

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 2.1

AMENDMENT:

Insert after the heading after section 2:

2.1. Section 15.6 of the Act respecting the Autorité des marchés financiers (R.S.Q., chapter A-33.2) is amended by replacing “published” in paragraph 3 by “of the International Organization of Securities Commissions or the Multilateral Memorandum of Understanding on Cooperation and Information Exchange of the International Association of Insurance Supervisors, published” and by replacing “cet organisme” in that paragraph in the French text by “cet organisme de régulation”.

Adopté
AM

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 3

AMENDMENT:

Replace “The Act respecting the Autorité des marchés financiers (R.S.Q., chapter A-33.2)” by “The Act”.

A handwritten signature in black ink, appearing to read "Adrien", is located in the lower center of the page.

The amendment initially cited as AM 3 is withdrawn and now cited as AM c.

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 8

AMENDMENT:

Replace all occurrences of "19.15.1" and "19.15.2" in the proposed sections by "19.16" and "19.17", respectively.

A handwritten signature in black ink, appearing to be 'Adopted' with a large checkmark or flourish above it.

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 9

AMENDMENT:

Insert "or received" after "sent" in the first paragraph of proposed section 25.2.

Adopted

Bill 7

An Act to amend various legislative provisions concerning the financial sector

Sections 10.1 and 10.2

AMENDMENT:

Insert after section 10:

10.1. Section 50 of the Act is amended, in the first paragraph,

(1) by replacing “which may be renewed only once” by “, which may be renewed twice only”;

(2) by adding the following sentence at the end: “Their terms must be staggered so as to tend toward not more than a third of them expiring in the same year.”

10.2. The Act is amended by inserting the following section after section 57:

“**57.1.** The Council may, in exercising its functions, require any document or information relating to the administration of the Authority. The officers, employees and mandataries of the Authority must, on request, communicate such documents or information to the Council and facilitate their examination.”

*Adopted
PM*

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 13

AMENDMENT:

Replace “toute personne intéressée peut déposer une copie authentique de ses décisions” in the French text by “toute personne intéressée peut déposer une copie authentique des décisions du Bureau”.

Adopté
PM

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 17

AMENDMENT:

- (1) Replace “to file documents as required” in the first paragraph of proposed section 115.2 by “to file documents as required under this Act or the regulations”.
- (2) Replace “une obligation de dépôt de document prévue par la présente loi ou un règlement pris pour son application” in the second paragraph of proposed section 115.2 in the French text by “une obligation de dépôt de documents prévue à la présente loi ou à l’un de ses règlements”.

*Adopté
BM*

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 17

AMENDMENT:

Replace “qu’elle” in subparagraph 1 of the first paragraph of proposed section 115.3 in the French text by “qu’il”.

A handwritten signature in black ink, appearing to be "Adopté" with a flourish at the end.

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 17

AMENDMENT:

Replace “Canadian financial institution” in proposed section 115.5 by “bank or a financial institution”.

*Adopted
BN*

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 55

AMENDMENT:

Strike out "Canadian".

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Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 17

AMENDMENT:

Replace proposed section 115.8 by:

“**115.8.** An order issued under section 115.3 is admissible for publication in the same register as that in which rights in the funds, securities or other property covered by the order are required to be published or admissible for publication.

Likewise, the order may be published in a register kept outside Québec if such orders are admissible for publication under the Act governing the register.

*Adopté
DM*

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 17

AMENDMENT:

Insert the following section after proposed section 115.9:

“115.10. In addition to imposing a measure by order, the Bureau de décision et de révision may require the person or entity named in the order to repay to the Authority the costs incurred in connection with the inspection or investigation that established non-compliance with a provision of this Act, according to the tariff set by regulation.”

A handwritten signature in black ink, appearing to read 'Adopted' with a flourish above it.

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 55.1

AMENDMENT:

Insert after section 55:

55.1. Section 256 of the Act is replaced by the following section:

“**256.** An order issued under section 239 or 249 is admissible for publication in the same register as that in which rights in the funds, securities or other assets covered by the order are required to be published or admissible for publication.

