purposes or for a service or the acquisition of property;

“(3) the proceeds from the distribution of the securities that are to be paid into the treasury of the issuer, together with other resources of the issuer, are insufficient to accomplish the purpose of the distribution stated in the prospectus;

“(4) the issuer cannot be expected to have the financial resources necessary to operate the business given the financial situation of the issuer, an officer, director or promoter of the issuer, the investment fund manager of the issuer, an officer or director of the investment fund manager of the issuer or a control person of the issuer or of the investment fund manager of the issuer;

“(5) the past conduct of the issuer, an officer, director or promoter of the issuer, the investment fund manager of the issuer, an officer or director of the investment fund manager of the issuer or a control person of the issuer or of the investment fund manager of the issuer is such that the business of the issuer may not be conducted with the integrity necessary to safeguard the interests of its security holders;

“(6) a person that has prepared or certified any part of the prospectus or is named as having prepared or certified a valuation or report in connection with the prospectus does not have the required competence or integrity; or

“(7) adequate arrangements have not been made for the holding in trust of the proceeds of the distribution pending the distribution of the securities.”

**15.** Section 18.1 of the Act is amended by replacing “incorporated with it” wherever it appears by “incorporated by reference”.

**16.** Section 19 of the Act is amended by striking out the second paragraph.

**17.** Sections 23 and 24 of the Act are repealed.

**18.** Section 25 of the Act is replaced by the following section:

**“25.** An amendment to a prospectus or preliminary prospectus is to be made in accordance with the conditions determined by regulation.

The distribution of additional securities through an amendment to a prospectus filed for that purpose is to be conducted in accordance with the conditions determined by regulation.”

**19.** Sections 26 to 28 of the Act are repealed.

**20.** The heading of Division V of Chapter I of Title II of the Act is amended by replacing “AND RIGHT OF RESCISSION” by “, RIGHT OF RESCISSION AND DISTRIBUTION PROCESS”.

**21.** Section 29 of the Act is amended

(1) by inserting “or any other person specified by regulation” after “A dealer” in the first paragraph and by replacing “not later than the second working day after the subscription or purchase” at the end of that paragraph by “in accordance with the conditions determined by regulation”;

(2) by striking out the second paragraph.

**22.** Sections 30 to 32 of the Act and the headings “DIVISION VI” and “DISTRIBUTION PROCEDURE” are replaced by the following sections:

“**30.** The subscription or purchase of securities during a distribution may be rescinded in accordance with the conditions determined by regulation.

“**31.** Conditions relating to the duration or extension of a distribution and the right to rescind the subscription or purchase of securities are determined by regulation.”

**23.** Sections 33 to 36 of the Act are repealed.

**24.** Section 38 of the Act is amended by replacing “required by section 25 or 26” in subparagraph 2 of the first paragraph by “to the prospectus or preliminary prospectus”.

**25.** Section 40.1 of the Act, amended by section 12 of chapter 38 of the statutes of 2001 and by section 4 of chapter 37 of the statutes of 2004, is again amended by replacing “offering notice or offering memorandum contemplated in this Act or the regulations, risk acknowledgment form prescribed by regulation and permanent information record contemplated in Title III, as well as every take-over bid circular, take-over bid, circular of a board of directors and notice of a senior executive contemplated in Title IV,” by “offering memorandum prescribed by regulation, risk acknowledgment form prescribed by regulation, take-over bid circular, take-over bid, directors’ circular and individual officer’s or director’s circular regarding a take-over bid or issuer bid as well as any document required by regulation to be incorporated by reference”.

**26.** Division I of Chapter II of Title II of the Act, comprising sections 41 and 42, is repealed.

**27.** Section 43 of the Act, replaced by section 7 of chapter 37 of the statutes of 2004, is amended by striking out the second paragraph.

**28.** Section 68 of the Act, amended by section 9 of chapter 37 of the statutes of 2004, is again amended

- (1) by replacing “specified in” in the first paragraph by “of”;
- (2) by replacing “therefor obtained from” in the second line of subparagraph 1 of the second paragraph by “issued by”;
- (3) by striking out “by way of an exchange of securities” in subparagraph 2 of the second paragraph;
- (4) by inserting “section 272.2 or” after “in accordance with” in subparagraph 8 of the second paragraph;
- (5) by replacing “and obtains a receipt therefor from” in the third paragraph by “subject to a receipt issued by” and by replacing “all the material facts likely to affect the value or the market price of” in that paragraph by “all material facts about”.

**29.** Section 69 of the Act is amended

- (1) by replacing the first paragraph by the following paragraph:

**“69.** On application by a reporting issuer, the Authority may revoke the issuer’s status as a reporting issuer or, on the conditions it determines, release the issuer from all or part of the continuous disclosure requirements of Chapter II of this Title.”;
- (2) by striking out the second paragraph.

**30.** Section 69.1 of the Act is amended

- (1) by replacing “obtained from” in the first paragraph by “issued by”;
- (2) by striking out “by way of exchange of securities” in the second paragraph and by replacing “anticipated exchange of securities” in that paragraph by “anticipated take-over”;
- (3) by replacing “specified in” in the third paragraph by “of”.

**31.** Section 71 of the Act is replaced by the following section:

**“71.** The Authority may publish a list of reporting issuers that have been determined to be in default of a requirement of this Act or a regulation made under this Act.”

**32.** Section 72 of the Act is repealed.

**33.** Divisions I to III of Chapter II of Title III of the Act, comprising sections 73 to 83.1, are replaced by the following sections:

**“73.** A reporting issuer shall provide periodic disclosure about its business and internal affairs, timely disclosure of a material change and any other disclosure prescribed by regulation in accordance with the conditions determined by regulation.

**“74.** An issuer that is not a reporting issuer shall provide any disclosure prescribed by regulation in accordance with the conditions determined by regulation.”

**34.** The heading of Chapter III of Title III of the Act is struck out.

**35.** Sections 84, 85 and 87 of the Act are repealed.

**36.** Section 89 of the Act is replaced by the following sections:

**“89.** “Insider” means

(1) every director or officer of an issuer;

(2) every director or officer of a subsidiary of an issuer;

(3) a person that exercises control over more than 10% of the voting rights attached to all outstanding voting securities of an issuer other than securities underwritten in the course of a distribution;

(4) an issuer that holds any of its securities; or

(5) a person prescribed by regulation or designated as an insider under section 272.2.

“Insider” also means a director or officer of an insider of an issuer.

**“89.1.** “Economic interest” means a right to receive or the opportunity to participate in a reward, benefit or return from a security, or exposure to a risk of a financial loss in respect of a security.

