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# NATIONAL ASSEMBLY

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FIRST SESSION

THIRTY-EIGHTH LEGISLATURE

Bill 109

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

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### **Introduction**

**Introduced by  
Madam Monique Jérôme-Forget  
Minister of Finance**

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## **EXPLANATORY NOTES**

*The purpose of this bill is to harmonize Québec's legislation with that of the other Canadian provinces and territories by transferring the provisions concerning the securities sector out of the Act respecting the distribution of financial products and services and integrating them into the Securities Act.*

*To that end, the bill amends the provisions of the Securities Act on securities dealer and adviser registration to add requirements that apply specifically to mutual fund dealers, scholarship plan dealers and their representatives.*

*The bill also requires any person who wishes to act as an investment fund manager to be registered as such under the Securities Act. It imposes the same obligation on the chief compliance officer or ultimate designated person of a registered dealer, adviser or investment fund manager.*

*The bill then amends the Act respecting the distribution of financial products and services to strike out the provisions relating to the securities industry. It provides, however, that the provisions concerning the Fonds d'indemnisation des services financiers and the Chambre de la sécurité financière, including those concerning the latter's discipline committee, continue to apply to persons in the securities industry who used to be governed by the Act respecting the distribution of financial products and services and are now to be governed by the Securities Act.*

*The bill also lifts the prohibition on selling funeral insurance set out in the Civil Code and makes the required amendments to the Act respecting prearranged funeral services and sepultures and the Act respecting the distribution of financial products and services.*

*Lastly, the bill contains other consequential amendments and transitional provisions.*

**LEGISLATION AMENDED BY THIS BILL:**

- Civil Code of Québec (1991, chapter 64);
- Act respecting prearranged funeral services and sepultures (R.S.Q., chapter A-23.001);
- Act respecting the distribution of financial products and services (R.S.Q., chapter D-9.2);
- Securities Act (R.S.Q., chapter V-1.1);
- Derivatives Act (2008, chapter 7).



## Bill 109

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

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

**1.** Section 4.1 of the Securities Act (R.S.Q., chapter V-1.1) is repealed.

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

(1) by replacing the definitions of “adviser” and “dealer” by the following definitions:

““adviser” means a person engaging in or holding theirself out as engaging in the business of advising another with respect to investment in or the purchase or sale of securities, or the business of managing a securities portfolio;

““dealer” means a person engaging in or holding theirself out as engaging in the business of

(1) trading in securities as principal or agent;

(2) distributing a security for their own account or for another’s account; or

(3) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of an activity described in paragraph 1 or 2;”;

(2) by striking out the definition of “solicitation”;

(3) by inserting the following definition after the definition of “investment fund”:

““investment fund manager” means a person who directs the business, operations and affairs of an investment fund;”.

**3.** The Act is amended by inserting the following section after section 5.5:

**“5.6.** In this Act, the expressions “mutual fund dealer” and “scholarship plan dealer” have the meaning assigned to them by regulation.”

**4.** Section 6 of the Act is amended by replacing “its observance” in the first paragraph by “their observance”.

**5.** Section 29 of the Act is amended by striking out “en valeurs” in the first paragraph in the French text.

**6.** Section 38 of the Act, amended by section 24 of chapter 50 of the statutes of 2006, is replaced by the following section:

“**38.** The Authority may order that a distribution cease in the cases prescribed in section 15 or if it is in the public interest to do so.”

**7.** Sections 94, 95, 98 and 100 of the Act are amended by replacing “a senior executive” and “senior executives” wherever they appear by “an officer” and “officers”, respectively.

**8.** Sections 109.1 to 109.4 of the Act are repealed.

**9.** The heading of Title V of the Act is replaced by the following heading:  
“REGISTRATION”.

**10.** The heading of Chapter I of Title V of the Act is replaced by the following heading:

“GENERAL PROVISIONS”.

**11.** Section 148 of the Act is replaced by the following section:

“**148.** No person may act as a dealer, adviser or investment fund manager unless the person is registered as such.”

**12.** The Act is amended by inserting the following sections after section 148.1:

“**148.2.** The first paragraph of section 77 and the second paragraph of section 81 of the Act respecting the distribution of financial products and services (chapter D-9.2) apply, with the necessary modifications, to dealers registered as mutual fund dealers or scholarship plan dealers.

“**148.3.** Despite sections 23 and 24 of the Deposit Insurance Act (chapter A-26), a dealer registered as a mutual fund dealer or scholarship plan dealer may receive deposits on behalf of a deposit institution through the dealer’s representative. No cash deposit may be received by such a representative.

All deposits so received must be deposited with the deposit institution on whose behalf the dealer is acting.”