Likewise, the order may be published in a register kept outside Québec if such orders are admissible for publication under the Act governing the register.”

A handwritten signature in black ink, appearing to be 'Adolpu' with a flourish above it.

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 22

AMENDMENT:

Strike out.

*Adopted
C
M*

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 22.1

AMENDMENT:

Insert after the heading after section 22:

22.1. Section 2 of the Derivatives Act (R.S.Q., chapter I-14.01) is amended by replacing “particularly in” in paragraph 5 by “particularly through rules applicable to derivatives clearing and to”.

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Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 23

AMENDMENT:

(1) Replace “the Derivatives Act (R.S.Q., chapter I-14.01)” in the portion before paragraph 1 by “the Act”.

(2) Add after paragraph 2:

(3) by inserting “a trade repository,” after “an information processor,” in the definition of “regulated entity”;

(4) by adding the following definition at the end:

“**trade repository**” means an entity that centrally collects and maintains over-the-counter derivatives data.”

*Adopted
DU*

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 24

AMENDMENT:

Replace by:

24. Section 7 of the Act is replaced by the following section:

“7. Titles III and IV of this Act and Chapter III.1 of Title I of the Act respecting the Autorité des marchés financiers (chapter A-33.2) do not apply to activities or transactions in over-the-counter derivatives involving accredited counterparties only or in any other case specified by regulation.

However, Chapter III.1 of Title I of the Act respecting the Autorité des marchés financiers does apply if a derivative is offered or entered into in the circumstances described in section 150, 151 or 153.

Sections 94 to 114 and Division III of Chapter I and Divisions I and II of Chapter II of Title V do not apply to the entities referred to in paragraph 1 or 2 of the definition of “accredited counterparty” in section 3 or to the Business Development Bank of Canada.”

A handwritten signature in black ink, appearing to read 'Adopté' with a flourish above it.

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 24.1

AMENDMENT:

Insert after section 24:

24.1. Section 9 of the Act is amended by adding “or that the derivative otherwise departs from this Act, unless the cause of invalidity is set out in the terms of the derivative” at the end.

*Adopted
10/11*

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 24.2

AMENDMENT:

Insert after section 24.1:

24.2. The Act is amended by inserting the following after section 11:

**“CHAPTER III
“MARGIN OR SETTLEMENT DEPOSIT**

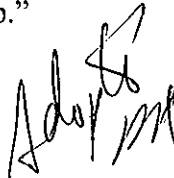
“11.1. An instrument under which a person is required to pay an amount of money to a party to a derivative, including as a margin or settlement deposit, and which allows that party, in all circumstances described in the instrument, to extinguish or reduce, by means of a set-off, its obligation to repay that amount to the person is enforceable against third persons without further formality.

Such an instrument is governed by the law expressly designated in it or the designation of which may be inferred with certainty from the terms of the instrument.

“11.2. For the purposes of section 11.1, the following are considered to be derivatives:

(1) an exchange, securities lending or securities redemption contract, including any contract governing such a contract; and

(2) a contract between a clearing house and one of its members, and the rules governing their relationship.”

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Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 24.3

AMENDMENT:

Insert after section 24.2:

24.3. Section 12 of the Act is amended by inserting “, a trade repository” after “an information processor” in the first paragraph.

Adopted

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 24.4

AMENDMENT:

Insert after section 24.3:

24.4. Section 18 of the Act is amended

- (1) by replacing “26” by “25”;
- (2) by adding “or trade repositories” at the end.

*Adopted
&
P 12/11*

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 30

AMENDMENT:

Replace by:

30. Section 90 of the Act is amended, in the first paragraph,

(1) by inserting the following subparagraph after subparagraph 1:

“(1.1) an accredited counterparty;”;

(2) by inserting the following subparagraph after subparagraph 5:

“(5.1) a trade repository;”;

(3) by inserting the following subparagraph after subparagraph 7:

“(7.1) a qualified person;”.

