NATIONAL ASSEMBLY OF QUÉBEC

FIRST SESSION FORTY-THIRD LEGISLATURE

Bill 92

An Act to amend various provisions mainly with respect to the financial sector

Introduction

Introduced by
Mr. Eric Girard
Minister of Finance

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EXPLANATORY NOTES

This bill contains various provisions mainly with respect to the financial sector.

The bill provides for the amalgamation of the Chambre de la sécurité financière and the Chambre de l'assurance de dommages within a new chamber: the Chambre de l'assurance. The bill also prescribes the terms and conditions relating to the amalgamation.

The bill transfers the provisions establishing the Fonds d'indemnisation des services financiers to the Act respecting the regulation of the financial sector and specifies in particular that investment dealers are now contemplated by the fund.

The bill allows the Financial Markets Administrative Tribunal to impose an administrative penalty on any person who contravenes or aids in contravening a provision of the Insurers Act, the Act respecting financial services cooperatives, the Deposit Institutions and Deposit Protection Act or the Trust Companies and Savings Companies Act. New penal provisions are provided for and the amounts of certain fines are increased.

The bill grants the Autorité des marchés financiers the power to allow certain persons to act as claims adjusters even if they do not hold a certificate authorizing them to act in that capacity and for a claim settlement amount exceeding $5,000 that it determines.

The bill allows the board of directors of a federation of credit unions to allocate the surplus earnings of the federation or of a member credit union of the federation to the establishment and maintenance of an increase-in-value reserve. The bill provides that the Autorité des marchés financiers inspects a federation of credit unions, the security fund of such a federation or a credit union that is not a member of a federation whenever the Authority considers it advisable instead of once each year, and it obliges the Fédération des caisses Desjardins du Québec to make the by-laws of the Groupe coopératif Desjardins publicly available on its website.

The bill allows the Organisme d'autoréglementation du courtage immobilier du Québec to, among other things, refuse to issue a licence, or suspend or revoke it, if, in its opinion, the persons and partnerships subject to the Real Estate Brokerage Act do not possess the degree of honesty it considers necessary to carry on their activities. It allows the discipline committee established within the Organization to impose at least a fine in the case of a failure to fulfil the obligation to disclose a conflict of interest provided for by that Act.

The bill removes the possibility of the Autorité des marchés financiers entering into an agreement with the Ordre professionnel des avocats du Québec, the Ordre professionnel des notaires du Québec, the Ordre professionnel des comptables professionnels agréés du Québec or the Ordre professionnel des administrateurs agréés du Québec setting out the responsibilities of the order with regard to those of its members who wish to use the title of financial planner.

The bill provides that a damage insurance brokerage firm must disclose the name of the financial institution that holds an interest representing more than 20% of the value of the firm's equity capital and the name of the financial group to which the financial institution belongs, where applicable, and, if a legal person related to a financial group holds an interest representing more than 20% of the value of the firm's equity capital, the name of the financial group.

The bill also provides that a member of the Ordre professionnel des géologues du Québec or the Ordre professionnel des ingénieurs du Québec may not refuse to communicate to the Autorité des marchés financiers any information or document used to prepare a report on a mining project. In addition, it provides the cases in which a person may not be required to testify or to produce a document or other evidence relating to the information they have obtained in the exercise of their functions under the Acts administered by the Autorité des marchés financiers.

The bill provides that, in the event of certain failures to comply, the Autorité des marchés financiers may suspend or revoke the rights granted by the registration of certain persons registered under the Derivatives Act or the Securities Act or impose restrictions or conditions on the exercise of those rights. It specifies that the provisions of certain titles of the Securities Act do not apply to certain forms of investment. In addition, it requires derivatives trading platforms to be recognized by the Autorité des marchés financiers to carry on their activities under the Securities Act.

The bill provides for various measures, including a reduction in the number of members of the board of directors of the Groupement des assureurs automobiles and the possibility for the Autorité des marchés financiers to determine by by-law management rules concerning, in particular, governance that firms, independent partnerships or independent representatives must comply with. It also provides for the requirement that one-third of an insurance company's directors be resident in Québec if the company belongs to a financial group and more than 40% of the premiums are collected by the group outside Québec, provided that the majority of the directors of the company reside in Canada. The bill reduces the minimum number of mutual companies that may agree to constitute a federation of mutual companies and permits such a federation to admit a legal person constituted outside Québec as a member under certain conditions.

Lastly, the bill withdraws several provisions from financial sector laws, mainly because they have never been brought into force, and it contains every provision, in particular transitional, miscellaneous and final provisions, necessary or useful for carrying it out.

LEGISLATION AMENDED BY THIS BILL:

– Financial Administration Act (chapter A-6.001);

– Credit Assessment Agents Act (chapter A-8.2);

– Automobile Insurance Act (chapter A-25);

– Insurers Act (chapter A-32.1);

– Act respecting contracting by public bodies (chapter C-65.1);

– Act respecting financial services cooperatives (chapter C-67.3);

– Act respecting the distribution of financial products and services (chapter D-9.2);

– Act respecting the regulation of the financial sector (chapter E-6.1);

– Deposit Institutions and Deposit Protection Act (chapter I-13.2.2);

– Derivatives Act (chapter I-14.01);

– Trust Companies and Savings Companies Act (chapter S-29.02);

– Securities Act (chapter V-1.1);

– Act to amend the Securities Act (1990, chapter 77);

– Act to amend the Securities Act (1992, chapter 35);

– Act to amend the Securities Act (2001, chapter 38);

– Act to amend the Securities Act and other legislative provisions (2004, chapter 37);

– Act to amend the Securities Act and other legislative provisions (2006, chapter 50);

– Act to amend the Act respecting the Autorité des marchés financiers and other legislative provisions (2008, chapter 7);

– Act to amend the Securities Act and other legislative provisions (2009, chapter 25);

– Act to amend the Act respecting financial services cooperatives and other legislative provisions (2009, chapter 27);

– Act to amend various legislative provisions principally to tighten the regulation of the financial sector (2009, chapter 58);

– Act to amend various legislative provisions mainly concerning the financial sector (2011, chapter 26);

– Act to amend various legislative provisions mainly concerning the financial sector (2013, chapter 18);

– Act mainly to improve the regulation of the financial sector, the protection of deposits of money and the operation of financial institutions (2018, chapter 23).

REGULATIONS AMENDED BY THIS BILL:

– Code of ethics of the Chambre de la sécurité financière (chapter D-9.2, r. 3);

– Regulation respecting the issuance and renewal of representatives' certificates (chapter D-9.2, r. 7);

– Regulation respecting fees and contributions payable (chapter D-9.2, r. 9).

Bill 92

AN ACT TO AMEND VARIOUS PROVISIONS MAINLY WITH RESPECT TO THE FINANCIAL SECTOR

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

CHAPTER I

AMALGAMATION OF THE CHAMBRE DE LA SÉCURITÉ FINANCIÈRE AND THE CHAMBRE DE L'ASSURANCE DE DOMMAGES

DIVISION I

AMENDING PROVISIONS

ACT RESPECTING THE DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES

1. Section 85.1 of the Act respecting the distribution of financial products and services (chapter D-9.2) is amended by replacing "the" and "or another province or state" in subparagraph 4 of the first paragraph by "a" and ", elsewhere in Canada or in another state", respectively.

2. Section 192 of the Act is repealed.

3. Section 194 of the Act is amended by striking out "and the draft regulation made by a Chamber under the fourth paragraph of section 312" in the first paragraph.

4. Section 217 of the Act is amended

(1) by striking out "or a regulation made by a Chamber under the fourth paragraph of section 312" in the first paragraph;

(2) by striking out ", 228, 274.1" in the second paragraph;

(3) by striking out "4," in the third paragraph;

(4) by striking out "or a Chamber" in the fourth paragraph.

5. Section 218 of the Act is amended by replacing "the discipline" and "or another province or state" in subparagraph 2.1 of the first paragraph by "a discipline" and ", elsewhere in Canada or in another state", respectively.

6. Section 219 of the Act is amended by replacing "the discipline" and "another province or" in paragraph 1 by "a discipline" and "elsewhere in Canada or in", respectively.

7. Titles V to VI of the Act, comprising sections 283.1 to 379, are repealed.

ACT RESPECTING THE REGULATION OF THE FINANCIAL SECTOR

8. Section 85 of the Act respecting the regulation of the financial sector (chapter E-6.1) is replaced by the following sections:

"**85.** Subject to section 85.1, the Authority may, on its own initiative, review any decision made by a recognized organization after having given the organization notice in writing of its intentions and granting the organization at least 15 days to present observations or produce documents to complete the file.

"**85.1.** A person directly affected by a decision of a recognized organization may, within 30 days, apply to the Financial Markets Administrative Tribunal for a review of the decision."

DERIVATIVES ACT

9. Section 112 of the Derivatives Act (chapter I-14.01) is amended by inserting "other than an entity recognized as a self-regulatory organization," after "recognized regulated entity".

10. Section 113 of the Act is amended by inserting ", other than an entity recognized as a self-regulatory organization," after "recognized regulated entity".

SECURITIES ACT

11. Section 149.2 of the Securities Act (chapter V-1.1) is repealed.

12. Section 151.0.1 of the Act is amended by striking out "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" in subparagraph 4 of the first paragraph.