**13.** Section 149 of the Act is amended

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

**“149.** A natural person may not act as a dealer or adviser for the account of a person subject to registration under section 148, unless the natural person is registered as a representative of that person.

The chief compliance officer or ultimate designated person of a person registered under section 148 must be registered as such. The chief compliance officer or ultimate designated person shall perform the functions prescribed by regulation.”;

(2) by replacing “a dealer acting as principal or agent” in the second paragraph by “an investment dealer, within the meaning assigned by regulation”;

(3) by replacing “carry on business as such and be employed by a” in that paragraph by “act as a representative in a Québec branch of a financial institution and be employed by the”;

(4) by replacing “group savings” in that paragraph by “mutual funds”.

**14.** The Act is amended by inserting the following sections after section 149:

**“149.1.** A representative of a mutual fund dealer or a representative of a scholarship plan dealer may, on the conditions prescribed by regulation, distribute shares, other than qualifying shares, issued by a financial services cooperative governed by the Act respecting financial services cooperatives (chapter C-67.3) that are not exempted from the application of Titles II to VIII.

**“149.2.** Titles V to VI of the Act respecting the distribution of financial products and services (chapter D-9.2) apply to representatives of a mutual fund dealer and representatives of a scholarship plan dealer.”

**15.** The Act is amended by inserting the following section after section 151:

**“151.0.1.** The Authority may revoke, suspend or impose restrictions or conditions on a registration if

(1) the representative, chief compliance officer or ultimate designated person has made an assignment of property or been placed under a receiving order pursuant to the Bankruptcy and Insolvency Act (Revised Statutes of Canada, 1985, chapter B-3);

(2) the representative, chief compliance officer or ultimate designated person has been convicted by a court inside or outside Canada of an act or offence which, in the opinion of the Authority, is related to the activity of the representative, chief compliance officer or ultimate designated person, or has pleaded guilty to such an act or offence;

(3) the representative, chief compliance officer or ultimate designated person has been assigned a tutor, curator or adviser; or

(4) the registration has been revoked or suspended, or restrictions or conditions have been imposed on the registration, by the discipline committee of the Chambre de la sécurité financière established under section 284 of the Act respecting the distribution of financial products and services (chapter D-9.2) or by a body in or outside Québec that is responsible for supervising and monitoring persons authorized to act as representatives, chief compliance officers or ultimate designated persons.

As well, the Authority may suspend the registration of a representative of a mutual fund dealer or a representative of a scholarship plan dealer if the representative fails to comply with the liability insurance requirements prescribed by regulation or the compulsory professional development requirements set out in the Act respecting the distribution of financial products and services.”

**16.** The Act is amended by inserting the following section after section 151.4:

“**151.5.** The Authority may order a dealer, adviser or investment fund manager to direct an auditor, at the dealer’s, adviser’s or investment fund manager’s expense, to conduct any audit or review required by the Authority and deliver the audit or review to the Authority as soon as practicable.”

**17.** Section 152 of the Act is amended by replacing “where the protection of investors requires it” by “if it is in the public interest to do so”.

**18.** The Act is amended by inserting the following section after section 152:

“**152.1.** Despite section 318, the Authority shall suspend or, if the offence is not a first offence, may revoke the registration of a mutual fund dealer or scholarship plan dealer if the dealer fails to maintain liability insurance as prescribed by regulation.

The Authority may also suspend or, if the offence is not a first offence, revoke the registration of a mutual fund dealer or scholarship plan dealer if a representative of the dealer, other than an employee, fails to maintain liability insurance as prescribed by regulation.”

**19.** Section 158 of the Act is amended

(1) by replacing “or dealer” in the first paragraph by “, adviser or investment fund manager”;

(2) by striking out the second paragraph.



**20.** Section 159 of the Act is amended by replacing “no change may be made unless the Authority approves or does not object within 30 days of receiving notice of the proposed change” in the second paragraph by “a change may be made only if the Authority agrees, or does not object, within the time and in the form prescribed by regulation”.

**21.** The Act is amended by inserting the following section after section 159:

**“159.0.1.** The Authority may determine by regulation, in the case of a dealer, adviser or investment fund manager, which natural persons must disclose the information and documents prescribed by regulation to the Authority.”

**22.** The heading of Chapter IV of Title V of the Act is replaced by the following heading:

“OBLIGATIONS OF REGISTRANTS”.

**23.** The Act is amended by inserting the following sections before section 160:

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

**“159.2.** 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.

**“159.3.** 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 loyally, honestly and in good faith.”

**24.** Section 160 of the Act is replaced by the following section:

**“160.** All persons registered as dealers, advisers, representatives, ultimate designated persons or chief compliance officers are required to deal fairly, honestly, loyally and in good faith with their clients.”