Adopted
12/11

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 33.1

AMENDMENT:

Insert after section 33:

33.1. Section 123 of the Act is amended by replacing “Canadian bank or” by “bank or a”.

Adopted

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 33.2

AMENDMENT:

Insert after section 33.1:

33.2. Section 126 of the Act is replaced by the following section:

“**126.** An order issued under section 119 is admissible for publication in the same register as that in which rights in the funds, securities or other property covered by the order are required to be published or admissible for publication.

Likewise, the order may be published in a register kept outside Québec if such orders are admissible for publication under the Act governing the register.”

*Adopté
24*

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 37

AMENDMENT:

Replace “document ou un renseignement faux” in proposed paragraph 6 in the French text by “faux document ou faux renseignement”.

*Adopté
PH*

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 52

AMENDMENT:

Replace “document ou un renseignement faux” in proposed paragraph 6 in the French text by “faux document ou faux renseignement”.

Handwritten signature and initials, possibly "Adog" and "DH", with a large flourish above.

Bill 7

An Act to amend various legislative provisions concerning the financial sector

Section 43

AMENDMENT:

Replace by:

43. Section 175 of the Act is amended, in the first paragraph,

(1) by inserting “or prohibiting” after “rules concerning” in subparagraph 1;

(2) by adding “and restrictions relating to the ownership and control of an exchange, a clearing house or an alternative trading system” at the end of subparagraph 9;

(3) by adding “, including derivatives clearing rules” at the end of subparagraph 11;

(4) by replacing “and the public” in subparagraph 12 by “, the public or a trade repository that is not recognized as such”;

(5) by inserting the following subparagraph after subparagraph 21:

“(21.1) prescribe the conditions on which the Authority may authorize the marketing of a derivative for the purposes of sections 82 and 83;”;

(6) by inserting the following subparagraph after subparagraph 22:

“(22.1) prescribe rules relating to the activities of qualified persons;”.

*Adopted
p11*

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 48

AMENDMENT:

Strike out.

Adopted

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 48.1

AMENDMENT:

Insert after section 48:

48.1. The Securities Act (R.S.Q., chapter V-1.1) is amended by inserting the following section after section 10.1:

“10.1.1. An instrument under which a person is required to pay an amount of money to a securities intermediary within the meaning of the Act respecting the transfer of securities and the establishment of security entitlements (chapter T-11.002) or to a clearing house, including as a margin or settlement deposit, and which allows the intermediary or clearing house, in all circumstances described in the instrument, to extinguish or reduce, by means of a set-off, its obligation to repay that amount to the person is enforceable against third persons without further formality.

Such an instrument is governed by the law expressly designated in it or the designation of which may be inferred with certainty from the terms of the instrument.”

Handwritten signature and initials, possibly reading "Adop & BH".

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 54.1

AMENDMENT:

Insert after section 54:

54.1. Section 214 of the Act is amended by adding the following paragraph at the end:

“For the purposes of this section, a reference to a prospectus includes a document, prescribed by regulation, standing in lieu of a prospectus.”

Adopted

Bill 7

An Act to amend various legislative provisions concerning the financial sector

Section 48.2

AMENDMENT:

Insert after section 48.1:

48.2. Section 30 of the Act is amended by replacing “or any amendment thereto” by “, any other document standing in lieu of a prospectus or any amendment to the prospectus or to such a document.”

*Adopted
24
Amended*

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 48.2

AMENDMENT:

Insert “, prescribed by regulation,” after “other document”.

A handwritten signature in black ink, appearing to be 'Adrian M.', is located in the lower center of the page.

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 49

AMENDMENT:

Strike out.

*Adopted
K
PH*

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 58

AMENDMENT:

Strike out.

Adopted

ss. 19.1 to 19.9 (288, 289, 290 to 290.3, 293, 294, 297, 299, 305 and 312)

Bill 7

An Act to amend various legislative provisions concerning the financial sector

Sections 19.1 to 19.9

AMENDMENT:

Insert after section 19:

19.1. Section 288 of the Act is amended

(1) by replacing “two of whom shall be appointed by the Minister to represent the general public for a term of three years” in the first paragraph by “including eight from the industry and five who qualify as independent members”;

(2) by striking out “to represent the general public” in the second paragraph.

