

WHEREAS the following regulations have been made by the *Autorité des marchés financiers* or approved by the minister of Finances:

— Regulation 41-101 respecting general prospectus requirements, approved by ministerial order no. 2008-05 dated March 4, 2008 (2008, *G.O.* 2, 810);

— Regulation 81-101 respecting mutual fund prospectus disclosure, made by decision no. 2001-C-0283 dated June 12, 2001 (*Bulletin hebdomadaire*, vol. 32, no. 26 dated June 29, 2001);

— Regulation 81-106 respecting investment fund continuous disclosure approved by ministerial order no. 2005-05 dated May 19, 2005 (2005, *G.O.* 2, 1601);

WHEREAS there is cause to amend those regulations;

WHEREAS the following draft regulations were published in the *Bulletin de l'Autorité des marchés financiers*, volume 7, no. 25 of June 25, 2010:

— Regulation to amend Regulation 41-101 respecting general prospectus requirements;

— Regulation to amend Regulation 81-101 respecting mutual fund prospectus disclosure;

— Regulation to amend Regulation 81-106 respecting investment fund continuous disclosure;

WHEREAS those draft regulations were made by the *Autorité des marchés financiers* by decision no. 2012-PDG-0056 dated March 20, 2012;

WHEREAS there is cause to approve those regulations without amendment;

CONSEQUENTLY, the Minister for Finance approves without amendment the following regulations appended hereto:

— Regulation to amend Regulation 41-101 respecting general prospectus requirements;

— Regulation to amend Regulation 81-101 respecting mutual fund prospectus disclosure;

— Regulation to amend Regulation 81-106 respecting investment fund continuous disclosure.

April 12, 2012

ALAIN PAQUET,
Minister for Finance

Regulation to amend Regulation 41-101 respecting general prospectus requirements

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (6), (8), (16) and (34))

1. Regulation 41-101 respecting General Prospectus Requirements (R.R.Q., c. V-1.1, r. 14) is amended by inserting, after section 14.8, the following:

“14.8.1. Custodial provisions relating to short sales

(1) For the purposes of subsection (2), “borrowing agent” has the same meaning as in Regulation 81-102 respecting Mutual Funds (c. V-1.1, r. 39) except that each reference in that definition to “a mutual fund” must be read as references to “an investment fund”.

(2) Except where the borrowing agent is the investment fund’s custodian or sub-custodian, if an investment fund deposits portfolio assets with a borrowing agent as security in connection with a short sale of securities, the market value of portfolio assets deposited with the borrowing agent must not, when aggregated with the market value of portfolio assets already held by the borrowing agent as security for outstanding short sales of securities by the investment fund, exceed 10% of the net asset value of the investment fund at the time of deposit.

(3) An investment fund must not deposit portfolio assets as security in connection with a short sale of securities with a dealer in Canada unless that dealer is a registered dealer and is a member of the Investment Industry Regulatory Organization of Canada.

(4) An investment fund must not deposit portfolio assets as security in connection with a short sale of securities with a dealer outside Canada unless that dealer

(a) is a member of a stock exchange and is subject to a regulatory audit, and

(b) has a net worth, determined from its most recent audited financial statements that have been made public, in excess of the equivalent of \$50 million.”.

2. Form 41-101F2 of the Regulation is amended:

(1) by inserting, after paragraph (5) of Item 6.1, the following:

“(6) If the investment fund intends to sell securities short

(a) state that the investment fund may sell securities short; and

(b) briefly describe

(i) the short selling process, and

(ii) how short sales of securities are or will be entered into in conjunction with other strategies and investments of the investment fund to achieve the investment fund's investment objectives.”;

(2) by replacing paragraph (4) of Item 12.1 with the following:

“(4) As applicable, describe the risks associated with the investment fund entering into

(a) derivative transactions for non-hedging purposes,

(b) securities lending, repurchase or reverse repurchase transactions; and

(c) short sales of securities.”;

(3) by inserting, in paragraphs (a) and (b) of Item 20.3 and after the words “net asset value”, the words “and net asset value per security”.

3. This Regulation comes into force on April 30, 2012.

Regulation to amend Regulation 81-101 respecting mutual fund prospectus disclosure

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (6) and (8))

1. Section 3.2 of Regulation 81-101 respecting Mutual Fund Prospectus Disclosure (R.R.Q., c. V-1.1, r. 38) is amended by replacing paragraphs 1 and 2 of the French text with the following:

“1) La transmission d'un prospectus simplifié provisoire déposé en vertu du présent règlement et établi conformément au Formulaire 81-101F1 pour un OPC, avec ou sans les documents intégrés par renvoi, permet de satisfaire à l'obligation prévue dans la législation en valeurs mobilières de transmettre ou d'envoyer un prospectus provisoire à une personne.

“2) La transmission d'un prospectus simplifié déposé en vertu du présent règlement et établi conformément au Formulaire 81-101F1 pour un OPC, avec ou sans les

documents intégrés par renvoi, permet de satisfaire à l'obligation prévue dans la législation en valeurs mobilières de transmettre ou d'envoyer un prospectus à une personne.”.

2. The titles of Part 4 and section 4.1 of the Regulation are replaced, in the French text, with the following:

“PARTIE 4 LANGAGE SIMPLE ET PRÉSENTATION

“4.1. Langage simple et présentation”.

3. Part A of the French text of Form 81-101F1 of the Regulation is amended, in the last paragraph of paragraph (3) of Item 4, by replacing the words “organisme d'assurance-dépôts gouvernemental” with the words “organisme public d'assurance-dépôts”.

4. Part B of Form 81-101F1 of the Regulation is amended:

(1) by deleting, in Item 5, paragraph (e);

(2) by replacing Item 7 with the following:

“Item 7 Investment Strategies

(1) Describe under the heading “What Does The Fund Invest In?” and under the sub-heading “Investment Strategies”

(a) the principal investment strategies that the mutual fund intends to use in achieving its investment objectives; and

(b) the process by which the mutual fund's portfolio adviser selects securities for the fund's portfolio, including any investment approach, philosophy, practices or techniques used by the portfolio adviser or any particular style of portfolio management that the portfolio adviser intends to follow.

(c) if the mutual fund may hold securities of other mutual funds,

(i) whether the mutual fund intends to purchase securities of, or enter into specified derivative transactions for which the underlying interest is based on the securities of, other mutual funds;

(ii) whether or not the other mutual funds may be managed by the manager or an affiliate or associate of the manager of the mutual fund;