**“89.2.** “Related financial instrument” means

(1) any instrument, agreement or security whose value, market price or payment obligations are based on the value, market price or payment obligations of a security; and

(2) any other instrument, agreement or understanding that affects, directly or indirectly, a person’s economic interest in a security.

**“39.3.** An insider of a reporting issuer other than a mutual fund shall, in accordance with the conditions determined by regulation, file a report disclosing, in particular, any control exercised by the insider over the reporting issuer’s securities, any interest in, or right or obligation associated with, a related financial instrument of the issuer’s securities and make other disclosure prescribed by regulation.”

**37.** Section 92 of the Act is amended by replacing “derivative” in the first line of the first paragraph by “related”.

**38.** Sections 94 to 100, 102 and 103 of the Act are repealed.

**39.** Chapter V of Title III of the Act, comprising sections 103.1 to 109, is repealed.

**40.** The Act is amended by inserting the following Title after Title III:

#### **“TITLE III.1**

#### **“INVESTMENT FUNDS**

**“109.1.** “Investment fund manager” means a person that directs the business, operations and affairs of an investment fund.

**“109.2.** An investment fund manager shall provide any disclosure required of the investment fund under this Act or the regulations.

**“109.3.** An investment fund manager shall, in the exercise of its functions, comply with the obligations set out in its constituting document, its by-laws and the law, and act within the limits of the powers conferred on it.

**“109.4.** An investment fund manager shall, in the best interests of the fund and its beneficiaries or in the interest of the fulfilment of its purpose, exercise prudence, diligence and skill, and discharge its functions with honesty and loyalty and in good faith.

**“109.5.** An investment fund shall comply with the operating rules prescribed by regulation for the management, stewardship, safekeeping and composition of the assets of investment funds, including governance rules and conflict of interest management rules.

**“109.6.** Despite the Act respecting trust companies and savings companies (chapter S-29.01), the Authority may authorize a legal person other than a trust company governed by that Act to act as trustee of an investment fund in accordance with the Civil Code.”

**41.** Title IV of the Act, comprising sections 110 to 147.23, is replaced by the following Title:

**“TITLE IV**

**“TAKE-OVER BIDS AND ISSUER BIDS**

**“110.** “Take-over bid” means a direct or indirect offer to acquire securities that is made by a person other than the issuer of the securities and that falls in a class of offers to acquire determined by regulation.

**“111.** “Issuer bid” means a direct or indirect offer to acquire or redeem securities or a direct or indirect transaction to that end that is made by the issuer of the securities and that falls in a class of offers to acquire or redeem determined by regulation.

**“112.** A person making a take-over bid or issuer bid, alone or with other persons acting in concert, shall conduct the bid in accordance with the conditions determined by regulation.

**“113.** When a take-over bid has been made, the directors of the offeree issuer shall determine whether to recommend acceptance or rejection of the bid or determine not to make a recommendation, and shall make the recommendation or issue a statement that they are not making a recommendation, in accordance with the conditions determined by regulation.

**“114.** An individual director or officer of the offeree issuer may recommend acceptance or rejection of the bid in accordance with the conditions determined by regulation.

**“115.** A person that, by directly or indirectly acquiring ownership of, or control over, the securities of a class or type prescribed by regulation of a reporting issuer, comes to hold, with another person acting in concert, the percentage prescribed by regulation of outstanding securities of that class or type shall, with that other person, make and file disclosure in accordance with the conditions determined by regulation and comply with any prohibitions determined by regulation on transactions in securities of the reporting issuer.”

**42.** Section 151 of the Act is amended

(1) by inserting “and directors” after “senior executives” in paragraph 1;

(2) by adding the following paragraph after paragraph 2:

“The Authority may impose any restriction or condition it determines on the registration of a candidate, including limiting its duration.”

**43.** Section 151.1.1 of the Act is amended by replacing “a mutual fund, a person acting as depositary, trustee or manager of such a fund” in the first paragraph by “an investment fund, a person acting as depositary, trustee or manager of such a fund”.

**44.** Section 153 of the Act is amended by inserting the following paragraph after the first paragraph:

“The Authority may, on the conditions it determines, suspend the registration or impose conditions or restrictions on the registration during examination of the application for surrender.”

**45.** Chapter II of Title V of the Act, comprising sections 154 and 155, is repealed.

**46.** Section 163.1 of the Act is amended

(1) by replacing “senior executives or senior executive of one of his associates or affiliates is promoter of the issuer or the venture, manager of the venture or general partner” in subparagraph 2 of the first paragraph by “officers or directors or an officer or director of one of his associates or affiliates is the promoter of the issuer or the venture, the manager of the venture or the general partner;”;

(2) by replacing “one of his officers or an officer of one of his associates or affiliates is an officer” in subparagraph 3 of the first paragraph by “one of his officers or directors or an officer or director of one of his associates or affiliates is an officer or director”.

**47.** Section 166 of the Act is amended by inserting “or directors” after “senior executives”.

**48.** Chapter V of Title V of the Act, comprising sections 168.2 to 168.4, enacted by section 64 of chapter 38 of the statutes of 2001, is repealed.

**49.** The heading of Title VI of the Act is amended by replacing “TRADING OR CLEARING” by “EXCHANGE OR CLEARING ACTIVITIES”.

**50.** Section 169 of the Act is amended by replacing “No legal person, partnership or other entity” in the first line by “No person” and by replacing “trading” in the second line by “exchange”.

**51.** Section 170 of the Act is amended

(1) by replacing “legal person, partnership or other entity” in the second paragraph by “person”;

(2) by adding the following paragraph at the end:

“Despite section 60 of the Act respecting the Autorité des marchés financiers (chapter A-33.2), a person authorized to carry on securities exchange or clearing activities may include provisions governing the business or professional conduct of its members or participants and their representatives in its constituting documents, by-laws or operating rules.”

**52.** Section 171 of the Act is amended by replacing “The Authority may grant a legal person, a partnership or any other entity the authorization to operate an electronic securities trading system” by “The Authority may grant a person the authorization to operate an electronic securities trading system, a securities information processor or a matching service utility” and by replacing “under a special framework established by the Authority in its regard or register the legal person, partnership or other entity” in the same paragraph by “on the conditions it determines or register that person”.

**53.** Section 171.1 of the Act is amended by replacing “legal persons, partnerships and other entities” in the first and second paragraphs by “persons”.

