

PROPOSED DERIVATIVES FRAMEWORK

The *Autorité des marchés financiers* (the “Authority”) is today publishing for comment proposal documents on the regulation of the derivatives markets in Québec. These documents contain a proposed legislation and regulation as well as proposed policy statements in respect of derivatives.

This initiative is further to the publication of a discussion paper in May 2006 on the regulation of derivatives markets containing the Authority’s broad orientations for the development of a derivatives regulatory framework. Prepared by a group of analysts specializing in various operating aspects within the Authority and submitted to an advisory committee made up of industry representatives, the discussion paper generated numerous comments and observations that have been taken into account in the proposed framework. The approach adopted in the proposed framework consists of fostering the development of core principles in legislation and complementing the framework with regulatory provisions or policy statements. In addition to providing the flexibility needed to respond promptly and adapt the framework to market changes, this approach allows various market participants to operate within the framework in a manner that is more in line with their business model, thereby sustaining an environment that is conducive to innovation and competition. As well, the Authority has ensured that its proposals are compatible with international standards, while recognizing the realities of the Canadian and North American markets.

Following this consultation, the Authority intends to pursue its task, taking into account the comments it receives, and prepare recommendations for the Minister of Finance for the purpose of implementing a modern and effective regulatory framework for derivatives markets in Québec. The final result of this initiative by the Authority may be implemented only after it has been submitted to the regulatory and legislative process of the Government and the National Assembly.

Request for comment

Comments on the proposed derivatives legislation and regulation as well as on the proposed policy statements are welcome.

Transmission of comments

Comments should be forwarded in writing not later than November 8, 2007. If they are not forwarded by e-mail, please also provide comments on diskette (Microsoft Word for Windows).

Comments may be forwarded to the *Autorité des marchés financiers* to the attention of:

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Questions

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