19.2. Section 289 of the Act is amended by replacing “The board members of the Chambre de la sécurité financière, except those appointed by the Minister, shall be elected by” in the first paragraph by “The members of the board of the Chambre de la sécurité financière who are not appointed by the Minister shall be elected, according to the procedure set out in the Chamber’s internal management by-law, by”.

19.3. Section 290 of the Act is replaced by the following sections:

“290. The members of the board of the Chambre de l’assurance de dommages who are from the industry shall be elected, according to the procedure set out in the Chamber’s internal management by-law, by damage insurance agents, damage insurance brokers and claims adjusters.

The board members who qualify as independent members shall be appointed by the Minister, on a recommendation of the board.

The situations that the board must examine in order to determine whether a board member qualifies as an independent member shall be specified in the Chamber’s internal management by-law.

The board shall send the Minister any document required by the Minister for the purpose of appointing an independent member.

“290.1. The terms of the members of the board of the Chambre de l’assurance de dommages who are appointed by the Minister shall be determined by the Minister and may not exceed three years. They may be renewed consecutively twice only.

The board members’ terms must be staggered so as to tend toward not more than a third of them expiring in the same year.

“290.2. Any member of the Chambre de la sécurité financière may, if eligible, run for a seat on the Chamber’s board.

In the case of the Chambre de l’assurance de dommages, only an officer of an insurer or of a firm registered for the damage insurance or claims adjustment sector may, if eligible, run for a seat on the Chamber’s board.

A member or an officer may run for one seat only.

“290.3. The eligibility requirements shall be set out in the Chamber’s internal management by-law.

In the case of the Chambre de l’assurance de dommages, the eligibility requirements must be such that the majority of the board members hold a certificate in the damage insurance or claims adjustment sectors.”

19.4. Section 293 of the Act is replaced by the following section:

“293. All the members of a Chamber are entitled to vote.”

19.5. Section 294 of the Act is replaced by the following section:

“294. In the case of representatives in insurance of persons and mutual fund dealer representatives, the election shall be held on the basis of regions delimited by the internal management by-law of the Chambre de la sécurité financière.

In all other cases, the election is held in accordance with the rules determined by the internal management by-law of the Chamber concerned.”

19.6. Section 297 of the Act is amended by replacing “candidates elected to” by “members of the board of”.

19.7. Section 299 of the Act is amended

(1) by replacing “of a Chamber” by “of the Chambre de la sécurité financière”;

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

“The same holds for the members of the board of the Chambre de l’assurance de dommages who are from the industry.”

19.8. Section 305 of the Act is amended by adding “, unless otherwise provided in its internal management by-law” at the end.

19.9. Section 312 of the Act is amended by replacing “in the first paragraph of section 290” in the fifth paragraph by “in section 290”.

Ad P Munnell

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 19.3

AMENDMENT:

Replace the second paragraph of proposed section 290.3:

In the case of the Chambre de l'assurance de dommages, the elected board members must include officers of insurers or firms from each of the following groups:

- (1) insurers that distribute their products mainly through damage insurance agents;
- (2) firms, other than insurers, that are registered for the damage insurance sector and pursue their activities through damage insurance brokers;
- (3) insurers that distribute their products mainly through damage insurance brokers; and
- (4) firms, other than insurers, that are registered for the claims adjustment sector.

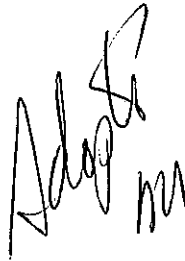
The number of officers of insurers or firms who are elected as board members under subparagraph 1 of the second paragraph by agents referred to in that subparagraph must be in the same proportion to all elected board members as those agents are to the Chamber's total membership.

The number of officers of firms who are elected as board members under subparagraph 2 of the second paragraph by brokers referred to in that subparagraph must be in the same proportion to all elected board members as those brokers are to the Chamber's total membership. At least one of those board members must be an officer of a firm comprising 15 or fewer brokers.