**54.** The Act is amended by inserting the following section after section 171.1:

**“171.1.1.** The Authority may, by regulation, establish the rules applicable to exchanges, securities clearing houses, electronic securities trading systems, securities information processors or matching service utilities to which this division applies and, more particularly, rules concerning review and approval of their operating rules by the Authority.”

**55.** Section 172 of the Act is amended

(1) by replacing “a legal person, a partnership or any other entity” in the second line by “a person”;

(2) by replacing “the legal person, partnership or entity” in the fourth and fifth lines by “the person”;

(3) by replacing “trading” in the third line by “exchange”.

**56.** Section 187 of the Act is amended by inserting “or change an economic interest in a related financial instrument,” after “may trade in such securities” in the portion before paragraph 1.

**57.** Section 189 of the Act is amended

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

“(1) the officers and directors referred to in Chapter IV of Title III;”;

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



“(3) an investment fund manager or a person responsible for providing financial advice to an investment fund or for investing its shares or units and every person who is an insider of the investment fund manager or of that person;”.

**58.** Section 189.1 of the Act is amended by inserting “or from changing an economic interest in a related financial instrument” after “reporting issuer”.

**59.** Section 190 of the Act is amended by replacing “a mutual fund or an unincorporated mutual fund” by “an investment fund”.

**60.** Section 191 of the Act is amended by inserting “or director” after “senior executive” in paragraph 3.

**61.** Section 196 of the Act is amended

(1) by replacing the portion before paragraph 1 and paragraphs 1 and 2 by the following:

“**196.** Every person who makes a misrepresentation in any of the following is guilty of an offence:

(1) a prospectus of any type or an offering memorandum provided for in this Act or the regulations;

(2) the information incorporated by reference in a simplified prospectus;

(2.1) a document prepared under a special disclosure scheme referred to in section 64;”;

(2) by striking out paragraph 3;

(3) by replacing paragraphs 5 to 7 by the following paragraph:

“(5) the disclosure provided by an issuer under section 73 or 74;”;

(4) by replacing paragraph 8 by the following paragraph:

“(8) a take-over bid circular or issuer bid circular.”

**62.** Section 197 of the Act is amended

(1) by striking out “, a take-over bid by way of an exchange of securities” in paragraph 3;

(2) by adding the following paragraph at the end:

“For the purposes of this section, a misrepresentation is any misleading information on a fact that is likely to affect the decision of a reasonable investor as well as any pure and simple omission of such a fact.”

**63.** Section 201 of the Act is amended by inserting “or director” after “senior executive” in paragraph 1.

**64.** Section 205 of the Act is amended by inserting “, director” after “senior executive” in the first line.

**65.** Section 211 of the Act is amended by replacing “, 25, 26, 73, 74, 94 to 103” by “and 25, section 73 for failing to provide the required timely disclosure of a material change, and sections 89.3”.

**66.** Section 214 of the Act is amended

(1) by replacing “its senior executives” in the second paragraph by “their officers or directors”;

(2) by inserting “or the person prescribed who is” after “the dealer” in the third paragraph.

**67.** Section 215 of the Act is amended

(1) by replacing “the circular required under Title IV” in the first paragraph by “a take-over bid or issuer bid circular”;

(2) by replacing “and the senior executives of the offeror” in the first paragraph by “, its officers and its directors”;

(3) by inserting “take-over bid or issuer bid” before “circular” in the second paragraph;

(4) by replacing “and from the senior executives of the offeror” in the second paragraph by “, its officers and its directors”.

**68.** Section 216 of the Act is amended by inserting “take-over bid or issuer bid” before “circular” in the third line.

**69.** Section 218 of the Act is amended by inserting “or directors” after “senior executives” in the second line.

**70.** Section 221 of the Act is amended

(1) by replacing “presented in the permanent information record and incorporated” in paragraph 1 by “incorporated by reference”;

(2) by striking out “or the offering notice provided for in Title II or” in paragraph 2;

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

“(2.1) the offering memorandum provided voluntarily under an exemption granted by regulation;”.

**71.** Section 222 of the Act is amended by inserting “d’achat ou de rachat” after “publique” in the first paragraph in the French text and by striking out “, whether the circular is prepared in application of this Act or in accordance with the exemption in virtue of section 119” in the first paragraph.

**72.** Section 223 of the Act is amended

(1) by replacing “the offeror and its senior executives” by “the offeror, its officers and its directors,”;

(2) by inserting “take-over bid or issuer bid” before “circular”.

**73.** Section 225 of the Act is amended by replacing “prescribed in sections 134 to 139 prepared by the board of directors or any of the senior executives of the offeree issuer gives rise to a right of action in damages, in favour of all the holders of securities of the offeree issuer” in the first paragraph by “prepared for a take-over bid by the board of directors, a director or an officer of the offeree issuer gives rise to a right of action in damages, in favour of all the holders of securities of the offeree issuer”.

**74.** Section 225.1 of the Act is repealed.

**75.** Section 228 of the Act is amended by replacing “the mutual fund” in paragraph 2 by “the investment fund”.

**76.** Section 229 of the Act is amended by replacing “, the mutual fund or the unincorporated mutual fund” wherever it appears by “or the investment fund”.

**77.** Section 231 of the Act is amended

(1) by inserting “and the directors” after “senior executives” in the second line;

(2) by replacing “, of the mutual fund or of the unincorporated mutual fund” by “or the investment fund”.

**78.** Section 233.1 of the Act is amended

(1) by replacing “The offeree company” in the first paragraph by “The offeree issuer”;

(2) by replacing “their senior executives” in the first paragraph by “their officers, their directors”;

(3) by inserting “d’achat ou de rachat” after “publiques” at the end of that paragraph in the French text and by adding the following sentence at the end

of that paragraph: “A copy of the motion requesting the order is sent to the Authority.”;

(4) by replacing “or prohibit” in the second line of the second paragraph by “, prohibit” and by adding “, or order that compensation be paid to an interested person for any damage resulting from a contravention of the Act or the regulations regarding a take-over bid or issuer bid” at the end.

**79.** The Act is amended by inserting the following section after section 233.1:

**“233.2.** On application by an interested person, the Bureau de décision et de révision en valeurs mobilières may, if it considers that a person has not complied or is not complying with this Act or the regulations in the context of a take-over bid or an issuer bid, make an order

(1) restraining the distribution of any document used or issued;

(2) requiring an amendment to any document used or issued and requiring the distribution of any amended or corrected document;

(3) directing a person to comply with this Act or the regulations, restraining a person from contravening this Act or the regulations or directing the directors and officers of the person to cause the person to comply with or to cease contravening this Act or the regulations.”

