

Notice regarding financial reporting requirements for mutual fund dealers registered in Québec

Introduction

On July 27, 2017, the *Autorité des marchés financiers* (the “Authority”) published, together with the other Canadian securities administrators (collectively, the “CSA”), the final text of the proposed amendments to Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations, CQLR, c. V-1.1, r. 10 (“Regulation 31-103”), and to the Policy Statement to Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations.

Some amendments relate to the financial reporting requirements of mutual fund dealers (“MFDs”) registered in Québec. Their purpose is to harmonize these requirements and reduce the administrative burden of MFDs.

Purpose of the Notice

This Notice complements the information about the amendments to Part 12 of Regulation 31-103 and specifies which documents MFDs may deliver and the frequency of delivery.

Background

The financial reporting requirements of MFDs are currently set out in:

- Part 12 of Regulation 31-103; and
- Sections 8 and 11 of the Regulation respecting the trust accounts and financial resources of securities firms, Order in Council No. 1123-99, (1999) 131 G.O. II, 3615 (See the *Act to amend the Securities Act and other legislative provisions*, S.Q. 2009, c. 25, section 134).

Regulatory amendments

Subsection 9.4(4) of Regulation 31-103 specifies that MFDs registered in Québec are now subject to section 12.12 of Regulation 31-103 and, consequently, to the requirements and timeframes set out therein for delivering financial information. MFDs must file with the Authority:

- annually: annual audited non-consolidated financial statements and Form 31-103F1 Calculation of Excess Working Capital of Regulation 31-103 (“Form 31-103F1”) no later than the 90th day after the end of the financial year;
- quarterly: interim financial information and Form 31-103F1 no later than the 30th day after the end of the interim period.

Choices available to MFDs registered only in Québec and solely in the category of mutual fund dealer

Regulation 31-103 also states that MFDs registered only in Québec and solely in the category of mutual fund dealer can choose to file, annually or quarterly, one of the following documents:

- Appendix I – Monthly Report on Net Free Capital provided in the Regulation respecting the trust accounts and financial resources of securities firms;
- Form 31-103F1, as required under section 12.12 of Regulation 31-103.

Treatment of professional liability insurance deductible in the calculation of excess working capital in Form 31-103F1

Form 31-103F1 was amended to allow MFDs registered only in Québec and solely in this category to include specifically, on line 10, the amount for the deductible related to their professional liability insurance.

This amendment will benefit MFDs registered only in Québec and solely in this category who choose to file Form 31-103F1.

MFDs registered in Québec that are members of the Mutual Fund Dealers Association of Canada (MFDA)

MFDs registered in Québec that are also MFDA members can now rely on subsection 12.12(2.1) or subsection 12.14(5) of Regulation 31-103. Therefore, if all the conditions set out under these regulatory provisions are met, MFDA dealer members can file MFDA Form 1 MFDA Financial Questionnaire and Report with the Authority rather than Form 31-103F1.

Please refer to the tables below for a summary of the impact, by registration category, of the new regulatory requirements.

Additional information

Additional information is available from:

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You can also contact the AMF Information Centre:

Québec City: 418-525-0337
Montréal: 514-395-0337
Toll-free: 1-877-525-0337
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SUMMARY TABLES

Mutual fund dealers (MFDs) that are not MFDA members

Documents à divulguer	Articles du Règlement 31-103	CEC inscrits seulement dans cette catégorie	CEC inscrits dans d'autres catégories	Fréquence de transmission des documents
États financiers annuels non consolidés audités	12.12 (1) a)	√	√	Annuelle (dans les 90 jours suivant la fin de l'exercice)
Annexe 31-103A1, Calcul de l'excédent du fonds de roulement	12.12 (1) b) 12.12 (2) b)	Choix entre: Annexe 31-103A1 et Annexe I - Rapport sur capital liquide net	√	Trimestrielle (dans les 30 jours suivant la fin du trimestre) et Annuelle (dans les 90 jours suivant la fin de l'exercice)
Information financière intermédiaire	12.12 (2) a)	√	√	Trimestrielle (dans les 30 jours suivant la fin des périodes intérimaires)
Annexe 1 - Rapport sur le capital liquide net	12.12 (4) 12.12 (5)	Choix entre: Annexe 31-103A1 et Annexe I - Rapport sur capital liquide net	n/a	Trimestrielle (dans les 30 jours suivant la fin des périodes intérimaires)

Mutual fund dealers (MFDs) that are MFDA members

Documents à divulguer	Articles du Règlement 31-103	CEC inscrits uniquement dans cette catégorie	CEC inscrits comme CMD ¹ ou CPBE ¹	CEC inscrits comme GFI ²	CEC inscrit dans d'autres catégories	Fréquence de transmission des documents
États financiers annuels non consolidés audités	12.12 (1) a)	√	√	√	√	Annuelle (dans les 90 jours suivant la fin de l'exercice)
Annexe 31-103A1, Calcul de l'excédent du fonds de roulement	12.12 (1) b) 12.12 (2) b)	√	Choix entre: Formulaire 1 de l'ACFM ou Annexe 31-103A1	Choix entre: Formulaire 1 de l'ACFM ou Annexe 31-103A1	√	Annuelle (dans les 90 jours suivant la fin de l'exercice) et Trimestrielle (dans les 30 jours suivant la fin du trimestre)
Information financière intermédiaire	12.12 (2) a)	√	√	√	√	Trimestrielle (dans les 30 jours suivant la fin des périodes intérimaires)
Formulaire 1 de l'ACFM ³	12.12 (2.1) ou 12.14 (5)	n/a	Choix entre: Formulaire 1 de l'ACFM ou Annexe 31-103A1	Choix entre: Formulaire 1 de l'ACFM ou Annexe 31-103A1	n/a	Annuelle (dans les 90 jours suivant la fin de l'exercice) et Trimestrielle (dans les 30 jours suivant la fin du trimestre)

1) *EMD: Exempt market dealer*
SPD: Scholarship plan dealer

2) *IFM: Investment fund manager*

3) *The conditions indicated in subsection 12.12(2.1) or 12.14(5), as the case may be, must be met for this choice to be selected.*