13. Section 171.1 of the Act is amended by replacing "and 81" in the first paragraph by ", 81 to 84 and 86".

14. Section 310 of the Act is amended

(1) by replacing ", by a person recognized under sections 169 to 171 or by a self-regulatory organization" in the first paragraph by "or by a person recognized under sections 169 to 171";

(2) by striking out "or the self-regulatory organization" in the second paragraph.

15. Section 322 of the Act is amended by replacing ", by a person referred to in sections 169 to 171 or by a recognized self-regulatory organization" by "or by a person recognized under sections 169 to 171" in the first paragraph.

CODE OF ETHICS OF THE CHAMBRE DE LA SÉCURITÉ FINANCIÈRE

16. Section 3 of the Code of ethics of the Chambre de la sécurité financière (chapter D-9.2, r. 3) is amended by inserting "he," after "must ensure that".

REGULATION RESPECTING THE ISSUANCE AND RENEWAL OF REPRESENTATIVES' CERTIFICATES

17. Section 56 of the Regulation respecting the issuance and renewal of representatives' certificates (chapter D-9.2, r. 7) is amended by adding the following paragraph at the end:

"(6) he must be a member of a self-regulatory organization recognized by the Autorité des marchés financiers under Title III of the Act respecting the regulation of the financial sector (chapter E-6.1) for the purposes of the supervision of the activities of representatives under the Act respecting the distribution of financial products and services and not be in default of paying the fees and costs payable to that organization under its operating rules."

DIVISION II

SPECIAL MISCELLANEOUS AND TRANSITIONAL PROVISIONS

18. The Chambre de la sécurité financière and the Chambre de l'assurance de dommages, established by section 284 of the Act respecting the distribution of financial products and services (chapter D-9.2), as it reads on (*insert the date that precedes the date of coming into force of this chapter*), amalgamate on (*insert the date of coming into force of this chapter*) into one and the same chamber under the name "Chambre de l'assurance", to which Part III of the Companies Act (chapter C-38) applies.

From that date, the Chambre de la sécurité financière and the Chambre de l'assurance de dommages are continued within the Chambre de l'assurance and their patrimonies are joined to form the patrimony of that chamber. The rights and obligations of the Chambre de la sécurité financière and the Chambre de l'assurance de dommages become those of the Chambre de l'assurance and the latter becomes a party to any judicial or administrative proceeding to which the Chambre de la sécurité financière or the Chambre de l'assurance de dommages was a party.

19. The members of the boards of directors of the Chambre de la sécurité financière and the Chambre de l'assurance de dommages in office on (*insert the date that precedes the date of coming into force of this chapter*) become members of the board of directors of the Chambre de l'assurance. They remain members of that board under the same conditions until the expiry of their term of office.

20. The members of the personnel of the Chambre de la sécurité financière and the Chambre de l'assurance de dommages, including the most senior officer of each chamber, in office on (*insert the date that precedes the date of coming into force of this chapter*) become, without other formalities, members of the personnel of the Chambre de l'assurance. Their conditions of employment continue to apply until amended by the Chambre de l'assurance.

21. The regulations and policies of the Chambre de la sécurité financière and of the Chambre de l'assurance de dommages in force on (*insert the date that precedes the date of coming into force of this chapter*) become the regulations and policies of the Chambre de l'assurance. In case of conflict between the provisions of the regulations and policies of the chambers, the provisions of the regulations and policies of the Chambre de l'assurance de dommages prevail.

Those regulations and policies apply to the representatives to whom they applied on that date until they are replaced or repealed by the Chambre de l'assurance.

22. The records, archives and other documents of the Chambre de la sécurité financière and of the Chambre de l'assurance de dommages become the records, archives and other documents of the Chambre de l'assurance.

23. The directives, policies and other decisions made regarding the Chambre de la sécurité financière and the Chambre de l'assurance de dommages continue to have effect with regard to the Chambre de l'assurance until their object is attained or until they are repealed or amended by the competent authority.

24. The Minister of Finance designates, for a two-year term, the chair of the board of directors of the Chambre de l'assurance from among the members of the board who, on (*insert the date that precedes the date of coming into force of this chapter*), qualify as independent members within the meaning of section 290 of the Act respecting the distribution of financial products and services (chapter D-9.2), as it reads on that date.

25. The Minister designates the president and chief executive officer of the Chambre de l’assurance for a two-year term.

The Minister also fixes the remuneration, employment benefits and other conditions of employment of the president and chief executive officer of the Chambre de l’assurance, except where the Minister designates one of the most senior officers referred to in section 20 in which case the remuneration, employment benefits and other conditions of employment that applied to that officer on (*insert the date preceding the date of coming into force of this chapter*) continue to apply. The remuneration, employment benefits and other conditions of employment of the president and chief executive officer of the Chambre de l’assurance are borne by the latter.

The contracts of employment of the most senior officers referred to in section 20 end on the date of the designation of the president and chief executive officer.

26. A transition committee composed of five directors, including the chair of the board of directors of the Chambre de l’assurance, is formed within the board of directors. Two directors are designated, for a two-year term, by the Minister of Finance from among the members who were on the boards of directors of the Chambre de la sécurité financière and the Chambre de l’assurance de dommages and who qualify as independent members within the meaning of section 290 of the Act respecting the distribution of financial products and services (chapter D-9.2), as it reads on (*insert the date that precedes the date of coming into force of this chapter*). Two other directors are designated, for a two-year term, by and from among the directors who were on the boards of directors of the Chambre de la sécurité financière and the Chambre de l’assurance de dommages and who were elected in accordance with section 289 of the Act respecting the distribution of financial products and services, as it reads on that date.

27. The transition committee must, no later than (*insert the date that is three months after the date of coming into force of this chapter*), propose a special election procedure for the members of the board of directors of the Chambre de l’assurance.

The transition committee must also, no later than (*insert the date that is six months after the date of coming into force of this chapter*), convene a special general meeting to elect, in addition to the five members of the transition committee, the other members of the board of directors of the Chambre de l’assurance. On the date of the meeting, the terms of office of the members of the board of directors in office before that date, excluding those on the transition committee, end.

In addition, the transition committee must, no later than (*insert the date that is nine months after the date of coming into force of this chapter*), propose the internal management by-laws of the Chambre de l’assurance to the board of directors.

As of the date of the general meeting during which the internal management by-laws are approved, the transition committee is dissolved.

28. Any vacancy of the office of president and chief executive officer referred to in section 25 or among the offices of the members of the board of directors referred to in section 26 is filled, for the remainder of the term, in accordance with the rules of appointment set out in those sections, provided that the vacancy occurs before the holding of the meeting referred to in the second paragraph of section 27.

After the holding of that meeting, a vacancy of the office of a person designated by the Minister under section 25 or 26 is filled by the latter for the remainder of the term, with the vacancy of the office of a person designated by the Minister under section 26 being filled from among the members of the board of directors of the Chambre de l'assurance. In the case of a vacancy of the office of any other member referred to in section 26, the board of directors designates, from among its members, the member who is to fill the vacancy for the remainder of the term.

29. The Autorité des marchés financiers is deemed to have granted the recognition referred to in section 68 of the Act respecting the regulation of the financial sector (chapter E-6.1) to the Chambre de l'assurance.

30. The Autorité des marchés financiers must, without delay, communicate to the Chambre de l'assurance its requirements regarding the composition of the latter's board of directors, whose first election is provided for in the second paragraph of section 27. The Authority then publishes the requirements in its bulletin.

31. The Autorité des marchés financiers must, no later than (*insert the date that is nine months after the date of coming into force of this chapter*), render a recognition decision in accordance with section 60 of the Act respecting the regulation of the financial sector (chapter E-6.1) to, in particular, withdraw the exercise of the functions and powers of the Chambre de l'assurance regarding mutual fund representatives and scholarship plan representatives.

Before rendering its decision, the Authority must notify in writing the prior notice prescribed by section 5 of the Act respecting administrative justice (chapter J-3) to the Chambre de l'assurance and grant it at least 30 days to present observations or to produce documents to complete its file.

The recognition decision concerning the Chambre de l'assurance is published by the Authority in its bulletin.

32. Unless the context indicates otherwise, in any document, a reference to the Chambre de la sécurité financière or to the Chambre de l'assurance de dommages is a reference to the Chambre de l'assurance.

33. Inquiries of the syndic of the Chambre de la sécurité financière and of the syndic of the Chambre de l'assurance de dommages that are in progress on (*insert the date that precedes the date of coming into force of this chapter*) are continued by the Chambre de l'assurance. The provisions of Chapter III of Title V of the Act respecting the distribution of financial products and services (chapter D-9.2), as they read on that date, apply to those inquiries until the adoption of similar rules by the Chambre de l'assurance.

34. No request for an opinion concerning a decision of the syndic or the syndic's assistant may be submitted to the review committee established within the Autorité des marchés financiers under section 351.1 of the Act respecting the distribution of financial products and services (chapter D-9.2), as it reads on (*insert the date that precedes the date of coming into force of this chapter*), as of (*insert the date of coming into force of this chapter*).

For requests received before (*insert the date of coming into force of this chapter*), the review committee must render, in accordance with Title V.1 of the Act respecting the distribution of financial products and services, as it reads on (*insert the date that precedes the date of coming into force of this chapter*), all opinions no later than (*insert the date that is 90 days after the date preceding the date of the coming into force of this chapter*).