**25.** Section 160.1 of the Act is amended by replacing “registrants” by “all persons registered as dealers, advisers, representatives, ultimate designated persons or chief compliance officers”.

**26.** Section 160.2 of the Act, enacted by section 15 of chapter 37 of the statutes of 2004 and amended by section 111 of chapter 50 of the statutes of 2006, is again amended by striking out “en valeurs” in the French text.

**27.** Sections 160.3 to 163.1 of the Act are repealed.

**28.** Section 166 of the Act is replaced by the following section:

**“166.** A registrant must make the statements prescribed by regulation concerning existing conflicts of interest and conflicts the registrant, acting reasonably, would expect to arise between the registrant and the registrant’s clients.”

**29.** Section 168.1.1 of the Act is amended by striking out “securities”.

**30.** Sections 168.1.2 and 168.1.3 of the Act, amended respectively by sections 145 and 146 of chapter 7 of the statutes of 2008, are again amended by striking out “securities”.

**31.** Section 168.1.4 of the Act is amended by striking out “securities”.

**32.** Section 187 of the Act, amended by section 56 of chapter 50 of the statutes of 2006, is again amended by adding the following paragraph:

“In the case described in subparagraph 1 of the first paragraph, the insider may not trade in the securities if the other party to the transaction is the reporting issuer and the transaction is not necessary in the course of the issuer’s business.”

**33.** Sections 190 and 191 of the Act are amended by replacing “is a portfolio manager” by “manages a portfolio”.

**34.** The Act is amended by inserting the following section after section 192:

**“192.1.** No person shall represent that the person is registered under this Act unless the representation is true and the person specifies the category of registration.”

**35.** Section 193 of the Act is amended by striking out “en valeurs” in the French text.

**36.** Section 195.1 of the Act is amended by striking out “en valeurs” in the French text.

**37.** Section 201 of the Act is repealed.

**38.** Section 266 of the Act is amended by replacing “carrying on business as an adviser” by “acting as an adviser or as an investment fund manager”.

**39.** Section 273.3 of the Act is amended by inserting “, dealer, adviser or investment fund manager” after “issuer” in the first paragraph.

**40.** Section 297.5 of the Act is repealed.

**41.** Section 307.2 of the Act, amended by section 217 of chapter 24 of the statutes of 2008, is again amended by replacing paragraph 3 by the following paragraph:

“(3) the powers and functions provided for in Titles V to VI of the Act respecting the distribution of financial products and services (chapter D-9.2);”.

**42.** Section 308.2.1 of the Act, amended by section 218 of chapter 24 of the statutes of 2008, is again amended by replacing “, the Act respecting the distribution of financial products and services or a regulation made under that Title or Act” in paragraph 2 by “or a regulation under that Title”.

**43.** Section 331 of the Act, amended by section 169 of chapter 7 of the statutes of 2008, is again amended by striking out subparagraph 7 of the first paragraph.

**44.** Section 331.1 of the Act, amended by section 170 of chapter 7 of the statutes of 2008 and by section 225 of chapter 24 of the statutes of 2008, is again amended

(1) by replacing “securities dealers and advisers” in paragraph 9 by “dealers, advisers, investment fund managers”;

(2) by inserting the following paragraphs after paragraph 27:

“(27.0.1) determine the natural persons referred to in section 159.0.1;

“(27.0.2) determine the information and documents that must be disclosed under section 159.0.1;”;

(3) by striking out paragraph 27.1.

**45.** Section 332 of the Act is amended by striking out “securities” in paragraph 3.

**46.** Section 352 of the Act is amended

(1) by replacing “, within the following fifteen days, be tabled before the National Assembly if it is sitting or, if it is not, be filed with the President of the Assembly” in the second paragraph by “be tabled in the National Assembly within the following 15 days if it is sitting or, if it is not, within 15 days of resumption”;

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

“Within one year after the report is tabled, the competent committee of the National Assembly shall examine the advisability of maintaining this Act in force or amending it, and shall hear submissions by interested persons and bodies.”

## AMENDING PROVISIONS

### CIVIL CODE OF QUÉBEC

**47.** The Civil Code of Québec (1991, chapter 64) is amended by inserting the following article after article 2441:

**“2441.1.** A funeral insurance contract is a contract whereby an insurer undertakes, for a premium, to make a payment, upon the death of the insured, to a funeral director holding a permit under the Act respecting medical laboratories, organ, tissue, gamete and embryo conservation and the disposal of human bodies, in order to cover all or part of the funeral expenses agreed on in a prearranged funeral services contract or prepurchased sepulture contract.

