

## Notice of Publication

### Second consultation on the regulatory framework applicable to the mutual fund sector further to the registration reform project

On February 20, 2007, the *Autorité des marchés financiers* (the "AMF") undertook a consultation with mutual fund firms (also known as group savings plan firms), their representatives and a number of stakeholders from the industry by means of a proposal document concerning the impact of registration reform. Registration reform will be implemented under *Regulation 31-103 respecting registration requirements* ("Regulation 31-103"), the first draft of which was also published on February 20, 2007.

After analyzing comments received in response to the first proposal document, the AMF proposes the following regarding the framework for the mutual fund sector:

1. Mutual fund firms would not be required to join an industry self-regulatory organization in Québec.
2. At the end of a two-year transition period following the coming into force of Regulation 31-103, mutual fund firms and their representatives would be subject to compatible rules of the Mutual Fund Dealers Association of Canada ("MFDA"), even though the MFDA is not recognized in Québec.
3. Mutual fund representatives registered in Québec would continue to be members of the *Chambre de la sécurité financière* and to pay the mandatory annual contribution.
4. The regime for mandatory annual contributions paid by firms to the Financial Services Compensation Fund, based on the number of representatives of the firm, would not be amended for mutual fund firms registered in Québec.
5. The liability insurance regime for mutual fund firms and their representatives registered in Québec would not be amended.
6. Annual fees for maintaining registration of mutual fund dealer firms registered in Québec, whether or not they are MFDA members, would be amended to cover the costs of supervising and overseeing mutual fund dealer firms.
7. The second paragraph, section 149 of the *Securities Act*, which restricts a representative of a dealer with an unrestricted practice from concurrently carrying on business as such and being employed by a financial institution, unless the representative is specialized in group savings or scholarship plans, would not be amended.

These measures are outlined in a second proposal document, dated September 21, 2007, published following this notice. The proposal document also includes an appendix containing details of the proposed fee schedule.

Documents relating to this consultation and draft Regulation 31-103 were published in the AMF Bulletin of February 23, 2007 (volume 4, number 8, sections 3.3 and 3.2.1). These documents and the comments received are also available on the AMF website, <http://www.lautorite.qc.ca/projets-speciaux/reforme-inscription.en.html>.

Comments on the above may be made in writing by **November 19, 2007**, to the attention of

M<sup>e</sup> Anne-Marie Beaudoin  
Corporate Secretary  
Autorité des marchés financiers  
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To help ensure greater transparency in the consultation process, all comments received will be posted on the AMF website at [www.lautorite.qc.ca](http://www.lautorite.qc.ca).

An information session to discuss these proposals will take place **November 6, 2007**, from 9:30 a.m. to 11:00 a.m. at the Montréal Hyatt Regency Hotel:

Salle Hospitalité  
1255 Jeanne-Mance Street  
Montréal, Québec H5B 1E5

### **Questions**

Please refer all questions to:

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**September 21, 2007**