35. Unless terminated earlier by the member's death, resignation or being placed under protective supervision, the term of office of a member of the review committee established within the Autorité des marchés financiers under section 351.1 of the Act respecting the distribution of financial products and services (chapter D-9.2), as it reads on (*insert the date that precedes the date of coming into force of this chapter*), ends on (*insert the date that is 90 days after the date of coming into force of this chapter*), without compensation.

36. The members of the discipline committee of the Chambre de la sécurité financière and of that of the Chambre de l'assurance de dommages in office on (*insert the date preceding the date of coming into force of this chapter*) become the members of the discipline committee of the Chambre de l'assurance. The provisions of Chapters I and II of Title VI of the Act respecting the distribution of financial products and services (chapter D-9.2), as they read on that date, apply to them until the adoption of similar rules by the Chambre de l'assurance.

37. Records, archives and other documents of the discipline committee of the Chambre de la sécurité financière and of the discipline committee of the Chambre de l'assurance de dommages become records, archives and other documents of the discipline committee of the Chambre de l'assurance.

38. The hearing of a complaint before the discipline committee of the Chambre de la sécurité financière or the discipline committee of the Chambre de l'assurance de dommages is continued or held before the discipline committee of the Chambre de l'assurance.

However, as of (*insert the date of coming into force of this chapter*), only the hearing of a complaint pertaining solely to the provisions of the Code of ethics of the Chambre de la sécurité financière (chapter D-9.2, r. 3), the Code of ethics of claims adjusters (chapter D-9.2, r. 4), the Code of ethics of damage insurance representatives (chapter D-9.2, r. 5), the Regulation respecting the compulsory professional development of the Chambre de l'assurance de dommages (chapter D-9.2, r. 12.1) or the Regulation of the Chambre de la sécurité financière respecting compulsory professional development (chapter D-9.2, r. 13.1) may be held before the discipline committee of the Chambre de l'assurance. In the other cases, the hearing must be held before the Financial Markets Administrative Tribunal.

39. The Code of ethics of the Chambre de la sécurité financière (chapter D-9.2, r. 3), the Code of ethics of claims adjusters (chapter D-9.2, r. 4), the Code of ethics of damage insurance representatives (chapter D-9.2, r. 5), the Regulation respecting the compulsory professional development of the Chambre de l'assurance de dommages (chapter D-9.2, r. 12.1) and the Regulation of the Chambre de la sécurité financière respecting compulsory professional development (chapter D-9.2, r. 13.1) become operating rules of the Chambre de l'assurance.

40. Until a regulation by the Autorité des marchés financiers made under paragraph 6 of section 200 of the Act respecting the distribution of financial products and services (chapter D-9.2) provides otherwise,

(1) the title "chartered life underwriter" and abbreviation "(C.L.U.)" or the title "registered life underwriter" and abbreviation "(R.L.U.)" are to be used only by a representative in insurance of persons or a group insurance representative who, before (*insert the date of coming into force of this chapter*), was given authorization to do so by the Chambre de la sécurité financière or who, before (*insert the date that is two years after the date of coming into force of this chapter*), was given authorization to do so by the Chambre de l'assurance, where the representative is authorized to act in that capacity by the Authority; and

(2) the title "chartered insurance broker" and abbreviation "(C.I.B.)" or the title "associate insurance broker" and abbreviation "(A.I.B.)" are to be used only by a damage insurance broker who, before (*insert the date of coming into force of this chapter*), was given authorization to do so by the Chambre de l'assurance de dommages or who, before (*insert the date that is two years after the date of coming into force of this chapter*), was given authorization to do so by the Chambre de l'assurance, where the broker is authorized to act in that capacity by the Authority.

CHAPTER II

SCOPE OF THE FONDS D'INDEMNISATION DES SERVICES FINANCIERS

DIVISION I

PROVISIONS CONCERNING THE ESTABLISHMENT OF THE FONDS D'INDEMNISATION DES SERVICES FINANCIERS

FINANCIAL ADMINISTRATION ACT

41. Schedule 2 to the Financial Administration Act (chapter A-6.001) is amended by inserting ", in the exercise of its non-fiduciary functions" after "Autorité des marchés financiers".

ACT RESPECTING THE DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES

42. The Act respecting the distribution of financial products and services (chapter D-9.2) is amended by replacing "section 278" in the following provisions by "section 58.0.3 of the Act respecting the regulation of the financial sector (chapter E-6.1)":

(1) the first paragraph of section 77;

(2) the second paragraph of section 81;

(3) the first paragraph of section 133;

(4) the second paragraph of section 135.

43. Title IV of the Act, comprising sections 258 to 279, is repealed.

ACT RESPECTING THE REGULATION OF THE FINANCIAL SECTOR

44. Section 38.5 of the Act respecting the regulation of the financial sector (chapter E-6.1) is amended by replacing "section 258 of the Act respecting the distribution of financial products and services (chapter D-9.2)" in the first paragraph by "section 45 of this Act".

45. Section 38.6 of the Act is amended by replacing "section 258 of the Act respecting the distribution of financial products and services (chapter D-9.2)" in the introductory clause of paragraph 1 by "section 45 of this Act".

46. The Act is amended by inserting the following Title after section 44:

"**TITLE II**

"FONDS D'INDEMNISATION DES SERVICES FINANCIERS AND CLAIMS

"**CHAPTER I**

"FONDS D'INDEMNISATION DES SERVICES FINANCIERS

"**45.** The Fonds d'indemnisation des services financiers is established as a social trust patrimony.

The fund is assigned to the payment of indemnities payable to victims of fraud, fraudulent tactics or embezzlement in relation to financial products and services provided or offered by a representative holding a certificate, a firm, an independent representative or an independent partnership registered under the Act respecting the distribution of financial products and services (chapter D-9.2) or by a representative, a dealer or an advisor registered under the Derivatives Act (chapter I-14.01) or the Securities Act (chapter V-1.1), regardless of the sector, class of sectors or category of registration in which they are authorized to act under their certificate or registration.

The fund is also assigned to the payment of such indemnities relating to the financial products and services provided or offered by a trainee holding a certificate under the Act respecting the distribution of financial products and services or by a person referred to in subparagraph 3 of the second paragraph of section 10 of that Act, regardless of the acts they are authorized to perform under that Act.

The suspension or cancellation of the certificate or registration of a person or partnership referred to in the second paragraph or the termination of the functions in that capacity of a person referred to in subparagraph 3 of the second paragraph of section 10 of the Act respecting the distribution of financial products and services who or which is responsible for fraud, fraudulent tactics or embezzlement does not deprive the victim of the right to an indemnity provided for in the second or third paragraph if

(1) the victim was doing business with the person or partnership before the suspension or cancellation of the person's or partnership's certificate or registration or before the termination of the person's or partnership's functions; and

(2) the fraud, fraudulent tactics or embezzlement occurred within two years after the cancellation, termination of the functions or beginning of the suspension.

The Government may, by regulation, exclude certain victims from the right to an indemnity provided for in the second or third paragraph.

“**46.** The Authority is the trustee of the Fonds d’indemnisation des services financiers. It shall act to promote the objectives pursued by the fund.

“**47.** Articles 1260 to 1262, 1264 to 1266, 1270, 1274, 1278, 1280, 1293, 1299, 1306 to 1308, 1313 and 1316 are the only provisions of Titles Six and Seven of Book Four of the Civil Code that apply to the Fonds d’indemnisation des services financiers and to the Authority in its capacity as trustee, with the necessary modifications.

“**48.** The titles relating to the property of the Fonds d’indemnisation des services financiers and other documents of the fund are drawn up in its name.

“**49.** The Authority shall transfer to the Fonds d’indemnisation des services financiers all the sums it collects as contributions under section 58.0.3 or as amounts recoverable under section 58.0.5, as they are received.

The Authority shall prepare a monthly reconciliation of the sums so collected and the sums actually transferred.

“**50.** The Authority shall invest the sums making up the Fonds d’indemnisation des services financiers in accordance with section 38.6.

“**51.** The expenses related to the administration of the Fonds d’indemnisation des services financiers are borne by the Fonds.

“**52.** Where the Authority withdraws a sum from the Fonds d’indemnisation des services financiers, it is acting in its capacity as trustee.

“**53.** The Authority must prepare for the Fonds d’indemnisation des services financiers the fund’s budget estimates for the following fiscal year at least one month before the end of the current fiscal year or on any other date set by the Authority’s board of directors.

“**54.** The Financial Administration Act (chapter A-6.001), except sections 89 and 90, does not apply to the Authority in the exercise of its functions as trustee.

“**55.** The Public Administration Act (chapter A-6.01), except Chapter III and section 78 to the extent the latter relates to human resources, does not apply to the Authority in the exercise of its functions as trustee.

“**56.** The fiscal year of the Fonds d’indemnisation des services financiers ends on 31 March.

“**57.** The financial information of the Fonds d’indemnisation des services financiers shall be integrated into the annual management report of the Authority.

“**58.** The financial information of the Fonds d’indemnisation des services financiers shall be audited with the other books and accounts of the Authority referred to in section 44.

“**58.0.1.** The President and Chief Executive Officer of the Authority is accountable to the National Assembly for the management of the Fonds d’indemnisation des services financiers.