If the payment due by the insurer exceeds the funeral costs actually incurred by the funeral director, the surplus is paid to the person designated in the insurance contract as the beneficiary of such surplus or, if there is no such person, to the succession of the insured.

The insurer must see to it that the payment made under the insurance contract is actually used to cover the funeral expenses agreed on.

Annulment, resolution or resiliation of the prearranged funeral services contract or prepurchased sepulture contract does not entail the resiliation of the funeral insurance contract.”

**48.** Article 2442 of the Code, amended by section 161 of chapter 45 of the statutes of 2002 and by section 90 of chapter 37 of the statutes of 2004, is again amended

(1) by replacing “A contract of insurance for funeral expenses” at the beginning of the first paragraph by “Any funeral insurance contract” and by adding “if it does not meet the conditions set out in article 2441.1” at the end of that paragraph;

(2) by striking out “, for a premium paid in a single payment or by instalments,” in that paragraph;

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

“Only the persons who paid the premium or the Autorité des marchés financiers acting on their behalf may ask for the contract to be annulled.”

## ACT RESPECTING PREARRANGED FUNERAL SERVICES AND SEPULTURES

**49.** Section 2 of the Act respecting prearranged funeral services and sepultures (R.S.Q., chapter A-23.001) is amended by inserting “or a guarantee of payment under the terms of a funeral insurance contract” at the end of the second and fourth paragraphs.

**50.** Section 17 of the Act is amended by adding the following paragraph:

“However, no penalty is payable on the part of the price of the contract whose payment is guaranteed under the terms of a funeral insurance contract.”

## ACT RESPECTING THE DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES

**51.** Section 1 of the Act respecting the distribution of financial products and services (R.S.Q., chapter D-9.2) is amended by striking out “a securities representative,”.

**52.** Section 9 of the Act is repealed.

**53.** Section 12 of the Act is amended by striking out “or mutual fund” and “, shares or units in mutual funds or units in scholarship plans” in the second paragraph.

**54.** Section 13 of the Act is amended by striking out the following in the second paragraph:

“– group savings plan brokerage;

“– investment contract brokerage;

“– scholarship plan brokerage”.

**55.** Section 14 of the Act is amended

(1) by striking out “other than a securities representative” in the first paragraph;

(2) by striking out the third paragraph.

**56.** The Act is amended by inserting the following section after section 20:

**“20.1.** The Authority may determine by regulation other circumstances in which a client may cancel an insurance or annuity contract drawn up by an insurer, and circumstances in which a client may terminate such a contract, and the conditions and procedure applicable to such a cancellation or termination.”

**57.** Division III of Chapter II of Title I of the Act, comprising sections 51 to 55, is repealed.

**58.** Section 59 of the Act is amended by inserting “who is registered as a representative in accordance with Title V of the Securities Act (chapter V-1.1),” after “order” in the third paragraph.

**59.** Section 72 of the Act is amended by striking out “securities” wherever it appears after the last dash in the second paragraph.

**60.** Section 79 of the Act is amended by striking out the second paragraph.

**61.** Section 83 of the Act is amended by replacing the second paragraph by the following paragraphs:

“Despite sections 115, 117, 119, 121, 122 and 124, the Authority shall suspend or, if the offence is not a first offence, may cancel the registration of a firm if the firm ceases to maintain such insurance or fails to pay the set premium.

It may also suspend or, if the offence is not a first offence, cancel the registration of a firm if a representative of the firm, other than an employee, is not covered by liability insurance or has failed to pay the set premium.”

**62.** Section 95 of the Act is amended

(1) by striking out “or securities representative” in the first paragraph;

(2) by replacing “il agit” in the second paragraph in the French text by “le cabinet agit”.

**63.** Section 96 of the Act is amended by striking out “or securities representative”.

**64.** Sections 98 and 99 of the Act are repealed.

**65.** The Act is amended by inserting the following section before section 115:

**“114.1.** The Authority may order a firm to direct an auditor, at the firm’s expense, to conduct any audit or review required by the Authority and deliver the audit or review to the Authority as soon as practicable.”

**66.** Section 128 of the Act is amended

(1) by striking out “, other than a securities sector,” in the first paragraph;

(2) by striking out “, other than a securities sector,” in the second paragraph.

**67.** Section 146 of the Act is amended by inserting “114.1,” after “106 to 113,” in the first and second paragraphs.

**68.** Section 201 of the Act is repealed.

**69.** Section 202.1 of the Act is amended

(1) by replacing “determine,” in the introductory sentence by “, for each sector, determine”;

(2) by striking out “, other than securities representatives, of each sector or class of sector” in paragraph 1;

(3) by replacing “of each sector or class of sector other than financial planning” in paragraph 2 by “other than financial planners”.