**80.** Section 236.1 of the Act is amended by inserting “d’achat ou de rachat” after “publique” in the first paragraph in the French text.

**81.** Section 237 of the Act is amended

(1) by striking out subparagraph 4 of the first paragraph;

(2) by replacing subparagraph 6 of that paragraph by the following subparagraph:

“(6) a person referred to in section 151.1.1.”;

(3) by inserting “, of their directors” after “senior executives” in the third paragraph.

**82.** Section 238 of the Act is amended by inserting “, director” after “senior executive”.

**83.** Section 257 of the Act is amended

(1) by inserting “or directors” after “senior executives” in subparagraph 2 of the first paragraph;

(2) by inserting “or directors” after “senior executives” in subparagraph 3 of that paragraph.

**84.** Section 265 of the Act is amended by replacing “Where a requirement to file the financial statements under Division II of Chapter II of Title III of the Act is not complied with” in the third paragraph by “In the case of failure by a reporting issuer to provide periodic disclosure about its business and internal affairs in accordance with the conditions determined by regulation or failure by an issuer or another person to provide any other disclosure prescribed by regulation in accordance with the conditions determined by regulation”.

**85.** Section 272.1 of the Act is amended

(1) by inserting “and the regulations” after “this Act” in the first paragraph;

(2) by inserting “or the regulations” after “this Act” in the second paragraph.

**86.** The Act is amended by inserting the following section after section 272.1:

**“272.2.** Of its own initiative or on application by an interested person, the Authority may designate a person to be a non-redeemable investment fund, a mutual fund, an insider or a reporting issuer for the purposes of this Act or decide that a person does not have such a status, if it considers it to be in the public interest to do so.”

**87.** Section 273.1 of the Act is amended by replacing “under section 43 or a” in the first paragraph by “under section 43 or prescribed by” and by inserting “, a director” and “, director” after “senior executive” in the second and fifth lines, respectively, of the second paragraph.

**88.** Section 274.1 of the Act is amended by replacing “except the first paragraph of section 73” by “except section 73 as regards timely disclosure of a material change by a reporting issuer”.

**89.** Section 283 of the Act, amended by section 25 of chapter 37 of the statutes of 2004, is again amended by replacing “, a person or body exercising a delegated power or a power referred to in sections 308.1 and 308.2” by “or a person exercising a delegated power or a power under Chapter II of Title X”.

**90.** The Act is amended by inserting the following section after section 283:

**“283.1.** The Authority may delegate its powers to review its decisions, order an investigation under section 239, institute court proceedings under this Act in the name of the Authority or make a decision under Title VI only to a superintendent or to another officer reporting directly to the president and director general of the Authority.

The first paragraph does not prevent the Authority from delegating its powers in accordance with Chapter II of this Title.”

**91.** Section 284 of the Act, replaced by section 26 of chapter 37 of the statutes of 2004, is amended by replacing “or body exercising a delegated power or a power referred to in sections 308.1 and 308.2” by “exercising a delegated power or a power under Chapter II of Title X”.

**92.** Section 294.1 of the Act is amended by inserting “or a regulation made under this Act” after “Act” at the end of the first paragraph.

**93.** Section 295.1 of the Act is amended by striking out “or with an organization” in the second line.

**94.** Section 297.1 of the Act is amended by replacing “that relates to a person required to be registered under Title V, a senior executive,” in the second paragraph by “about an issuer, a person to which section 151.1.1 applies, an issuer’s auditor, a person required to be registered under Title V, an officer, a director” and by striking out “or organization” in the sixth and seventh lines of that paragraph.

**95.** Section 297.3 of the Act is amended by striking out “or body” in the third line.

**96.** The heading of Chapter II of Title X of the Act, replaced by section 29 of chapter 37 of the statutes of 2004, is again replaced by the following heading:

“INTERJURISDICTIONAL COOPERATION”.

**97.** The Act is amended by inserting the following before section 306:

“**305.1.** For the purposes of this chapter, section 5.4 and paragraphs 33.1 to 33.9 of section 331.1, unless the context indicates otherwise,

“extra-provincial authority” means any power or function of an extra-provincial securities commission under the extra-provincial securities laws under which that commission operates;

“extra-provincial securities commission” means a person empowered by the laws of another province or a territory of Canada to regulate the securities markets in or administer and enforce the securities laws of that province or territory;

“extra-provincial securities laws” means the laws administered by an extra-provincial securities commission that deal with regulating securities markets and are equivalent to Québec securities laws;

“Québec authority” means any power or function of the Authority or the Bureau de décision et de révision en valeurs mobilières under Québec securities laws;

“Québec securities laws” means

(1) this Act;

(2) any other Québec laws governing securities markets, including the Act respecting the Autorité des marchés financiers (chapter A-33.2) and the Act respecting the distribution of financial products and services (chapter D-9.2);

(3) regulations made under this Act or any other Québec laws governing securities markets;

(4) the decisions and orders of the Authority or the Bureau de décision et de révision en valeurs mobilières; and

(5) the extra-provincial securities laws provisions referred to in sections 308 and 308.0.1.

Unless otherwise provided, a reference to an extra-provincial securities commission includes any person to which that securities commission delegates an authority and any other person that, in respect of that securities commission, exercises powers or performs functions substantially similar to a Québec authority.

## **“DIVISION I**

### **“DELEGATION OF AUTHORITY”.**

**98.** Section 306 of the Act, amended by section 30 of chapter 37 of the statutes of 2004, is again amended

(1) by inserting “or, with the Government’s authorization, the Authority” after “The Government” in the first line and by inserting “or an extra-provincial securities commission” after “another government” in the second line;

(2) by replacing “powers conferred on the Authority or the Bureau de décision et de révision en valeurs mobilières by this Act, the provisions of the Act respecting the distribution of financial products and services relating to securities firms and representatives or the provisions of the Act respecting the Autorité des marchés financiers relating to the board or conferred on a similar body by an Act of another legislative authority” by “a Québec authority and for the exercise of an extra-provincial authority in accordance with this chapter”.

**99.** Sections 307 and 308 of the Act are replaced by the following sections:

**“307.** The Authority may, by regulation, delegate a Québec authority to an extra-provincial securities commission and accept to exercise an extra-provincial authority.

**“307.1.** The Authority may also, by order or decision, to the extent and on the conditions determined by regulation, delegate a Québec authority to an extra-provincial securities commission and accept to exercise an extra-provincial authority.

