

## Draft Regulation

Act respecting the distribution of financial products and services  
(R.S.Q, c. D-9.2, s. 278; 2006 c. 50)

### Regulation to amend the *Regulation respecting the dues, contributions and fees payable*

The *Autorité des marchés financiers* (the “Authority”) is publishing the following draft Regulation:

- Draft Regulation to amend the *Regulation respecting the dues, contributions and fees payable*

### Purpose of draft Regulation

This draft Regulation is made pursuant to section 278 of the *Act respecting the distribution of financial products and services*, R.S.Q. c. D-9.2, and is intended to make changes to contributions payable to the *Fonds d’indemnisation des services financiers* (the “fund”) established under the Act.

The Authority draws on the fund to pay indemnities to victims of fraud, fraudulent tactics or embezzlement carried out in connection with the distribution of financial products and services. This compensation program helps maintain the confidence of consumers in the financial sector.

Further to recent financial scandals, including the Norbourg matter, the fund’s deficit has widened as a result of the substantial increase in indemnities. Under current legislation, the Authority is required to determine the contributions paid to the fund so as to make up any deficit over a maximum period of five years. To offset insufficient assets, an increase in contributions is therefore needed.

In addition to taking into account the indemnities payable, the Authority is required to determine contributions to the fund based on the risk profile of each sector and any other criteria it deems appropriate. To do so, it is proposing changes on the basis of the following criteria:

- continuity in contribution amounts so as to avoid sharp increases;
- simplicity with respect to contribution levels;
- consideration of historical risk presented by each sector since 1999.

### Proposed changes

In light of the historical risk of each sector and given that the Norbourg matter is related to the group savings plan brokerage sector, the sector is being asked, under the draft Regulation, to assume almost all costs arising from this exceptional case. As well, a reduction in the current contribution for the claims adjustment sector is being proposed. As for insurance of persons, the draft Regulation is proposing a higher contribution, thereby placing it in line with the contribution for damage insurance, since both sectors share a similar risk level.

The following table indicates the amount of the proposed contribution per representative for each sector for which the representative is authorized to practice.

Years	Damage insurance	Insurance of persons	Claims adjustment	Group savings plan brokerage	Other sectors
2007	\$128	\$80	\$128	\$80	\$80
2008	\$160	\$160	\$100	\$260	\$100

Moreover, the Authority proposes to maintain discounts in respect of contributions for representatives who operate in more than one sector. However, rather than being tied to a percentage, these discounts will now be based on a fixed amount of \$75 for each additional sector.

The Regulation is expected to come into force on January 1, 2008.

### **Request for comment**

Notice is hereby given by the Authority that the draft Regulation to amend the *Regulation respecting the dues, contributions and fees payable*, the text of which is published in [Section 4.2.1 of the Bulletin of the Authority dated June 29, 2007](#), may be made by the Authority and subsequently submitted to the Minister of Finance for approval after 30 days have elapsed since this publication.

### **Comments**

Comments regarding the above may be made in writing before **July 30, 2007**, to the following person:

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### **Additional information**

Additional information is available from:

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The draft Regulation is appended.

**June 29, 2007**