**70.** Section 206 of the Act is amended by striking out “or securities representative”.

**71.** Section 207 of the Act is amended by replacing “sections 26 and 53” by “section 26”.

**72.** Sections 214 and 217.1 of the Act are repealed.

**73.** Section 218 of the Act is amended

(1) by replacing “a criminal act or indictable” in paragraph 2 by “an act or”;

(2) by striking out “the certificate holder” in the introductory sentence of the first paragraph, by inserting “the certificate holder” at the beginning of subparagraphs 1, 2 and 3 of that paragraph and by inserting the following subparagraph after subparagraph 2 of that paragraph:

“(2.1) the certificate or the certificate holder’s right to transact business in any of the sectors listed in the second paragraph of section 13 has been cancelled or suspended, or restrictions or conditions have been imposed on it, by the discipline committee or by a body in Québec or another province or state that is responsible for supervising and monitoring persons acting as representatives;”;

(3) by inserting the following subparagraph after subparagraph 3 of the first paragraph:

“(4) the certificate holder no longer complies with an obligation prescribed by regulation for the issue or renewal of the certificate.”;

(4) by adding “or the liability insurance requirements prescribed by regulation” at the end of the second paragraph.

- 74.** Section 219 of the Act is amended by striking out the second paragraph.
- 75.** Section 220 of the Act is amended by inserting “or renew” after “issue”.
- 76.** Section 223 of the Act is amended by replacing “acting through a securities representative” in paragraph 13.1 by “, an independent representative or an independent partnership”.
- 77.** Sections 224.1, 227, 228.1 and 228.2 of the Act are repealed.
- 78.** Section 258 of the Act is amended by replacing “or an independent partnership” in the second paragraph by “, an independent partnership or a mutual fund dealer or scholarship plan dealer registered in accordance with Title V of the Securities Act (chapter V-1.1)”.
- 79.** Section 258.1 of the Act is amended by striking out “by firms, independent representatives or independent partnerships”.
- 80.** Section 278 of the Act is amended by replacing “and independent partnership” at the end of the first paragraph by “, independent partnership and mutual fund dealer or scholarship plan dealer registered in accordance with Title V of the Securities Act (chapter V-1.1)”.
- 81.** The Act is amended by inserting the following section after the heading of Title V:
- “283.1.** In this Title, the terms “mutual fund dealer representative” and “scholarship plan dealer representative” mean a person registered as such in accordance with Title V of the Securities Act (chapter V-1.1).
- Furthermore, unless the context indicates otherwise, the term “representative” includes a person registered as a mutual fund dealer representative or as a scholarship plan dealer representative.”
- 82.** Section 289 of the Act is amended
- (1) by replacing “securities representatives” in the first paragraph by “mutual fund dealer representatives, scholarship plan dealer representatives”;
- (2) by replacing “group savings plan representatives, one member by investment contract representatives and scholarship plan representatives” in the second paragraph by “mutual fund dealer representatives, one member by scholarship plan dealer representatives”.
- 83.** Section 294 of the Act is amended by replacing “investment contract representatives, scholarship plan representatives” by “scholarship plan dealer representatives”.



**84.** Section 296 of the Act is amended by replacing “securities representatives” by “mutual fund dealer representatives and scholarship plan dealer representatives”.

**85.** Section 312 of the Act is amended by adding “, except the power provided for in paragraph 1 of that section in respect of mutual fund dealer representatives and scholarship plan dealer representatives” at the end of the fourth paragraph.

**86.** Section 319 of the Act is amended by replacing “of ethics applicable to each securities sector and class of sectors” by “concerning the activities of mutual fund dealer representatives and scholarship plan dealer representatives”.

**87.** Section 320.3 of the Act is amended

(1) by replacing “representative’s certificate of the member” in the first paragraph by “member’s representative’s certificate or registration”;

(2) by replacing “of the member having failed” in the second paragraph by “or registration if the member has failed”;

(3) by inserting “or the registration” after “that the certificate” in that paragraph.

**88.** Section 320.4 of the Act is amended

(1) by inserting “or registration as a representative” after “representative’s certificate” in the first paragraph and by inserting “or the registration” after “the certificate” in that paragraph;

(2) by inserting “or reinstate the member’s registration” after “representative’s certificate to the member” in the second paragraph and by inserting “or the member’s registration being reinstated” after “issued to the member” in that paragraph.

**89.** Section 329 of the Act is amended by replacing “or the regulations” by “, the Securities Act (chapter V-1.1) or the regulations under either of those Acts”.

**90.** Section 330 of the Act is amended by replacing “and securities representatives” in the first paragraph by “, mutual fund dealer representatives and scholarship plan dealer representatives”.