The competent parliamentary committee of the National Assembly may hear the President and Chief Executive Officer at least once each year to discuss the management of the fund.

The parliamentary committee may discuss in particular any matter related to the financial and administrative management of the fund that may have been noted in a report of the Auditor General or of the Public Protector.

“**CHAPTER II**

“CLAIMS

“**58.0.2.** The Authority shall rule on the eligibility of claims submitted to it and decide the amount of the indemnities to be paid in accordance with the rules it determines by regulation.

The Authority may rule on the eligibility of a claim whether or not the author of the act has been prosecuted or convicted.

The Authority may summarily dismiss any claim if it considers the claim to be frivolous or clearly unfounded.

“**58.0.3.** The Authority shall determine, by regulation, the amount of the contribution to be paid by a representative holding a certificate, a firm, an independent representative or an independent partnership registered under the Act respecting the distribution of financial products and services (chapter D-9.2) or by a representative, a dealer or an advisor registered under the Derivatives Act (chapter I-14.01) or the Securities Act (chapter V-1.1).

The Authority shall determine the amount of the contribution on the basis of any criteria it considers relevant.

In the event of insufficient assets in the Fonds d’indemnisation des services financiers, the amount of the contribution must be determined so as to make up the insufficiency over a maximum period of five years.

“**58.0.4.** A regulation made by the Authority under this chapter requires the approval of the Government, which may approve it with or without amendment.

The Government may make a regulation referred to in the first paragraph if the Authority fails to act within the prescribed time.

"**58.0.5.** The Authority is subrogated in all the rights of a victim it compensates, up to the amount of compensation paid. The amounts so recovered shall be paid into the Fonds d'indemnisation des services financiers.

The filing of a claim with the Authority to obtain an indemnity referred to in the second or third paragraph of section 45 suspends prescription against the claimant for any right the claimant may assert with respect to the fraud, fraudulent tactics or embezzlement for which the claim is made.

The suspension lasts as long as an irrevocable decision has not been rendered with respect to the claim, but it may not exceed two years."

REGULATION RESPECTING THE ISSUANCE AND RENEWAL OF REPRESENTATIVES' CERTIFICATES

47. Section 56 of the Regulation respecting the issuance and renewal of representatives' certificates (chapter D-9.2, r. 7) is amended by replacing "258 of the Act respecting the distribution of financial products and services" in paragraph 3 by "45 of the Act respecting the regulation of the financial sector (chapter E-6.1)".

REGULATION RESPECTING FEES AND CONTRIBUTIONS PAYABLE

48. Division I.1 of the Regulation respecting fees and contributions payable (chapter D-9.2, r. 9), comprising section 3.1, is repealed.

DIVISION II

SPECIAL MISCELLANEOUS AND TRANSITIONAL PROVISIONS

49. The assets and liabilities as well as the expenditure and investment estimates of the Fonds d'indemnisation des services financiers, established under section 258 of the Act respecting the distribution of financial products and services (chapter D-9.2), as it reads on (*insert the date that precedes the date of coming into force of this chapter*), become on (*insert the date of coming into force of this chapter*) those of the Fonds d'indemnisation des services financiers established under section 45 of the Act respecting the regulation of the financial sector (chapter E-6.1), enacted by section 46 of this Act.

50. Section 45 of the Act respecting the regulation of the financial sector (chapter E-6.1), enacted by section 46 of this Act, applies to the victims of fraud, fraudulent tactics or embezzlement committed on or after (*insert the date of coming into force of this chapter*) in relation to financial products and services provided or offered by a representative, a dealer or an advisor registered under the Derivatives Act (chapter I-14.01) or the Securities Act (chapter V-1.1), other than a mutual fund dealer or a scholarship plan dealer registered in accordance with that Act or a representative of such dealers.

51. The Autorité des marchés financiers is deemed to have accepted the trusteeship referred to in section 46 of the Act respecting the regulation of the financial sector (chapter E-6.1), enacted by section 46 of this Act, and the related obligations on (*insert the date of coming into force of this chapter*).

52. The Regulation respecting the eligibility of a claim submitted to the Fonds d'indemnisation des services financiers (chapter D-9.2, r. 1) is deemed to be made under section 58.0.2 of the Act respecting the regulation of the financial sector (chapter E-6.1), enacted by section 46 of this Act.

CHAPTER III

PROVISIONS CONCERNING THE ADMISSION OF AN AUXILIARY COMPANY BY A FEDERATION OF MUTUAL COMPANIES

INSURERS ACT

53. Section 54 of the Insurers Act (chapter A-32.1) is amended

(1) by inserting "authorized" before "insurer's" in the first paragraph;

(2) by replacing "insurer is a mutual company that is a member of a federation," in the second paragraph by "authorized insurer belongs to the financial group of a federation,";

(3) by replacing "in the case of a mutual company that is a member of a federation, to the federation" in the third paragraph by "as the case may be, to the federation".

54. Section 377 of the Act is amended

(1) by replacing "the one applicable to a mutual company" by "the provisions of Title III applicable to a mutual company";

(2) by inserting "of that Title" at the end.

55. Section 379 of the Act is amended by replacing "nine" in the first paragraph by "five".

56. Section 386 of the Act is amended by replacing the third paragraph by the following paragraphs:

"The federation also promotes the development of auxiliary companies and facilitates, where possible, their compliance with their obligations, in particular by offering them services.

In addition, a federation promotes mutuality.

For the purposes of this Act,

(1) “member company” means a mutual company that is a member of a federation; and

(2) “auxiliary company” means a legal person constituted and authorized to carry on insurer activities under the laws of a jurisdiction other than Québec and who in a manner similar to a mutual company confers voting rights on a one member, one vote basis and has been admitted as a member by a federation in the capacity of an auxiliary company.

For the purposes of this Title, the members of an auxiliary company are considered mutual members.”

57. Section 389 of the Act is amended by replacing “of its members” by “of the authorized insurers belonging to its financial group”.

58. Section 397 of the Act is amended

(1) by replacing “of its member mutual companies who are mutual members” in the first paragraph by “who are mutual members of member companies and auxiliary companies”;

(2) in the second paragraph,

(*a*) by replacing “provide” by “prescribe the maximum number of elected directors who are mutual members of auxiliary companies, which must not exceed 50% of the elected directors. They may also provide”;

(*b*) by inserting “and any person exercising a similar function within an auxiliary company” after “member companies”.

59. Section 400 of the Act is amended by replacing “mutual company that is a member of the federation” by “member company or a person exercising a similar function within an auxiliary company”.

60. Section 401 of the Act is amended

(1) by adding “Other than auxiliary companies,” at the beginning of the first paragraph;

(2) by inserting “and auxiliary companies” after “companies” in the second paragraph.

61. Section 402 of the Act is amended

(1) by replacing "on which mutual companies may be admitted as members and members may withdraw or be expelled as well as members" in the first paragraph by "for the admission, withdrawal or expulsion of member companies and auxiliary companies as well as their";

(2) by replacing the second paragraph by the following paragraphs:

"A federation's by-laws prescribe in particular, regarding an auxiliary company,

(1) a period of admission of at least five years;

(2) in the event that an auxiliary company is an authorized insurer, any expression referred to in section 385 that must be included in its name;

(3) an examination of its books and accounts at least once every two years; and

(4) the information the federation may require of it as well as the documents that must be provided to the federation to show the Authority that, despite its admission, the federation adheres to sound and prudent management practices.

The conditions, rights and obligations referred to in the first paragraph and the elements listed in the second paragraph are submitted to the Authority for approval."

62. Section 403 of the Act is replaced by the following section:

"**403.** A federation may admit a mutual company only if the mutual company's admission application is authorized by a special resolution of its mutual members. Likewise, it may admit an auxiliary company only if the auxiliary company's admission application is authorized by the vote of two-thirds of the federation's mutual members."

63. The Act is amended by inserting the following sections after section 404:

"**404.1.** Before admitting an auxiliary company, the federation must obtain the authorization of the Authority.

The application for authorization must include

(1) the name and address of the head office of the auxiliary company;

(2) a description of its financial structure;

(3) the name of its regulatory authority; and

(4) the other information prescribed by regulation of the Authority.

The following documents must be filed with the application for authorization:

(1) a list of the auxiliary company's directors and officers, including their names and domiciliary addresses;

(2) if applicable, a copy of the auxiliary company's audited financial statements for its most recent fiscal year ended and the financial statements it is required to file with its home regulator;

(3) the financial forecasts for the auxiliary company for a three-year period; and

(4) the other documents prescribed by regulation of the Authority.

"**404.2.** The Authority grants its authorization to a federation that meets the following conditions:

(1) the conditions of admission of the auxiliary company prescribed by the federation's by-laws are met; and

(2) in the Authority's opinion, there are no serious reasons to believe that the admission of the auxiliary company is likely to interfere with the adherence to sound and prudent management practices within the federation or to sound commercial practices by the mutual companies."

64. Section 405 of the Act is amended by replacing "the admission application of a mutual company to the company or, if applicable, the" in the first paragraph by "a mutual company's or an auxiliary company's admission application to the mutual company, the auxiliary company or, if applicable, the mutual".

65. The Act is amended by inserting the following section after section 405:

"**405.1.** Where a federation admits an auxiliary company, that company is then deemed to belong to its financial group."