**“307.2.** The following powers and functions may not, however, be delegated under section 306, 307 or 307.1:

(1) the powers and functions of the Authority under Title X of this Act, except those provided for in sections 310, 320.2, 321, 322, 323.12, 331 and 331.1;

(2) the powers and functions of the Authority under the Act respecting the *Autorité des marchés financiers* (chapter A-33.2), except those provided for in the third paragraph of section 24 and Title III; however, the power to make regulations under the third paragraph of section 61 in that Title may not be delegated; and

(3) the powers and functions of the Authority under the Act respecting the distribution of financial products and services (chapter D-9.2), except those provided for in section 12, Chapter I of Title II and sections 186.1, 187, 188, 205, 218 to 220, 228.1 and 228.2.

**“307.3.** The Authority may delegate or subdelegate to a member of its personnel or to a self-regulatory organization an extra-provincial authority that has been delegated to the Authority by an extra-provincial securities commission under section 306, 307 or 307.1, in the manner and to the extent that the Authority may delegate or subdelegate the equivalent Québec authority under Québec securities laws, subject to any restrictions or conditions imposed by the extra-provincial securities commission.

An extra-provincial securities commission to which a Québec authority has been delegated under section 306, 307 or 307.1 may delegate or subdelegate that Québec authority to a member of its personnel or to a self-regulatory organization, in the manner and to the extent that it may delegate or subdelegate the equivalent extra-provincial authority under the extra-provincial securities laws under which it operates, subject to any restrictions or conditions imposed by the Authority.

**“307.4.** The Authority or the Bureau de décision et de révision en valeurs mobilières may call before it any matter that is before an extra-provincial securities commission exercising or intending to exercise a Québec authority delegated to it under section 306, 307 or 307.1, and may exercise that Québec authority in that commission’s stead.



**“307.5.** A decision made under Québec securities laws by an extra-provincial securities commission in accordance with section 306, 307, 307.1 or 307.3 of this Act is subject to section 322 of this Act and to section 85 of the Act respecting the Autorité des marchés financiers (chapter A-33.2), with the necessary modifications, as if the decision were made by the Authority or a recognized self-regulatory organization.

**“307.6.** Chapter VI of this Title applies to a decision made by an extra-provincial securities commission in the exercise of a Québec authority delegated under section 306, 307 or 307.1 as if the decision were made by the Bureau de décision et de révision en valeurs mobilières.

The extra-provincial securities commission that made the decision under appeal is a respondent to an appeal under this section.

**“307.7.** A decision made by a court in the jurisdiction of an extra-provincial securities commission on an appeal from a decision made by that securities commission in the exercise of a Québec authority delegated under section 306, 307 or 307.1 may, if authenticated by that court, be recognized by the Superior Court on the application of an interested person. The decision becomes enforceable on being so recognized.

**“307.8.** Chapter VI of this Title applies to a decision made by the Bureau de décision et de révision en valeurs mobilières in the exercise of an extra-provincial authority under section 306, 307 or 307.1 as if the decision were made under this Act.

This section does not apply to a decision refusing to exempt a person or group of persons from a requirement of extra-provincial securities laws.

The right to appeal a decision under this section applies whether or not a right to appeal the same decision exists in another province or a territory of Canada.

## **“DIVISION II**

### **“MUTUAL RECOGNITION AND INCORPORATION BY REFERENCE**

**“308.** The Authority may, by regulation, incorporate by reference any or all provisions of extra-provincial securities laws.

**“308.0.1.** Subject to conditions determined by regulation, the Authority may, by order or decision, incorporate by reference any or all provisions of extra-provincial securities laws to be applied to a person or class of persons whose primary jurisdiction is the extra-provincial jurisdiction in which the provisions were first adopted, or to securities, related financial instruments or transactions involving that person or class of persons.

**“308.0.2.** The Authority may, by an order, decision or regulation under section 308 or 308.0.1, incorporate by reference a provision as amended from time to time, whether amended before or after the adoption of the order, decision or regulation, and with the necessary modifications.

**“308.0.3.** Subject to conditions determined by regulation, the Authority, the Bureau de décision et de révision en valeurs mobilières or a recognized self-regulatory organization may make a decision or order under a Québec authority regarding a person, class of persons, security, related financial instrument or transaction on the basis of a decision considered to be the same or substantially similar made by an extra-provincial securities commission on the same matter regarding that person, class of persons, security, related financial instrument or transaction.

Despite any other provision of this Act, the Authority, the Bureau de décision et de révision en valeurs mobilières or a recognized self-regulatory organization may make a decision referred to in the first paragraph without again giving the interested person an opportunity to be heard, except in the cases determined by regulation.”

**100.** Section 308.1 of the Act, enacted by section 32 of chapter 37 of the statutes of 2004, is amended

(1) by inserting “or, with the Government’s authorization, the Authority” after “The Government” in the first line of the first paragraph;

(2) by replacing “the government of another province or territory” in that paragraph by “another government or an extra-provincial securities commission”;

(3) by replacing “the powers of an authority of that province or that territory in the securities sectors governed by this Act, the Act respecting the distribution of financial products and services as it concerns securities firms or representatives or the Act respecting the Autorité des marchés financiers to be recognized in Québec with respect to persons or bodies subject to such powers” in that paragraph by “an extra-provincial authority to be recognized in Québec with respect to the persons or organizations subject to such authority”;

(4) by replacing “the powers of a Québec authority, in the same areas and sectors and with respect to persons or bodies subject to such powers, to be recognized in that other province or that territory” in the second paragraph by “a Québec authority to be recognized in the jurisdiction of the extra-provincial securities commission in the same areas and sectors, with respect to the persons or organizations subject to such authority”.

**101.** The Act is amended by inserting the following section after section 308.1:

**“308.1.1.** The Authority may also, by regulation, allow an extra-provincial authority to be recognized in Québec in the areas specifically listed in the regulations, with respect to the persons or organizations subject to such authority.

A regulation under the first paragraph is applicable only if the equivalent Québec authority is recognized in the jurisdiction of the extra-provincial securities commission with respect to the persons or organizations subject to such authority.”

**102.** Section 308.2 of the Act, enacted by section 32 of chapter 37 of the statutes of 2004, is amended by replacing the portion before paragraph 1 by the following:

**“308.2.** This division allows an agreement or regulation to stipulate, in the areas specifically listed in the agreement or regulation,”.