**91.** Section 336 of the Act is amended by adding “and, with the necessary modifications, to a complaint against a mutual fund dealer representative or a scholarship plan dealer representative” at the end of the first paragraph.

**92.** Section 337 of the Act is amended by replacing “and independent partnerships” by “, independent partnerships and mutual fund dealers and scholarship plan dealers registered in accordance with Title V of the Securities Act (chapter V-1.1)”.

**93.** Section 338 of the Act is amended by replacing “or independent partnership” by “, an independent partnership or a mutual fund dealer or scholarship plan dealer registered in accordance with Title V of the Securities Act (chapter V-1.1)”.

**94.** Section 340 of the Act is amended

(1) by replacing “or independent partnership” in subparagraph 1 of the first paragraph by “, independent partnership or mutual fund dealer or scholarship plan dealer registered in accordance with Title V of the Securities Act (chapter V-1.1)”;

(2) by replacing “or independent partnership” in subparagraph 2 of the first paragraph by “, independent partnership or mutual fund dealer or scholarship plan dealer registered in accordance with Title V of the Securities Act”.

**95.** Section 346 of the Act is amended by replacing “is not the holder of a certificate issued by the Authority” by “is no longer the holder of a certificate issued by the Authority or no longer registered with the Authority as a mutual fund representative or a scholarship plan representative” and by adding “or was so registered” at the end.

**96.** The Act is amended by inserting the following section after the heading of Title VI:

**“351.3.1.** In this Title, the terms “mutual fund dealer representative” and “scholarship plan dealer representative” mean a person registered as such in accordance with Title V of the Securities Act (chapter V-1.1).

Furthermore, unless the context indicates otherwise, the term “representative” includes a person registered as a mutual fund dealer representative or a scholarship plan dealer representative.”

**97.** Section 353 of the Act is amended by replacing “or the regulations” by “, the Securities Act (chapter V-1.1) or a regulation under either of those Acts”.

**98.** Section 354 of the Act, amended by section 91 of chapter 7 of the statutes of 2008, is again amended

(1) by striking out “, securities representatives” in the first paragraph;

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

“That discipline committee shall also decide all complaints filed against mutual fund dealer representatives and scholarship plan dealer representatives registered in accordance with Title V of the Securities Act (chapter V-1.1).”

**99.** Section 359 of the Act is amended

(1) by replacing “pratique” in the French text by “pratiquent”;

(2) by inserting “as well as for mutual fund dealer representatives and scholarship plan dealer representatives registered in accordance with Title V of the Securities Act (chapter V-1.1),” after “activities”.

**100.** Section 360 of the Act is amended by inserting “or a mutual fund dealer or scholarship plan dealer registered in accordance with Title V of the Securities Act (chapter V-1.1)” after “firm”.

**101.** Section 361 of the Act is amended by inserting “or a mutual fund dealer or scholarship plan dealer registered in accordance with Title V of the Securities Act (chapter V-1.1)” after “firm” in the first paragraph.

**102.** Section 424 of the Act is amended by adding the following paragraph at the end:

“(4) funeral insurance.”

#### DERIVATIVES ACT

**103.** Section 22 of the Derivatives Act (2008, chapter 24) is amended by replacing “the regulation” in the second sentence of the first paragraph by “this Act”.

**104.** Section 56 of the Act is amended by replacing the second paragraph by the following paragraphs:

“The chief compliance officer or ultimate designated person of a person registered under section 54 must be registered as such. The chief compliance officer or ultimate designated person performs the functions prescribed by regulation.

Subject to such remunerated activities as are permitted by a government regulation under this Act, the representative of a dealer may not concurrently act as a representative in a Québec branch of a financial institution and be employed by the financial institution, unless the representative specializes in mutual funds or scholarship plans.”

**105.** Section 70 of the Act is amended by inserting “and the derivative authorization information” after “qualification information” in the second paragraph.

**106.** The Act is amended by inserting the following section after section 78:

“**78.1.** The Authority may determine by regulation, in the case of a dealer or an adviser, which natural persons must disclose the information and documents prescribed by regulation to the Authority.”

**107.** The Act is amended by inserting the following section after section 80:

“**80.1.** The Authority may revoke, suspend or impose restrictions or conditions on a registration if

(1) the representative, chief compliance officer or ultimate designated person has made an assignment of property or been placed under a receiving order pursuant to the Bankruptcy and Insolvency Act (Revised Statutes of Canada, 1985, chapter B-3);

(2) the representative, chief compliance officer or ultimate designated person has been convicted by a court inside or outside Canada of an act or offence which, in the opinion of the Authority, is related to the activity of representative, chief compliance officer or ultimate designated person, or has pleaded guilty to such an act or offence;

(3) the representative, chief compliance officer or ultimate designated person has been assigned a tutor, curator or adviser; or

(4) the registration has been revoked or suspended, or restrictions or conditions have been imposed on the registration, by a body in or outside Québec that is responsible for supervising and monitoring persons authorized to act as representatives, chief compliance officers or ultimate designated persons.”