66. Section 409 of the Act is amended

(1) by inserting "or an auxiliary company" after "member company";

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

"However, the federation may not expel an auxiliary company during the five years following its admission, unless required to do so by the Authority."

67. The Act is amended by inserting the following section after section 410:

"**410.1.** The Authority may require the federation to expel an auxiliary company in the following cases:

(1) the auxiliary company fails to comply with the provisions of the federation's by-laws that apply to it;

(2) in the Authority's opinion, there are serious reasons to believe that the federation is incapable of adhering to sound and prudent management practices or it is no longer in the federation's interest to have the auxiliary company as member."

68. Section 411 of the Act is replaced by the following section:

"**411.** The meeting of the member companies and auxiliary companies is composed of directors from the companies. The number of directors that the companies may designate for this purpose is determined by the federation's by-laws. Each director so designated is entitled to only one vote.

The directors who represent the auxiliary companies may not exercise together more than 30% of the voting rights at a meeting."

69. Section 412 of the Act is amended by inserting "and auxiliary company" after "member company" in the first paragraph.

70. Section 413 of the Act is amended

(1) by replacing "20%" by "one-third";

(2) by inserting "and auxiliary companies" after "member companies".

71. Section 414 of the Act is amended by inserting "and auxiliary companies" after "member companies".

72. Section 415 of the Act is amended

(1) by replacing "its member companies" in the first paragraph by "member companies and auxiliary companies";

(2) by inserting "or on an auxiliary company" after "member company" in the second paragraph.

73. Section 434 of the Act is amended by striking out "qui en sont" in the French text.

74. Section 437 of the Act is amended, in the first paragraph,

(1) by inserting "and each auxiliary company that is an authorized insurer" after "member company" in subparagraph 1;

(2) by inserting "and each auxiliary member company" after "member company" in subparagraph 4.

75. Section 449 of the Act is amended by adding the following subparagraph at the end of the first paragraph:

"(6) if applicable, the most recent audited annual financial statements of each auxiliary company."

76. Section 453 of the Act is amended by replacing "nine" in paragraph 2 by "five".

77. Section 460 of the Act is amended

(1) by striking out ", guarantee fund";

(2) by inserting "and the auxiliary companies" after "member companies";

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

"The balance of the guarantee fund is shared between the member companies in proportion to their contribution."

78. Section 492 of the Act is amended by inserting "or a person exercising a similar function within one of the auxiliary companies" after "companies" in subparagraph *d* of paragraph 4.

79. Section 493 of the Act is amended, in paragraph 5,

(1) by inserting "or persons exercising a similar function within the auxiliary companies" at the end of subparagraph *a*;

(2) by inserting the following subparagraphs after subparagraph *b*:

"(*b*.1) that, in contravention of section 410.1, fails to expel an auxiliary company from the federation,

"(*b*.2) that, in contravention of section 411, allows auxiliary companies to exercise together more than 30% of the voting rights at a meeting of the federation,".

ACT RESPECTING THE DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES

80. Section 103.3 of the Act respecting the distribution of financial products and services (chapter D-9.2) is amended

(1) by replacing "a mutual company that is a member of a federation" in the second paragraph by "an authorized insurer belonging to the financial group of a federation of mutual companies";

(2) by replacing "a mutual company that is a member of a federation" in the third paragraph by "an authorized insurer belonging to the financial group of a federation of mutual companies".

CHAPTER IV

ADMINISTRATIVE PENALTIES, OFFENCES AND FINES

ACT RESPECTING CONTRACTING BY PUBLIC BODIES

81. Schedule I to the Act respecting contracting by public bodies (chapter C-65.1) is amended by replacing the particulars relating to section 469.1 of the Act respecting the distribution of financial products and services (chapter D-9.2) by the following:

"469 Providing false or misleading information to the Authority in the course of activities governed by the Act

"469.1 Presenting false or misleading information in a document intended for the clientele or providing such information to a client".

INSURERS ACT

82. The Insurers Act (chapter A-32.1) is amended by inserting the following chapter after section 512:

"CHAPTER II.1

"POWERS OF THE FINANCIAL MARKETS ADMINISTRATIVE TRIBUNAL

"**512.1.** Where it is brought to the knowledge of the Financial Markets Administrative Tribunal that anyone has, by an act or omission, contravened or aided in the contravention of a provision of this Act or a regulation made under it, the Tribunal may, once the facts have been established, impose on that person an administrative penalty to be collected by the Authority.

The amount of the penalty may in no case exceed $2,000,000 for each contravention.

If a contravention continues for more than one day, it constitutes a separate contravention for each day it continues."

83. The Act is amended by inserting the following section before section 513:

"**512.2.** Unless otherwise specially provided, anyone who fails or refuses to provide the information, reports or other documents required to be communicated under this Act or who contravenes a provision of this Act commits an offence and is liable to a fine of $2,000 to $150,000 in the case of a natural person and $3,000 to $200,000 in any other case."

84. Section 513 of the Act is amended by replacing "$1,000 to $10,000" and "$3,000 to $30,000" in the first paragraph by "$2,500 to $150,000" and "$3,500 to $200,000", respectively.

85. Section 514 of the Act is amended by replacing "$2,500 to $25,000" and "$75,000" in the portion after paragraph 4 by "$3,000 to $150,000" and "$200,000", respectively.

86. Section 515 of the Act is amended by replacing "$50,000" and "$150,000" in the portion after paragraph 5 by "$150,000" and "$200,000", respectively.

87. Section 516 of the Act is amended, in the first paragraph,

(1) by replacing "$100,000" in the portion after subparagraph 2 by "$1,500,000";

(2) by adding the following subparagraphs after subparagraph 2:

"(3) presents false or misleading information in a document intended for their clientele or provides, in any manner, such information to a client, or

"(4) engages or participates in or attempts to engage or participate in, even indirectly, any act, practice or course of action if they know, or ought reasonably to know, that the act, practice or course of action perpetrates a fraud on a person,".

88. Sections 517 and 518 of the Act are amended by replacing "513" in the first paragraph by "512.2".

ACT RESPECTING FINANCIAL SERVICES COOPERATIVES

89. The Act respecting financial services cooperatives (chapter C-67.3) is amended by inserting the following chapter after section 601.25:

"**CHAPTER XV.2**

"POWERS OF THE FINANCIAL MARKETS ADMINISTRATIVE TRIBUNAL

"**601.26.** Where it is brought to the knowledge of the Financial Markets Administrative Tribunal that anyone has, by an act or omission, contravened or aided in the contravention of a provision of this Act or a regulation made under it, the Tribunal may, once the facts have been established, impose on that person an administrative penalty to be collected by the Authority.

The amount of the penalty may in no case exceed $2,000,000 for each contravention.

If a contravention continues for more than one day, it constitutes a separate contravention for each day it continues."

90. Section 611 of the Act is amended

(1) by replacing "Every person who" by "Every person who, by an act or an omission,";

(2) by inserting "and is liable to the same penalty as that prescribed for the offence the person helped or induced the other person to commit" at the end.

91. Sections 612 and 613 of the Act are replaced by the following sections:

"**611.1.** Every person is guilty of an offence who

(1) presents false or misleading information in a document intended for their clientele or provides, in any manner, such information to a client, or

(2) engages or participates in or attempts to engage or participate in, even indirectly, any act, practice or course of action if they know, or ought reasonably to know, that the act, practice or course of action perpetrates a fraud on a person.

"**611.2.** If an offence under this Act is committed by a director or officer of a legal person or of another group, regardless of its juridical form, the minimum and maximum fines are double those applicable to a natural person for such an offence.

"**611.3.** If an offence under this Act continues for more than one day, it constitutes a separate offence for each day it continues.

“**612.** Unless otherwise specially provided, every person found guilty of an offence under section 604 or who contravenes any other provision of this Act commits an offence and is liable to a fine of $2,000 to $150,000 in the case of a natural person and $3,000 to $200,000 in any other case.

Every person who is found guilty of an offence under section 602, 606, 607, 610 or 611 or under a provision of a regulation the violation of which constitutes an offence under subparagraph 15 of the first paragraph of section 599 is liable to a fine of $2,500 to $150,000 in the case of a natural person and $3,500 to $200,000 in any other case.

In the case of an offence under section 603, 605 or 608, the minimum fine is $5,000 to $150,000 in the case of a natural person and $15,000 to $200,000 in any other case.

In the case of an offence under section 609 or 611.1, the minimum fine is $5,000 to $1,500,000 in the case of a natural person and $30,000 to $2,000,000 in any other case.

Despite article 231 of the Code of Penal Procedure (chapter C-25.1), any person who has committed an offence under the fourth paragraph of this section is liable, regardless of the fine set out in the applicable penal provision, to a maximum term of imprisonment of 18 months.

“**613.** The amounts of the fines prescribed by section 612 or by the regulations are doubled for a second offence and tripled for a third or subsequent offence. The maximum term of imprisonment is increased to five years less a day for a second or subsequent offence.

In addition, if an offender commits an offence under a provision of this Act after having previously been found guilty of any such offence and if, without regard to the amounts prescribed for a second or subsequent offence, the minimum fine to which the offender was liable for the first offence was equal to or greater than the minimum fine prescribed for the second offence, the minimum and maximum fines and, if applicable, the term of imprisonment prescribed for the second offence become, if the prosecutor so requests, those prescribed in the case of a second offence or, if applicable, a third or subsequent offence.

