

Draft Regulation

Derivatives Act

(Chapter I-14.01, s. 175, par. 1, subpars. (1), (2), (3), (12) and (22))

Regulation to amend the Derivatives Regulation

Notice is hereby given by the *Autorité des marchés financiers* (the “Authority”) that, in accordance with section 175 of the *Derivatives Act* (CQLR, c. I-14.01), the Regulation to amend the Derivatives Regulation, the text of which is published hereunder, may be made by the Authority and subsequently submitted to the Minister of Finance for approval, with or without amendment, after 30 days have elapsed since its publication in the Bulletin of the Authority.

Background and description of proposed amendments

a) Sections 1.1 and 1.2: Identification of hedgers

On January 14, 2016, the Authority proposed a new certification requirement for hedgers wishing to rely on their status as accredited counterparties. In view of the comments received further to the consultation, the Authority reviewed the mechanism by which it would receive the required information.

The Authority is proposing a new requirement for an accredited counterparty who engages in an over-the-counter derivatives transaction with a hedger who cannot otherwise qualify as an accredited counterparty. The counterparty will be required to deliver electronically to the Authority the information necessary to identify hedgers and completed transactions.

Delivery of this information will enable the Authority to determine the identity and number of hedgers in order to assess their status as accredited counterparties.

b) Sections 1.3 and 1.4: Prohibition

The Authority is concerned by the growing number of complaints received regarding the trading of products commonly called “binary options”, which are offered illegally to retail customers in Québec via unauthorized on-line trading platforms.

The Authority is proposing to prohibit the offering of such products to individuals. In addition to protecting the specific interests of Québec investors, this prohibition is also intended to strengthen the integrity of and public confidence in the financial sector.

c) Section 11.36: Amendment relating to the delivery of financial statements

The Authority is proposing to extend the accounting principles that can be used by qualified persons in preparing their financial statements to different accounting principles that are generally accepted in a jurisdiction of Canada or a foreign jurisdiction and include, but are not limited to, IFRS, Canadian GAAP and U.S. GAAP.

Request for Comment

Comments regarding the above may be provided in hard copy or electronic form by **March 4, 2017**, to:

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Corporate Secretary
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The Authority will post all responses on its website (www.lautorite.qc.ca).

Additional information

Additional information is available from:

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