**108.** The Act is amended by inserting the following section after section 115:

“**115.1.** The Authority may order a dealer or adviser to direct an auditor, at the dealer’s or adviser’s expense, to conduct any audit or review required by the Authority and deliver the audit or review to the Authority as soon as practicable.”

**109.** Section 175 of the Act is amended by inserting the following subparagraphs after subparagraph 20 of the first paragraph:

“(20.1) determine the natural persons referred to in section 78.1;

“(20.2) determine the information and documents that must be disclosed under section 78.1;”.

**110.** Section 239 of the Act is amended

(1) by replacing “submitted to the President of the National Assembly if the Assembly is not sitting” in the second paragraph by “, if the Assembly is not sitting, within 15 days of resumption”;

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

“Within one year after the report is tabled, the competent committee of the National Assembly examines the advisability of maintaining this Act in force or amending it, and hears submissions by interested persons and bodies.”

## TRANSITIONAL AND FINAL PROVISIONS

**111.** Section 271.5 of the Regulation respecting securities, enacted by Order in Council 660-83 dated 30 March 1983 (1983, G.O. 2, 1269), is amended

(1) by inserting “, an investment fund manager” after “an adviser” in the first paragraph;

(2) by replacing “or as an adviser, \$1,500, except in the case of an independent trader” in subparagraph 1 of the first paragraph by “as an adviser or as an investment fund manager, \$1,500, except in the case of a mutual fund dealer or a scholarship plan dealer”;

(3) by inserting the following subparagraph after subparagraph 1 of the first paragraph:

“(1.1) at the time of an application for registration as a mutual fund dealer or a scholarship plan dealer, \$50;”;

(4) in subparagraph 2 of the first paragraph,

(a) by replacing “a dealer with an unrestricted practice or of a discount broker” in subparagraph *b* by “an investment dealer”;

(b) by replacing “except a discount broker” in subparagraph *c* by “or an exempt market dealer”;

(c) by inserting the following subparagraph after subparagraph *c*:

“(d) of a mutual fund dealer or a scholarship plan dealer, \$190;”;

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

“(2.1) at the time of an application for registration as chief compliance officer or ultimate designated person:

(a) of an investment dealer, an adviser or an investment fund manager, \$375;

(b) of a restricted dealer or an exempt market dealer, \$300;

(c) of a mutual fund dealer or a scholarship plan dealer, \$190;”;

(6) by replacing “a dealer with an unrestricted practice or of a discount broker” in subparagraphs 3 and 3.1 of the first paragraph by “an investment dealer”;

(7) by replacing “with the exception of a discount broker and of an independent trader” in subparagraph 4 of the first paragraph by “or an exempt market dealer”;

(8) by inserting the following subparagraph after subparagraph 4 of the first paragraph:

“(4.1) on December 31 of each year, in the case of a mutual fund dealer or a scholarship plan dealer, \$160 for each representative registered at the end of the financial year, excluding representatives who ceased their activity;”;

(9) by inserting the following subparagraph after subparagraph 5 of the first paragraph:

“(5.1) on December 31 of each year, in the case of an investment fund manager, \$1,500;”;

(10) by replacing subparagraph 6 of the first paragraph by the following subparagraph:

“(6) at the time of the filing of Form 33-109F4 of Regulation 33-109 Respecting Registration Information, approved by Ministerial Order 2007-05 dated July 11, 2007, by or on behalf of a permitted individual, as defined in that Regulation, with the exception of an individual who beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more of the voting securities:

(a) \$375 for a natural person who acts on behalf of an investment dealer, except if the natural person is a member of a self-regulatory organization to which the Authority has delegated the approval of permitted individuals;

(b) \$300 for a natural person who acts on behalf of a restricted dealer or an exempt market dealer;

(c) \$375 for a natural person who acts on behalf of an adviser or an investment fund manager;”;

(11) by striking out subparagraph 7 of the first paragraph;

(12) by striking out subparagraph 10 of the first paragraph;

(13) by replacing subparagraph 11 of the first paragraph by the following subparagraph:

“(11) at the time of the filing of a notice relating to the acquisition of a registrant’s securities or assets under Regulation 31-103 Respecting Registration Information approved by Ministerial Order (*insert the number and date of the ministerial order approving the regulation*), \$500, except a mutual fund dealer and a scholarship plan dealer.”