This section applies to prior findings of guilty pronounced in the two-year period preceding the second offence or, if the minimum fine to which the offender was liable for the prior offence was that prescribed in the fourth paragraph of section 612, pronounced in the five-year period preceding the second offence. The fines for a third or subsequent offence apply if the penalty imposed for the prior offence was the penalty for a second or subsequent offence.”

92. Section 613.1 of the Act is amended by inserting “and the first paragraph of section 612” after “611”.

93. Section 613.3 of the Act is amended by inserting ", under the first paragraph of section 612" after "611" in the first paragraph.

ACT RESPECTING THE DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES

94. Section 115 of the Act respecting the distribution of financial products and services (chapter D-9.2) is amended

(1) in the second paragraph,

(*a*) by replacing "that a person" by "that anyone";

(*b*) by replacing "impose" by ", once the facts have been established, impose on that person";

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

"If a contravention continues for more than one day, it constitutes a separate contravention for each day it continues."

95. Section 468 of the Act is amended by adding the following paragraph at the end:

"(5) engages or participates in or attempts to engage or participate in, even indirectly, any act, practice or course of conduct if they know, or ought reasonably to know, that the act, practice or course of conduct perpetrates a fraud on a person."

96. Section 469.1 of the Act is replaced by the following sections:

"**469.** Every person that provides, in any manner, false or misleading information to the Authority in the course of activities governed by this Act or the regulations is guilty of an offence.

"**469.1.** Every person that presents false or misleading information in a document intended for their clientele or provides, in any manner, such information to a client is guilty of an offence."

97. Section 482 of the Act is amended by replacing "contravene any provision of this Act or the regulations is guilty of an offence" in the first paragraph by "commit an offence is guilty of the offence as if the insurer had committed it. The insurer is liable to the penalties set out in this title according to the offence concerned".

98. Section 485 of the Act is amended

(1) in the third paragraph,

(*a*) by inserting "paragraph 5 of section 468 or under" after "offence under";

(*b*) by replacing "$1,000,000" by "$2,000,000";

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

"Notwithstanding articles 231 and 248 of the Code of Penal Procedure (chapter C-25.1), any person who has committed an offence under paragraph 5 of section 468 or under section 469.1 or 469.3 of this Act is liable, regardless of the fine set out in the applicable penal provision, to imprisonment for a term not exceeding five years less one day."

99. The Act is amended by inserting the following section after section 491:

"**491.1.** If an offence under this Act continues for more than one day, it constitutes a separate offence for each day it continues."

DEPOSIT INSTITUTIONS AND DEPOSIT PROTECTION ACT

100. The Deposit Institutions and Deposit Protection Act (chapter I-13.2.2) is amended by inserting the following chapter after section 45.25:

"**CHAPTER II.1**

"POWERS OF THE FINANCIAL MARKETS ADMINISTRATIVE TRIBUNAL

"**45.26.** Where it has been brought to the knowledge of the Financial Markets Administrative Tribunal that anyone has, by an act or omission, contravened or aided in the contravention of a provision of this Act or a regulation made under it, the Tribunal may, once the facts have been established, impose on that person an administrative penalty to be collected by the Authority.

The amount of the penalty may in no case exceed $2,000,000 for each contravention.

If a contravention continues for more than one day, it constitutes a separate contravention for each day it continues."

101. The Act is amended by inserting the following section before section 46:

"**45.27.** Unless otherwise specially provided, anyone who fails or refuses to furnish the information, reports or other documents required to be communicated under this Act or who contravenes a provision of this Act commits an offence and is liable to a fine of $2,000 to $150,000 in the case of a natural person and $3,000 to $200,000 in any other case."

102. Section 46 of the Act is amended by replacing "$1,000 to $10,000" by "$2,500 to $150,000".

103. Section 46.1 of the Act is amended by replacing "$2,500 to $25,000" and "$75,000" in the portion after paragraph 3 by "$3,000 to $150,000" and "$200,000", respectively.

104. Section 46.2 of the Act is amended by replacing "$50,000" and "$150,000" in the portion after paragraph 4 by "$150,000" and "$200,000", respectively.

105. Section 46.3 of the Act is amended, in the first paragraph,

(1) by replacing "$100,000" in the portion after subparagraph 2 by "$1,500,000";

(2) by adding the following subparagraphs after subparagraph 2:

"(3) presents false or misleading information in a document intended for their clientele or provides, in any manner, such information to a client, or

"(4) engages or participates in or attempts to engage or participate in, even indirectly, any act, practice or course of action if they know, or ought reasonably to know, that the act, practice or course of action perpetrates a fraud on a person,".

106. Sections 46.4 and 46.5 of the Act are amended by replacing "46" in the first paragraph by "45.27".

DERIVATIVES ACT

107. Section 134 of the Derivatives Act (chapter I-14.01) is amended by adding the following paragraph at the end:

"If a contravention continues for more than one day, it constitutes a separate contravention for each day it continues."

108. Section 162 of the Act is amended by inserting ", or under subparagraphs 1 and 2 of the first paragraph of section 152," after "or 151".

109. Section 166 of the Act is amended

(1) by inserting ", subparagraphs 1 and 2 of the first paragraph of section 152" after "section 151";

(2) by replacing “in addition to” by “regardless of”.

110. The Act is amended by inserting the following section after section 166:

“**166.1.** “If an offence under this Act continues for more than one day, it constitutes a separate offence for each day it continues.”

TRUST COMPANIES AND SAVINGS COMPANIES ACT

111. The Trust Companies and Savings Companies Act (chapter S-29.02) is amended by inserting the following chapter after section 302:

“**CHAPTER II.1**

“POWERS OF THE FINANCIAL MARKETS ADMINISTRATIVE TRIBUNAL

“**302.1** Where it has been brought to the knowledge of the Financial Markets Administrative Tribunal that anyone has, by an act or omission, contravened or aided in the contravention of a provision of this Act or a regulation made under it, the Tribunal may, once the facts have been established, impose on that person an administrative penalty to be collected by the Authority.

The amount of the penalty may in no case exceed $2,000,000 for each contravention.

If a contravention continues for more than one day, it constitutes a separate contravention for each day it continues.”

112. The Act is amended by inserting the following section before section 303:

“**302.2.** Unless otherwise specially provided, anyone who fails or refuses to provide the information, reports or other documents required to be communicated under this Act or who contravenes a provision of this Act commits an offence and is liable to a fine of $2,000 to $150,000 in the case of a natural person and $3,000 to $200,000 in any other case.”

113. Section 303 of the Act is amended by replacing “$1,000 to $10,000” by “$2,500 to $150,000”.

114. Section 304 of the Act is amended by replacing “$2,500 to $25,000” and “$75,000” in the portion after paragraph 3 by “$3,000 to $150,000” and “$200,000”, respectively.

115. Section 305 of the Act is amended by replacing “$50,000” and “$150,000” in the portion after paragraph 5 by “$150,000” and “$200,000”, respectively.

116. Section 306 of the Act is amended, in the first paragraph,

(1) by replacing "$100,000" in the portion after paragraph 2 by "$1,500,000";

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

"(3) presents false or misleading information in a document intended for their clientele or provides, in any manner, such information to a client, or

"(4) engages or participates in or attempts to engage or participate in, even indirectly, any act, practice or course of action if they know, or ought reasonably to know, that the act, practice or course of action perpetrates a fraud on a person,".

117. Sections 307 and 308 of the Act are amended by replacing "303" in the first paragraph by "302.2".

SECURITIES ACT

118. The Securities Act (chapter V-1.1) is amended by inserting the following section after section 208.1:

"**209.** If an offence under this Act continues for more than one day, it constitutes a separate offence for each day it continues."

119. Section 273.1 of the Act is amended by adding the following paragraph at the end:

"If a contravention continues for more than one day, it constitutes a separate contravention for each day it continues."

CHAPTER V

COMPOSITION OF THE BOARD OF DIRECTORS OF THE GROUPEMENT DES ASSUREURS AUTOMOBILE

DIVISION I

AMENDING PROVISIONS

AUTOMOBILE INSURANCE ACT

120. Section 159 of the Automobile Insurance Act (chapter A-25) is amended by replacing "nine" and "fifteen" in the first paragraph by "7" and "13", respectively.

121. Section 164 of the Act is amended by replacing "Five directors form" in the first paragraph by "A majority of the members in office constitutes".

DIVISION II

SPECIAL TRANSITIONAL PROVISION

122. The members of the board of directors of the Groupement des assureurs automobiles in office on (*insert the date preceding the date of assent to this Act*) remain in office on the same conditions until the expiry of their term of office, except the members, determined by ballot at a meeting of the authorized insurers, whose term ends on the date set at the time of the vote.

CHAPTER VI

MISCELLANEOUS MEASURES

DIVISION I

RESIDENCE OF DIRECTORS OF QUÉBEC INSURERS

INSURERS ACT

123. Section 266 of the Insurers Act (chapter A-32.1) is amended by adding the following paragraph at the end:

"Despite the first paragraph, one-third of an insurance company's directors must be resident in Québec if the company belongs to a financial group and more than 40% of the premiums are collected by the group outside Québec, provided that the majority of the directors of the company reside in Canada."