The number of officers of insurers or firms from those referred to in subparagraphs 3 and 4 of the second paragraph who are elected as board members

by claims adjusters must be in the same proportion to all elected board members as claims adjusters are to the Chamber's total membership.

All elected board members must hold a certificate in the damage insurance or claims adjustment sector, except one board member out of those elected under subparagraph 1 of the second paragraph, who may not be an officer holding such a certificate.

A handwritten signature in black ink, appearing to be 'Adap m' with a stylized flourish above the 'm'.

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 60

AMENDMENT:

Replace by:

60. Section 331.1 of the Act, amended by section 138 of chapter 58 of the statutes of 2009, is again amended by replacing “on the conditions” in paragraph 14 by “in the circumstances and on the other conditions”.

A handwritten signature in black ink, appearing to be 'Steph' followed by a stylized initial or mark.

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 43

AMENDMENT:

Replace paragraph 1 of section 43 as amended by:

- (1) in subparagraph 1,
 - (a) by inserting “or prohibiting” after “rules concerning”;
 - (b) by replacing “and manipulation” by “, manipulation and conflicts of interest”;

A handwritten signature in black ink, appearing to read "Adopted" with a checkmark above the "t".

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 50

AMENDMENT:

Replace proposed subparagraph 3 in paragraph 2 by:

“(3) he is required to do so under a contract the terms of which are set out in writing and which was entered into before he became aware of the information.”

A handwritten signature in black ink, appearing to be "Adon" with a large "S" above it and "pd" to the right.

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 54.0.1

AMENDMENT:

Insert after section 54:

54.0.1. Section 204.1 of the Act is amended by replacing “or 197” by “, 197 or 199.1”.

Adopted

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 63.1

AMENDMENT:

Insert after section 63:

63.1. A member of the board of the Chambre de l'assurance de dommages in office on (*insert the date of coming into force of section 19.1*) remains in office until the member's replacement by a member appointed by the Minister of Finance or elected by the members of the Chamber.

All board members from the industry must be elected by (*insert the date that occurs one year after the coming into force of section 19.1*). The board must also, by that date, recommend to the Minister of Finance candidates who qualify as independent members.

Any vacancy on the board between (*insert the date of coming into force of section 19.1*) and the date the board members are replaced, including a vacancy in a seat reserved for a member appointed by the Minister of Finance, is filled by the board.

A handwritten signature in black ink, appearing to be 'Adrian' with a large 'G' above it and 'M' below it.

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Section 65

AMENDMENT:

Strike out.

*Adopted
2/11*

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

Sections 44.1 to 44.4

AMENDMENT:

Insert after section 44:

ACT RESPECTING THE SOCIÉTÉ NATIONALE DU CHEVAL DE COURSE

44.1. Section 1 of the Act respecting the Société nationale du cheval de course (R.S.Q., chapter S-18.2.0.1) is amended by replacing the second paragraph by the following paragraph:

“The sole purpose of the Société is to develop the immovable identified in subparagraph 1 of the first paragraph of section 12.”

44.2. Section 2 of the Act is amended by adding the following paragraph at the end:

“On the expiry of their terms, the members of the board of directors remain in office until they are replaced or reappointed.”

44.3. Section 11 of the Act is amended by replacing the first paragraph by the following paragraph:

“**11.** The Société shall send the Minister its financial statements, together with the auditor’s report, within 30 days after the end of its fiscal year.”

44.4. Section 13 of the Act is amended

(1) by striking out the second sentence of the first paragraph;

(2) by adding “and the sums required for that purpose shall be taken out of the Consolidated Revenue Fund” at the end of the second paragraph.

A handwritten signature in black ink, appearing to read 'Adopté' with a flourish at the end.

Bill 7

**An Act to amend various legislative
provisions concerning the financial
sector**

TITLE

AMENDMENT:

Insert "mainly" before "concerning".

*Adopt
Bill*