**112.** A natural person who, on (*insert the date preceding the date of coming into force of section 54*), held a certificate issued by the Autorité des marchés financiers under section 12 of the Act respecting the distribution of financial products and services (R.S.Q., chapter D-9.2) to act in the group savings plan brokerage sector, the scholarship plan brokerage sector or the investment contract brokerage sector is deemed to be registered in accordance with Title V of the Securities Act (R.S.Q., chapter V-1.1) in the category of mutual fund dealer representative, scholarship plan dealer representative or representative of a restricted practice broker, as the case may be.

**113.** A legal person who, on (*insert the date preceding the date of coming into force of section 54*), was registered under section 71 of the Act respecting the distribution of financial products and services as a firm in the group savings plan brokerage sector, the scholarship plan brokerage sector or the investment contract brokerage sector is deemed to be registered in accordance with Title V of the Securities Act in the category of mutual fund dealer, scholarship plan dealer or restricted practice broker, as the case may be.

**114.** If the certificate or registration of a person referred to in section 112 or 113 was suspended or subject to restrictions or conditions on (*insert the date preceding the date of coming into force of section 54*), it remains suspended or subject to the same restrictions or conditions.

**115.** An exemption granted by the Authority under section 228.1 of the Act respecting the distribution of financial products and services before (*insert the date of coming into force of section 77*) is deemed granted under section 263 of the Securities Act.

**116.** A complaint, disciplinary process or proceeding or any other recourse submitted to, instituted by or exercised or pending before the Authority on (*insert the date of coming into force of section 54*) concerning a representative holding a certificate or a firm registered in a securities sector is continued in accordance with the Act respecting the distribution of financial products and services.

**117.** The Bureau de décision et de révision en valeurs mobilières may exercise its powers under the Securities Act with respect to a person referred to in section 113 if that person contravened the Act respecting the distribution of financial products and services or a regulation under that Act before (*insert the date of coming into force of section 54*).

**118.** Sections 76 and 83 of the Act respecting the distribution of financial products and services apply to dealers registered in accordance with Title V of the Securities Act in the category of mutual fund dealer or scholarship plan dealer, until the insurance or guarantee requirements applicable to such dealers are determined in a regulation made under section 331.1 of that Act.

**119.** Sections 258 and 277 of the Act respecting the distribution of financial products and services apply for the purpose of compensating a victim of fraud, fraudulent tactics or embezzlement perpetrated between 1 October 1999 and (*insert the date of coming into force of section 54*) by a person registered at that time under that Act as a firm in the group savings plan brokerage sector, the scholarship plan brokerage sector or the investment contract brokerage sector.

**120.** Sections 2 to 6, 8 to 10 and 29 of the Regulation respecting firms, independent representatives and independent partnerships, approved by Order in Council 832-99 dated 7 July 1999 (1999, G.O. 2, 2092), and sections 8 to 11 of the Regulation respecting the trust accounts and financial resources of securities firms, approved by Order in Council 1123-99 dated 29 September 1999 (1999, G.O. 2, 3615), as they read on (*insert the date preceding the date of coming into force of section 54*), apply, with the necessary modifications, to dealers registered in accordance with Title V of the Securities Act in the category of mutual fund dealer or scholarship plan dealer, until rules equivalent to those prescribed in the sections mentioned above are determined in their respect in a regulation made under section 331.1 of that Act.

**121.** Section 17 of the Regulation respecting the pursuit of activities as a representative, approved by Order in Council 830-99 dated 7 July 1999 (1999, G.O. 2, 2066), sections 4 and 6 of the Regulation respecting practice in the securities field, approved by Order in Council 1122-99 dated 29 September 1999 (1999, G.O. 2, 3613), and sections 2 to 20 of the Regulation respecting the rules of ethics in the securities sector, approved by Order in Council 161-2001 dated 28 February 2001 (2001, G.O. 2, 1334), as they read on (*insert the date preceding the date of coming into force of section 54*), apply to mutual fund dealer representatives and scholarship plan dealer representatives registered in accordance with Title V of the Securities Act, until rules equivalent to those prescribed in the sections mentioned above are determined in their respect in a regulation made under section 331.1 of that Act.

**122.** The Government may, by a regulation made within 12 months after the date of coming into force of this section, enact any transitional measure conducive to the carrying out of this Act.

A regulation made 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).

**123.** The provisions of this Act come into force on (*insert the date of assent to this Act*), except sections 1 to 3, 5, 8 to 31, 33 to 45, 51 to 55, 57, 59, 60, 62 to 72, 74, 76 to 101 and 103 to 121, which come into force on the date or dates to be set by the Government.