DIVISION II

SOLVENCY, GOVERNANCE AND SUPERVISION OF A FINANCIAL SERVICES COOPERATIVE, THE SECURITY FUND AND GROUPE COOPÉRATIF DESJARDINS

ACT RESPECTING FINANCIAL SERVICES COOPERATIVES

124. Section 84 of the Act respecting financial services cooperatives (chapter C-67.3) is amended by inserting "to the establishment and maintenance of the reserve established under section 87 and" after "the allocation of surplus earnings" in the third paragraph.

125. Section 531 of the Act is amended by striking out "once each year or".

126. Section 547.1 of the Act is amended by adding the following sentence at the end of the first paragraph: "The Federation must make the by-laws of the Group publicly available on the Federation's website."

127. Section 547.2 of the Act is amended by inserting "the first, second and third paragraphs of section 228," after "227," in subparagraph 1 of the second paragraph.

128. Section 553 of the Act is amended by replacing “at least once a year” in the second paragraph by “whenever it considers it advisable”.

129. Section 554 of the Act is amended by replacing “at least once a year” by “whenever it considers it advisable”.

130. Section 555 of the Act is amended by striking out “annual”.

DIVISION III

REAL ESTATE BROKERAGE

REAL ESTATE BROKERAGE ACT

131. Section 37 of the Real Estate Brokerage Act (chapter C-73.2) is amended by adding the following paragraph at the end:

“(5) if, in the Organization’s opinion, the applicant does not possess the degree of honesty necessary to carry on brokerage activities.”

132. Section 38 of the Act is amended by adding the following paragraph at the end:

“(5) does not, in the Organization’s opinion, possess the degree of honesty necessary to carry on brokerage activities.”

133. Section 98 of the Act is amended

(1) by replacing “$2,000” and “$50,000” in subparagraph 3 of the first paragraph by “$2,500” and “$62,500”, respectively;

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

“When a licence holder is found guilty of not disclosing a conflict of interest in accordance with this Act, the discipline committee imposes on the licence holder at least the fine prescribed by subparagraph 3 of the first paragraph. Moreover, the Government may determine the provisions of a regulation made under this Act whose contravention constitutes an offence and renders the offender liable to at least the fine provided for in that subparagraph.”

134. Sections 124 and 125 of the Act are replaced by the following sections:

“**124.** Unless otherwise specially provided, anyone who contravenes a provision of this Act commits an offence and is liable to a fine of not less than $2,500 nor more than $62,500 in the case of a natural person and to a fine of not less than $3,500 nor more than $125,000 in any other case.

“**125.** Anyone who contravenes section 2.1 or, without holding the licence required by law, in any manner whatsoever, enters into a real estate brokerage contract, claims to have the right to enter into such a contract or acts in such a way as to lead to the belief that they are authorized to enter into such a contract, subject to sections 2 and 3 and to special authorizations granted by the Organization, commits an offence and is liable to a fine of not less than $3,000 nor more than $150,000 in the case of a natural person and to a fine of not less than $5,000 nor more than $200,000 in any other case.

“**125.1.** Despite sections 124 and 125, the Government may determine the provisions of a regulation made under this Act whose contravention constitutes an offence and renders the offender liable to a fine the minimum and maximum amounts of which are set by the Government.

The maximum penalties set under the first paragraph may vary according to the seriousness of the offence, without exceeding those prescribed in section 125.

“**125.2.** A director, executive officer, mandatary or representative of the principal offender who committed an offence under section 124 or 125 or a regulation who has knowingly authorized, encouraged, advised or allowed the commission of the offence is liable to the same penalties as the principal offender.

“**125.3.** The amounts of the fines prescribed in sections 124 or 125 or by regulation are doubled for a second or subsequent offence.

“**125.4.** In determining the amount of a fine, the court considers such factors as the injury suffered as a result of and the benefits derived from the offence.”

135. Section 126 of the Act is amended by replacing “section 80 or 124” in the first paragraph by “this Act”.

136. Section 127 of the Act is amended by replacing “section 124 are prescribed two” in the first paragraph by “this Act are prescribed three”.

DIVISION IV

CLAIMS ADJUSTMENT, AGREEMENTS CONCERNING FINANCIAL PLANNERS, DISCLOSURE OF INTEREST BY A FIRM AND REGULATORY POWERS CONCERNING THE GOVERNANCE OF FIRMS

ACT RESPECTING THE DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES

137. The Act respecting the distribution of financial products and services (chapter D-9.2) is amended by inserting the following section after section 10:

“**10.1.** The Autorité des marchés financiers may, in exceptional circumstances and for the period it sets,

(1) determine, despite subparagraph 3 of the second paragraph of section 10, a maximum claim settlement amount exceeding $5,000;

(2) allow, despite sections 5 and 6 and the first paragraph of section 10, on the conditions it determines, the following persons to act as claims adjusters:

(*a*) a damage insurance agent or a damage insurance broker holding a certificate authorizing the pursuit of activities as such an agent or broker;

(*b*) a person who previously held a certificate authorizing the pursuit of activities as a claims adjuster; and

(*c*) a person authorized to pursue activities as a claims adjuster outside Québec.

Every decision made by the Authority under the first paragraph comes into force on the date on which it is made or on any later date determined by the Authority. It shall be published in the Authority’s bulletin.”

138. Chapter III of Title I of the Act, comprising sections 59 to 69, is repealed.

139. Section 83.1 of the Act is amended

(1) by replacing subparagraph 1 of the second paragraph by the following subparagraphs:

“(1) the name of the financial institution that holds an interest representing more than 20% of the value of the firm’s equity capital and the name of the financial group to which the financial institution belongs, where applicable;

“(1.1) if a legal person related to a financial group holds an interest representing more than 20% of the value of the firm’s equity capital, the name of the financial group;”;

(2) by replacing “subparagraph 1 of the second paragraph,” in the third paragraph by “subparagraphs 1 and 1.1 of the second paragraph, “financial institution”, “financial group” and “legal person related to a financial group” have the meanings assigned by section 147. In addition,”.

140. Section 147 of the Act is amended by inserting “referred to in section 4 of the Insurers Act (chapter A-32.1)” before “other than an insurer” in the definition of “*financial institution*”.

141. Section 150 of the Act is amended by inserting "brokerage" in the first paragraph after "damage insurance".

142. Section 223 of the Act is amended by inserting ", in particular the management rules, such as those concerning governance, that a firm, an independent partnership or, with the necessary modifications, an independent representative must comply with" at the end of paragraph 13.1.

DIVISION V

PROVISIONS CONCERNING CERTAIN POWERS OF THE AUTORITÉ DES MARCHÉS FINANCIERS, THE DECISIONS OF THE FINANCIAL MARKETS ADMINISTRATIVE TRIBUNAL AND THE FINANCIAL STATEMENTS OF THE FINANCIAL MARKETS ADMINISTRATIVE TRIBUNAL

ACT RESPECTING THE REGULATION OF THE FINANCIAL SECTOR

143. Section 15.1 of the Act respecting the regulation of the financial sector (chapter E-6.1) is amended

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

"No member of the Ordre professionnel des comptables professionnels agréés du Québec, the Ordre professionnel des géologues du Québec or the Ordre professionnel des ingénieurs du Québec may refuse, on the grounds that the communication would result in a disclosure protected by professional secrecy to which the member is bound, to communicate to the Authority or to a person authorized by the Authority any information or document listed below relating to a legal person, partnership or other entity that is being investigated under section 12 of this Act, section 116 of the Derivatives Act (chapter I-14.01) or section 239 of the Securities Act (chapter V-1.1):

(1) in the case of a member of the Ordre professionnel des comptables professionnels agréés du Québec, information or a document that the member has obtained or prepared for the purposes of an audit or the examination of interim financial statements;

(2) in the case of a member of the Ordre professionnel des géologues du Québec or the Ordre professionnel des ingénieurs du Québec, information or a document relating to the preparation of a report on a mining project of the legal person, partnership or entity.";

(2) by replacing "a chartered professional accountant" in the third paragraph by "a member of a professional order referred to in the first paragraph regarding information or a document referred to in that paragraph".

144. Section 15.6 of the Act is amended

(1) by inserting "and regarding information or a document referred to in subparagraph 1 of the first paragraph of section 15.1" at the end of paragraph 4;

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

"(5) to the Ordre professionnel des géologues du Québec or the Ordre professionnel des ingénieurs du Québec, regarding information or a document referred to in subparagraph 2 of the first paragraph of section 15.1."

145. Section 16.1 of the Act is replaced by the following section:

"**16.1.** No one may be compelled, in any civil or administrative proceedings other than proceedings under this Act or an Act referred to in section 7, to testify or to produce a document or other evidence relating to the information they have obtained in the exercise of their functions under this Act or an Act referred to in section 7.

The first paragraph does not have the effect of limiting the application of sections 178 of the Insurers Act (chapter A-32.1), 564.1 of the Act respecting financial services cooperatives (chapter C-67.3), 32.11 of the Deposit Institutions and Deposit Protection Act (chapter I-13.2.2) and 156 of the Trust Companies and Savings Companies Act (chapter S-29.02)."

146. Section 24.1 of the Act is amended by replacing "in the *Gazette officielle du Québec*" in the third paragraph by "in the Authority's bulletin".