**103.** The Act is amended by inserting the following after section 308.2:

**“308.2.1.** The Authority may, by regulation or to the extent and on the conditions determined by regulation, decision or order, determine that

(1) a receipt is deemed to have been issued by the Authority in accordance with Title II or a regulation made under that Title for a prospectus or an amendment to a prospectus, including when a receipt has been issued for the same prospectus or the same amendment to a prospectus by an extra-provincial securities commission or under extra-provincial securities laws;

(2) a person or class of persons is deemed to be authorized to carry on an activity under Title V, the Act respecting the distribution of financial products and services or a regulation made under that Title or Act, including when the person or class of persons is authorized to carry on the activity by an extra-provincial securities commission or under extra-provincial securities laws;

(3) a person or class of persons is deemed to be authorized to carry on an activity under Title VI or a regulation made under that Title, including when the person or class of persons is authorized to carry on the activity by an extra-provincial securities commission or under extra-provincial securities laws;

(4) a person or class of persons is deemed to be exempted from all or part of the requirements of Québec securities laws when an exemption has been granted for the same purpose by an extra-provincial securities commission or under extra-provincial securities laws; and

(5) an activity in respect of transactions in securities or in a particular security is deemed to be prohibited under section 265, including when an extra-provincial securities commission has imposed the same prohibition under a power similar to the Authority’s power under section 265.

### **“DIVISION III**

#### **“GENERAL PROVISIONS**

**“308.2.2.** For the purposes of sections 307, 307.1, 307.3, 308, 308.0.1, 308.0.2 and 308.1.1, the Government shall, by order, exercise, with respect to any Québec authority of the Bureau de décision et de révision en valeurs mobilières, the powers and functions specified in the order, to the extent and in accordance with the conditions it determines.”

**104.** Section 308.3 of the Act, enacted by section 32 of chapter 37 of the statutes of 2004, is amended by replacing “in the Acts referred to in section 308.1” by “in Québec securities laws”.

**105.** Section 310 of the Act is amended

(1) by replacing “by a legal person, partnership or other entity” in the first paragraph by “by a person”;

(2) by replacing “person, partnership or other entity or” in the second paragraph by “persons referred to in the first paragraph or the”.

**106.** Section 322 of the Act is amended by replacing “legal person, partnership or other entity authorized” wherever it appears by “person authorized”.

**107.** Section 331 of the Act, amended by section 37 of chapter 37 of the statutes of 2004, is again amended by replacing “the regulations made pursuant to” in subparagraph 12 of the first paragraph by “this Act or the regulations under”.

**108.** Section 331.1 of the Act, amended by section 38 of chapter 37 of the statutes of 2004, is again amended

(1) by replacing “required under this Act to be filed with or transmitted to it” in paragraph 2 by “referred to in this Act or a regulation made under this Act”;

(2) by inserting the following paragraph after paragraph 3:

“(3.1) determine that a person is a non-redeemable investment fund or a mutual fund for the purposes of paragraph 2 of the definition of “non-redeemable investment fund” and paragraph 2 of the definition of “mutual fund” in section 5;”;

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

“(4.1) determine conditions for transmitting and receiving documents referred to in this Act or a regulation made under this Act;”;

(4) by replacing “the second paragraph of section 12 and section 40.1 apply” in paragraph 5 by “section 40.1 applies”;

(5) by inserting the following paragraphs after paragraph 6:

“(6.1) determine conditions for amending a prospectus or a preliminary prospectus and for distributing additional securities through an amendment to a prospectus;

“(6.2) determine conditions relating to the right to rescind and the duration or extension of a distribution for the purposes of sections 30 and 31;”;

(6) by inserting the following paragraph after paragraph 9:

“(9.1) determine the rules applicable to exchanges, securities clearing houses, electronic securities trading systems, securities information processors and matching service utilities, including rules concerning review and approval of their operating rules by the Authority;”;

(7) by replacing “of mutual funds and unincorporated mutual funds” in paragraph 16 by “of investment funds, in particular, governance rules and conflict of interest management rules, including rules applicable to a committee formed for those purposes;”;

(8) by replacing “a mutual fund or unincorporated mutual fund” in paragraph 17 by “an investment fund”;

(9) by inserting the following paragraph after paragraph 18.2:

“(18.3) determine that a person is an insider for the purposes of subparagraph 5 of the first paragraph of section 89;”;

(10) by replacing paragraph 20 by the following paragraph:

“(20) determine continuous disclosure requirements for the purposes of sections 73 and 74;”;

(11) by replacing paragraph 20.1 by the following paragraph:

“(20.1) determine the rules applicable to insiders for the purposes of Chapter IV of Title III;”;

(12) by replacing paragraph 21 by the following paragraph:

“(21) determine the rules applicable to take-over bids for the purposes of Title IV;”;

(13) by replacing paragraph 22 by the following paragraph:

“(22) determine disclosure requirements and impose prohibitions on securities transactions for the purposes of section 115;”;

(14) by striking out paragraph 23;

(15) by inserting “, persons authorized under section 169” after “registrants” in paragraph 28;

(16) by inserting the following paragraphs after paragraph 33:

“(33.1) determine any Québec authority that may be delegated to an extra-provincial securities commission and any extra-provincial authority that may be exercised by the Authority in accordance with section 307, and the conditions for exercising such authorities;

“(33.2) determine the extent and conditions applicable to the order or decision made by the Authority, for the purposes of section 307.1;

“(33.3) incorporate by reference into Québec securities laws any or all provisions of extra-provincial securities laws, determine the cases in and conditions on which provisions of extra-provincial securities laws may be so incorporated for the purposes of section 308, and determine the conditions applicable to the order or decision made by the Authority, for the purposes of section 308.0.1;

“(33.4) determine the conditions on which the Authority, the Bureau de décision et de révision en valeurs mobilières or a recognized self-regulatory organization may make a decision or order under a Québec authority on the basis of a decision made by an extra-provincial securities commission and the cases in which the decision may not be made without again giving the interested person an opportunity to be heard, for the purposes of section 308.0.3;

“(33.5) allow, in accordance with sections 308.1.1 to 308.2.1, an extra-provincial authority to be recognized in Québec in the areas specifically listed in the regulations, with respect to the persons or organizations subject to such authority;

“(33.6) determine the cases in and conditions on which a receipt is deemed, under paragraph 1 of section 308.2.1, to have been issued for the purposes of Québec securities laws, including when a receipt has been issued for a prospectus or an amendment to a prospectus under extra-provincial securities laws;

“(33.7) determine the cases in and conditions on which a person or class of persons is deemed, under paragraphs 2 and 3 of section 308.2.1, to be authorized to carry on an activity for the purposes of Québec securities laws, including when the person or class of persons is authorized to carry on the activity under extra-provincial securities laws;

“(33.8) determine the cases in and conditions on which an exemption from Québec securities laws is deemed, under paragraph 4 of section 308.2.1, to be granted by the Authority, including when an exemption has been granted under extra-provincial securities laws;

“(33.9) determine the circumstances in which an activity in respect of transactions in securities or in a particular security is deemed to be prohibited under paragraph 5 of section 308.2.1, including when an extra-provincial securities commission has imposed the same prohibition under a power similar to the Authority’s power under section 265;”;

(17) by replacing “the regulations made pursuant to” in paragraph 34 by “this Act or the regulations under”.

