

REGULATION TO AMEND THE DERIVATIVES REGULATION

Derivatives Act

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

1. The Derivatives Regulation (chapter I-14.01, r. 1) is amended by inserting the following after Division I:

“Division I.1

“IDENTIFICATION OF HEDGERS

“1.1. The accredited counterparty who engages in an over-the-counter derivatives transaction with a hedger referred to in paragraph 12 of the definition of “accredited counterparty” in section 3 of the Act must send to the Authority, within 30 days after the end of the quarter in which the transaction was completed, the following information regarding each transaction:

(1) the unique legal entity identifiers assigned to the accredited counterparty and the hedger in accordance with the standards set by the Global Legal Entity Identifier System as defined in section 1 of Regulation 91-507 respecting Trade Repositories and Derivatives Data Reporting (chapter I-14.01, r. 1.1);

(2) if the hedger is an individual or is not eligible to receive a legal entity identifier as determined by the Global Legal Entity Identifier System as defined in section 1 of Regulation 91-507 respecting Trade Repositories and Derivatives Data Reporting, the name and address of the hedger as well as the identifier used by the accredited counterparty to identify the hedger in accordance with paragraph 4 of section 28 of Regulation 91-507 respecting Trade Repositories and Derivatives Data Reporting;

(3) the unique transaction identifier assigned to the transaction by the trade repository in accordance with section 29 of Regulation 91-507 respecting Trade Repositories and Derivatives Data Reporting.

“1.2. Section 1.1 does not apply if the hedger is, in another capacity, an accredited counterparty.

“Division I.2

“PROHIBITION

“1.3. No person may offer to an individual a binary option or derivative where:

(1) at maturity, the holder is entitled to either a predetermined fixed yield if the underlying interest meets a predetermined condition, or a zero yield if the underlying interest does not meet a predetermined condition;

(2) the holder cannot buy or sell the underlying interest;

(3) maturity is less than 30 days;

“1.4. The Authority may, on the conditions it determines, expressly authorize the offering of a derivative referred to in section 1.3 if it considers that the authorization is not prejudicial to the protection of investors.

The Authority’s decision is final.”

2. Section 11.36 of this Regulation is amended by replacing “Canadian GAAP applicable to publicly accountable enterprises” in paragraph 1 with “accounting principles as defined in section 1.1 of Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards (chapter V-1.1, r. 25)”.

3. This Regulation comes into force on (insert the date of coming into force of this Regulation).