147. Section 115.15.56 of the Act is amended by replacing "30 September" in the first paragraph by "31 December".

148. Section 115.17 of the Act is amended, in the first paragraph,

(1) by replacing "the parties receive" by "of";

(2) by adding the following sentence at the end: "The time limit may be extended only if the party establishes that it was unable to act."

DIVISION VI

RESTRICTIONS AND CONDITIONS ON REGISTRANTS

ACT RESPECTING THE DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES

149. Section 115 of the Act respecting the distribution of financial products and services (chapter D-9.2) is amended by striking out the third paragraph.

150. Section 115.2 of the Act is amended by replacing “or to file” in the first paragraph by “, alters the activities it has declared and is authorized to carry on under its registration or fails to file”.

DERIVATIVES ACT

151. The Derivatives Act (chapter I-14.01) is amended by inserting the following section after section 81:

“**81.1.** The Authority may suspend the rights granted by registration or impose restrictions or conditions on their exercise where the registrant, other than the representative, the chief compliance officer or the ultimate designated person, no longer complies with a condition for registration provided for in this Act, does not comply with the provisions of section 75 or 77.4, alters the activities that the registrant has declared and is authorized to carry on under the registration or fails to comply with an obligation to file documents as prescribed by regulation. The Authority may also, if the offence is not the first offence, revoke the rights granted by the registration if the registrant does not comply with those provisions.”

SECURITIES ACT

152. The Securities Act (chapter V-1.1) is amended by inserting the following section after section 152:

“**152.0.1.** The Authority may suspend the rights granted by registration or impose restrictions or conditions on their exercise where the registrant, other than the representative, the chief compliance officer or the ultimate designated person, no longer complies with a condition for registration provided for in this Act or a regulation made under this Act, does not comply with the provisions of section 168.1.2 or 168.1.8, alters the activities that the registrant has declared and is authorized to carry on under the registration or fails to comply with an obligation to file documents as prescribed by regulation. The Authority may also, if the offence is not the first offence, revoke the rights granted by the registration if the registrant does not comply with those provisions.”

DIVISION VII

MEASURES CONCERNING SECURITIES, TRADING PLATFORMS AND THE PROHIBITION TO USE PRIVILEGED INFORMATION

SECURITIES ACT

153. Section 3 of the Securities Act (chapter V-1.1) is amended by replacing the portion before paragraph 1 by the following:

“**3.** Titles II to VIII do not apply to the following forms of investment, except those mentioned in paragraph 1 which remain subject to Titles VI and VII, and those mentioned in paragraph 10 which remain subject to Titles V to VII:”.

154. Section 169 of the Act is amended by inserting “trading platform,” after “processor,”.

155. Section 189 of the Act is amended by adding the following paragraph at the end:

“(8) every other person having privileged information concerning an issuer.”

156. Section 237 of the Act is amended by inserting the following subparagraph after subparagraph 2.4 of the first paragraph:

“(2.4.1) a recognized trading platform or one of its subscribers;”.

ACT MAINLY TO IMPROVE THE REGULATION OF THE FINANCIAL SECTOR, THE PROTECTION OF DEPOSITS OF MONEY AND THE OPERATION OF FINANCIAL INSTITUTIONS

157. Section 661 of the Act mainly to improve the regulation of the financial sector, the protection of deposits of money and the operation of financial institutions (2018, chapter 23) is amended by replacing “derivatives trading facility” in paragraph 1 by “trading platform”.

158. Sections 664 and 669 of the Act are amended by replacing “derivatives trading facility” by “trading platform”.

DIVISION VIII

APPLICATION OF PROVISIONS OF THE REGULATIONS ACT

CREDIT ASSESSMENT AGENTS ACT

159. Section 67 of the Credit Assessment Agents Act (chapter A-8.2) is amended by striking out “4 to” in the sixth paragraph.

INSURERS ACT

160. Section 486 of the Insurers Act (chapter A-32.1) is amended by striking out “4 to” in the sixth paragraph.

ACT RESPECTING FINANCIAL SERVICES COOPERATIVES

161. Section 601.2 of the Act respecting financial services cooperatives (chapter C-67.3) is amended by striking out “4 to” in the sixth paragraph.

DEPOSIT INSTITUTIONS AND DEPOSIT PROTECTION ACT

162. Section 45 of the Deposit Institutions and Deposit Protection Act (chapter I-13.2.2) is amended by striking out "4," in the third paragraph.

COMPANIES AND SAVINGS COMPANIES ACT

163. Section 278 of the Companies and Savings Companies Act (chapter S-29.02) is amended by striking out "4 to" in the sixth paragraph.

DIVISION IX

WITHDRAWAL OF PROVISIONS MAINLY NOT IN FORCE

AUTOMOBILE INSURANCE ACT

164. Section 179.3 of the Automobile Insurance Act (chapter A-25) is amended by striking out "and the amount of his indemnity" in the second paragraph.

ACT RESPECTING THE DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES

165. Section 40 of the Act respecting the distribution of financial products and services (chapter D-9.2) is repealed.

DEPOSIT INSTITUTIONS AND DEPOSIT PROTECTION ACT

166. Section 40.2.1 of the Deposit Institutions and Deposit Protection Act (chapter I-13.2.2) is amended by striking out the second paragraph.

167. Section 43 of the Act is amended by striking out paragraph *e*.0.1.

SECURITIES ACT

168. Sections 308.3 and 308.4 of the Securities Act (chapter V-1.1) are repealed.

ACT TO AMEND THE SECURITIES ACT

169. Section 3 of the Act to amend the Securities Act (1990, chapter 77) is repealed.

ACT TO AMEND THE SECURITIES ACT

170. Section 13 of the Act to amend the Securities Act (1992, chapter 35) is repealed.

ACT TO AMEND THE SECURITIES ACT

171. Section 12 of the Act to amend the Securities Act (2001, chapter 38) is repealed.

ACT TO AMEND THE SECURITIES ACT AND OTHER LEGISLATIVE PROVISIONS

172. Section 15 of the Act to amend the Securities Act and other legislative provisions (2004, chapter 37) is repealed.

173. Section 43 of the Act is amended by striking out paragraph 3.

174. Sections 56, 58 and 61 of the Act are repealed.

ACT TO AMEND THE SECURITIES ACT AND OTHER LEGISLATIVE PROVISIONS

175. Sections 11, 21, 22 and 26 of the Act to amend the Securities Act and other legislative provisions (2006, chapter 50) are repealed.

176. Section 38 of the Act is amended by replacing "94 to" by "99,".

ACT TO AMEND THE ACT RESPECTING THE AUTORITÉ DES MARCHÉS FINANCIERS AND OTHER LEGISLATIVE PROVISIONS

177. Sections 82 and 83 of the Act to amend the Act respecting the Autorité des marchés financiers and other legislative provisions (2008, chapter 7) are repealed.

178. Section 162 of the Act is amended by replacing ", 295.2 and 297.6" by "and 295.2".

ACT TO AMEND THE SECURITIES ACT AND OTHER LEGISLATIVE PROVISIONS

179. Sections 6 and 114 of the Act to amend the Securities Act and other legislative provisions (2009, chapter 25) are repealed.

ACT TO AMEND THE ACT RESPECTING FINANCIAL SERVICES COOPERATIVES AND OTHER LEGISLATIVE PROVISIONS

180. Sections 2, 8, 10 and 11 of the Act to amend the Act respecting financial services cooperatives and other legislative provisions (2009, chapter 27) are repealed.

ACT TO AMEND VARIOUS LEGISLATIVE PROVISIONS PRINCIPALLY TO TIGHTEN THE REGULATION OF THE FINANCIAL SECTOR

181. Section 75 of the Act to amend various legislative provisions principally to tighten the regulation of the financial sector (2009, chapter 58) is repealed.

ACT TO AMEND VARIOUS LEGISLATIVE PROVISIONS MAINLY CONCERNING THE FINANCIAL SECTOR

182. Section 61 of the Act to amend various legislative provisions mainly concerning the financial sector (2011, chapter 26) is amended by striking out paragraph 4.

ACT TO AMEND VARIOUS LEGISLATIVE PROVISIONS MAINLY CONCERNING THE FINANCIAL SECTOR

183. Section 92 of the Act to amend various legislative provisions mainly concerning the financial sector (2013, chapter 18) is repealed.

184. Section 97 of the Act is amended by striking out paragraph 3.

ACT MAINLY TO IMPROVE THE REGULATION OF THE FINANCIAL SECTOR, THE PROTECTION OF DEPOSITS OF MONEY AND THE OPERATION OF FINANCIAL INSTITUTIONS

185. Sections 570, 571 and 598 of the Act mainly to improve the regulation of the financial sector, the protection of deposits of money and the operation of financial institutions (2018, chapter 23) are repealed.

CHAPTER VII

FINAL PROVISION

186. The provisions of this Act come into force on (*insert the date of assent to this Act*), except

(1) those of Chapter I, which come into force on (*insert the date that is 30 days after the date of assent to this Act*); and

(2) those of Chapter II, which come into force on the date of coming into force of the first regulation made under the fifth paragraph of section 45 of the Act respecting the regulation of the financial sector (chapter E-6.1), enacted by section 46 of this Act, or on (*insert the date that is one year after the date of assent to this Act*), whichever is earlier.