**109.** Section 331.2 of the Act is amended by inserting the following paragraph after the fifth paragraph:

“A draft regulation under Chapter II of Title X and paragraphs 33.1 to 33.9 of section 331.1 may be submitted for approval only if accompanied by a favourable notice from the Minister responsible for Canadian Intergovernmental Affairs. The same applies if such a draft regulation is made under the second paragraph.”

**110.** The Act is amended by inserting the following sections after section 335:

**“335.1.** The Authority shall, not later than 31 July, submit to the Minister an annual report on its regulation activities under this Act for the period ending at the end of its last fiscal year.

The report must describe regulatory amendments and their impact on the securities market and on investors, and contain any other information required by the Minister.

**“335.2.** The Minister shall table the report submitted under section 335.1 in the National Assembly within 30 days of its receipt or, if the Assembly is not sitting, within 30 days of resumption.

**“335.3.** The competent parliamentary committee of the National Assembly may hear the Authority at least once a year to discuss the report submitted under section 335.1 and the Authority’s regulation activities.”

**111.** The Act is amended by replacing “senior executive” and “senior executives” wherever they appear in paragraph 1 of section 151, sections 160.2 and 160.3, enacted by section 15 of chapter 37 of the statutes of 2004, section 166, paragraph 3 of section 191, paragraph 1 of section 201, section 205, section 218, section 231, the third paragraph of section 237, section 238, subparagraphs 2 and 3 of the first paragraph of section 257, the second

paragraph of section 273.1 and the first paragraph of section 273.3 by “officer” and “officers”, respectively.

## CIVIL CODE OF QUÉBEC

**112.** Article 1339 of the Civil Code of Québec (1991, chapter 64) is amended by replacing “shares of a mutual fund and units of an unincorporated mutual fund” in paragraph 10 by “securities of an investment fund” and by striking out “la société,” in that paragraph in the French text.

## ACT RESPECTING THE AUTORITÉ DES MARCHÉS FINANCIERS

**113.** Section 32 of the Act respecting the Autorité des marchés financiers (R.S.Q., chapter A-33.2) is amended by adding “and to every person or organization referred to in Chapter II of Title X of the Securities Act (chapter V-1.1) when that person or organization exercises a function or power of a person referred to in this section” at the end of the second paragraph.

**114.** Section 61 of the Act is amended by replacing “trading” wherever it appears in the second paragraph by “exchange”.

**115.** Section 63 of the Act is amended by adding the following paragraph at the end:

“The same rule applies to every person or organization referred to in Chapter II of Title X of the Securities Act when that person or organization exercises a function or power of a person referred to in the first paragraph.”

**116.** Section 73 of the Act is amended by replacing “trading” wherever it appears in the second paragraph by “exchange”.

**117.** Section 93 of the Act is amended

(1) by replacing “trading” in subparagraph 2 of the first paragraph by “exchange”;

(2) by inserting the following subparagraph after subparagraph 2 of the first paragraph:

“(2.1) an order under section 233.2 of that Act regarding a take-over bid or issuer bid;”;

(3) by replacing “as regards a failure to file financial statements as provided under Division II of Chapter II of Title III of that Act” in subparagraph 6 of that paragraph by “in the case of failure by a reporting issuer to provide periodic disclosure about its business and internal affairs in accordance with the conditions determined by regulation or failure by an issuer or by another person to provide any other disclosure prescribed by regulation in accordance with the conditions determined by regulation”.



**118.** Section 104 of the Act is amended

(1) by striking out “or a person or body exercising a power delegated in accordance with section 306 of the Securities Act (chapter V-1.1) or a power referred to in sections 308.1 and 308.2 of that Act” in the second paragraph;

(2) by adding the following paragraph at the end:

“The same rule applies to every person or organization referred to in Chapter II of Title X of the Securities Act when that person or organization exercises a function or power of a person referred to in the second paragraph.”

**ACT CONSTITUTING CAPITAL RÉGIONAL ET  
COOPÉRATIF DESJARDINS**

**119.** Section 24 of the Act constituting Capital régional et coopératif Desjardins (R.S.Q., chapter C-6.1) is amended

(1) by inserting “or directors” after “senior executives” in the first paragraph;

(2) by replacing “has the meaning” in the second paragraph by “and “director” have the meanings”.

**120.** Sections 24 and 25 of the Act are amended by replacing “senior executive” and “senior executives” wherever they appear by “officer” and “officers”, respectively.

**ACT RESPECTING INTERNATIONAL FINANCIAL CENTRES**

**121.** Section 4 of the Act respecting international financial centres (R.S.Q., chapter C-8.3), amended by section 3 of chapter 13 of the statutes of 2006, is again amended by striking out “an unincorporated mutual fund or” in the definition of “qualified investment fund” and by striking out “soit une société d’investissement à capital variable, au sens de cet article” in that definition in the French text.

**CITIES AND TOWNS ACT**

**122.** Section 99 of the Cities and Towns Act (R.S.Q., chapter C-19) is amended

(1) by replacing “an incorporated mutual fund” in the third paragraph by “a mutual fund” and by replacing “shares” wherever it appears in that paragraph by “securities”;

(2) by replacing “fonds” wherever it appears in the third and fourth paragraphs in the French text by “organisme”;

(3) by replacing “unincorporated mutual fund” in the fourth paragraph by “mutual fund”.

## MUNICIPAL CODE OF QUÉBEC

**123.** Article 203 of the Municipal Code of Québec (R.S.Q., chapter C-27.1) is amended

(1) by replacing “an incorporated mutual fund” in the second paragraph by “a mutual fund” and by replacing “shares” wherever it appears in that paragraph by “securities”;

(2) by replacing “fonds” wherever it appears in the second and third paragraphs in the French text by “organismes”;

(3) by replacing “unincorporated mutual fund” in the third paragraph by “mutual fund”.

## ACT RESPECTING THE COMMUNAUTÉ MÉTROPOLITAINE DE MONTRÉAL

**124.** Section 205 of the Act respecting the Communauté métropolitaine de Montréal (R.S.Q., chapter C-37.01) is amended

(1) by replacing “shares” in the first paragraph by “securities” and by replacing “fonds commun de placement” in that paragraph in the French text by “organisme de placement collectif”;

(2) by replacing “fonds de placement” in the second paragraph in the French text by “organisme de placement collectif”.

## ACT RESPECTING THE COMMUNAUTÉ MÉTROPOLITAINE DE QUÉBEC

**125.** Section 192 of the Act respecting the Communauté métropolitaine de Québec (R.S.Q., chapter C-37.02) is amended

(1) by replacing “shares” in the first paragraph by “securities” and by replacing “fonds commun de placement” in that paragraph in the French text by “organisme de placement collectif”;

(2) by replacing “fonds de placement” in the second paragraph in the French text by “organisme de placement collectif”.

## ACT RESPECTING THE DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES

**126.** Section 79 of the Act respecting the distribution of financial products and services (R.S.Q., chapter D-9.2) is amended by adding the following paragraph at the end:

“The Authority may impose any restriction or condition it determines on the registration for a given securities sector, including limiting its duration.”

**127.** Section 126 of the Act is amended by adding the following paragraph at the end:

“The Authority may suspend the firm’s registration on the conditions it determines, or impose restrictions or conditions on it during examination of the application for revocation.”

**128.** Section 219 of the Act is amended by adding the following paragraph at the end:

“The Authority may, for a given securities sector, impose any restriction or condition it determines on a representative’s certificate, including limiting the term prescribed by regulation.”

**129.** Section 223 of the Act is amended by inserting the following paragraph after paragraph 13:

“(13.1) other rules relating to the activities of a firm acting through a securities representative;”.

#### ACT TO ESTABLISH FONDACTION, LE FONDS DE DÉVELOPPEMENT DE LA CONFÉDÉRATION DES SYNDICATS NATIONAUX POUR LA COOPÉRATION ET L’EMPLOI

**130.** Section 26 of the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l’emploi (R.S.Q., chapter F-3.1.2) is amended

(1) by inserting “or directors” after “senior executives” in the first paragraph;

(2) by replacing “has the meaning” in the second paragraph by “and “director” have the meanings”.

**131.** Sections 26 and 27 of the Act are amended by replacing “senior executive” and “senior executives” wherever they appear by “officer” and “officers”, respectively.

#### ACT TO ESTABLISH THE FONDS DE SOLIDARITÉ DES TRAVAILLEURS DU QUÉBEC (F.T.Q.)

**132.** Section 19 of the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (R.S.Q., chapter F-3.2.1) is amended

(1) by inserting “or directors” after “senior executives” in the first paragraph;

(2) by replacing “Senior executive has the same meaning as” in the second paragraph by ““Senior executive” and “director” have the same meanings as “officer” and “director””.

**133.** Sections 19 and 20 of the Act are amended by replacing “senior executive” and “senior executives” wherever they appear by “officer” and “officers”, respectively.

#### ACT RESPECTING THE DISCLOSURE OF THE COMPENSATION RECEIVED BY THE EXECUTIVE OFFICERS OF CERTAIN LEGAL PERSONS

**134.** Section 1 of the Act respecting the disclosure of the compensation received by the executive officers of certain legal persons (R.S.Q., chapter I-8.01) is amended by replacing “in accordance with” by “under”.

#### NOTARIES ACT

**135.** Section 18 of the Notaries Act (R.S.Q., chapter N-3) is amended by inserting “or the regulations” after “Securities Act (chapter V-1.1)” in paragraph *b*.

#### ACT RESPECTING TRUST COMPANIES AND SAVINGS COMPANIES

**136.** Section 187 of the Act respecting trust companies and savings companies (R.S.Q., chapter S-29.01) is amended by replacing “a mutual investment fund” in subparagraph 2 of the first paragraph by “an investment fund”.

**137.** Section 188 of the Act is amended by replacing “a mutual investment fund” by “an investment fund”.

**138.** Section 351 of the Act is amended by replacing “a mutual investment fund” in paragraph 13 by “an investment fund”.

#### ACT RESPECTING NORTHERN VILLAGES AND THE KATIVIK REGIONAL GOVERNMENT

**139.** Section 395 of the Act respecting Northern villages and the Kativik Regional Government (R.S.Q., chapter V-6.1) is amended

(1) by replacing “shares” in the second paragraph by “securities” and “fonds commun de placement” in that paragraph in the French text by “organisme de placement collectif”;

(2) by replacing “fonds de placement” in the third paragraph in the French text by “organisme de placement collectif”.

## TRANSITIONAL AND FINAL PROVISIONS

**140.** The Government may, by a regulation made before 15 December 2007, adopt any transitional provision to ensure that the measures provided for in the Securities Act (R.S.Q., chapter V-1.1) that are repealed by this Act are transferred to the regulations.

The Government may also, by a regulation made before 15 December 2007, adopt any other transitional provision or measure conducive to the carrying out of this Act.

A regulation under this section is not subject to the publication requirement set out in section 8 of the Regulations Act (R.S.Q., chapter R-18.1).

**141.** A regulation under paragraph 16 or 17 of section 331.1 of the Securities Act regarding unincorporated mutual funds or mutual funds applies, as of 14 December 2006, to investment funds.

**142.** Unless the context indicates otherwise, in any Act, statutory instrument or other document, “management company”, “investment fund management company” and “manager”, when pertaining to an investment fund within the meaning of this Act, mean an investment fund manager.

Unless the context indicates otherwise, the definition of “senior executive” as it read before 14 December 2006 continues to apply, despite paragraphs 1 and 2 of section 3, to any statutory instrument under the Securities Act and any document under such an instrument, until the statutory instrument is amended by a decision or regulation of the Autorité des marchés financiers.

**143.** This Act comes into force on 14 December 2006, except sections 2, 11, 16 to 24 and 26, paragraph 3 of section 28, paragraph 2 of section 30, sections 33 and 34, section 35 to the extent that it repeals sections 84 and 85 of the Securities Act (R.S.Q., chapter V-1.1), sections 36 to 39, 41, 56 and 58, paragraphs 2, 3 and 4 of section 61, paragraph 1 of section 62, section 65, paragraph 2 of section 66, paragraphs 1 and 3 of section 67, section 68, paragraph 3 of section 70, section 71, paragraph 2 of section 72, sections 73 and 74, paragraphs 1 and 2 of section 78, sections 80, 88 and 89 and paragraphs 4, 5, 9, 10, 13 and 14 of section 108, which come into force on the date or dates to be set by the Government.





