

REGULATION 32-102 RESPECTING REGISTRATION EXEMPTIONS FOR NON-RESIDENT INVESTMENT FUND MANAGERS

Securities Act

(R.S.Q., c. V-1.1, s. 331.1, par. (1), (3), (4.1), (11), (26) and (34))

PART 1 DEFINITIONS AND APPLICATION

1. Definitions

In this Regulation, “permitted client” has the same meaning as in section 1.1 of Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations, except that it excludes paragraph (m) and (n) and includes a registered charity under the Income Tax Act (Canada) that obtains advice on the securities to be traded from an eligibility adviser, as defined in section 1.1 of Regulation 45-106 respecting Prospectus and Registration Exemptions, or an adviser registered under the securities legislation of the jurisdiction of the registered charity.

2. Application of this Regulation

This Regulation applies in Québec, Ontario, New Brunswick and Newfoundland and Labrador.

PART 2 EXEMPTIONS FROM INVESTMENT FUND MANAGER REGISTRATION

3. No security holders or active solicitation in the local jurisdiction

The investment fund manager registration requirement does not apply to a person acting as an investment fund manager of an investment fund if it does not have a place of business in the local jurisdiction and if one or more of the following apply:

- (a) the investment fund has no security holders resident in the local jurisdiction;
- (b) the investment fund or the investment fund manager has not actively solicited residents in the local jurisdiction to purchase securities of the fund.

4. Permitted clients

(1) The investment fund manager registration requirement does not apply to a person acting as an investment fund manager of an investment fund if all securities of the investment fund distributed in the local jurisdiction were distributed under an exemption from the prospectus requirement to a permitted client.

(2) The exemption in subsection (1) is not available unless all of the following apply:

- (a) the investment fund manager does not have its head office or its principal place of business in Canada;
- (b) the investment fund manager is incorporated, formed or created under the laws of a foreign jurisdiction;
- (c) the investment fund is not a reporting issuer in any jurisdiction of Canada;
- (d) the investment fund manager has submitted to the securities regulatory authority in the local jurisdiction a completed Form 32-102F1 Submission to Jurisdiction and Appointment of Agent for Service for International Investment Fund Manager;

(e) the investment fund manager has notified the permitted client in writing of all of the following:

(i) the investment fund manager is not registered in the local jurisdiction to act as an investment fund manager;

(ii) the foreign jurisdiction in which the head office or principal place of business of the investment fund manager is located;

(iii) all or substantially all of the assets of the investment fund manager may be situated outside of Canada;

(iv) there may be difficulty enforcing legal rights against the investment fund manager because of the above;

(v) the name and address of the agent for service of process of the investment fund manager in the local jurisdiction.

(3) A person that relied on the exemption in subsection (1) during the 12 month period preceding December 1 of a year must notify the securities regulatory authority in the local jurisdiction, by December 1 of that year, of the following:

(a) the fact that it relied upon the exemption in subsection (1);

(b) for all investment funds for which it acts as an investment fund manager, the total assets under management expressed in Canadian dollars, attributable to securities beneficially owned by residents of the local jurisdiction as at the most recently completed month.

(4) A person relying on the exemption in subsection (1) must file with the securities regulatory authority in the local jurisdiction, a completed Form 32-102F2 Notice of Regulatory Action within 10 days of the date on which that person began relying on that exemption.

(5) A person must notify the securities regulatory authority in the local jurisdiction, of any change to the information previously submitted in Form 32-102F2 Notice of Regulatory Action under subsection (4) within 10 days of the change.

PART 3 NOTICE TO INVESTORS BY INTERNATIONAL INVESTMENT FUND MANAGERS

5. Contents of the notice

A registered investment fund manager whose head office or principal place of business is not located in Canada must provide or cause to be provided, to security holders with an address of record in the local jurisdiction on the records of each investment fund in respect of which the investment fund manager acts as an investment fund manager, a statement in writing disclosing the following:

(a) the investment fund manager is not resident in the local jurisdiction;

(b) the foreign jurisdiction in which the head office or the principal place of business of the investment fund manager is located;

(c) all or substantially all of the assets of the investment fund manager may be situated outside of Canada;

(d) there may be difficulty enforcing legal rights against the investment fund manager because of the above;

(e) the name and address of the agent for service of process of the investment fund manager in the local jurisdiction.

PART 4 TRANSITION

6. Temporary exemption for Canadian investment fund manager registered in its principal jurisdiction

A person that is registered as an investment fund manager in the jurisdiction of Canada in which its head office is located is not required to register or apply for registration in the local jurisdiction as an investment fund manager until December 31, 2012.

7. Temporary exemption for international investment fund managers

A person that is acting as an investment fund manager in the local jurisdiction and whose head office or principal place of business is not in a jurisdiction of Canada is not required to register or apply for registration in the local jurisdiction as an investment fund manager until December 31, 2012.

PART 5 GRANTING AN EXEMPTION

8. Who can grant an exemption

(1) The regulator, except in Québec, or the securities regulatory authority may grant an exemption from this Regulation, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of Regulation 14-101 respecting Definitions opposite the name of the jurisdiction.

PART 6 WHEN THIS REGULATION COMES INTO FORCE

9. Effective date

This Regulation comes into force on *[insert date of coming into force]*, except section 5, which comes into force on March 31, 2013.

FORM 32-102F1
SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR
SERVICE FOR INTERNATIONAL INVESTMENT FUND MANAGER
(SECTION 4)

1. Name of person ("International Firm"):
2. If the International Firm was previously assigned an NRD number as a registered investment fund manager or an unregistered exempt international firm, provide the NRD number of the firm.
3. Jurisdiction of incorporation of the International Firm:
4. Address of head office or principal place of business of the International Firm:
5. The name, e-mail address, phone number and fax number of the International Firm's chief compliance officer.
 Name:
 E-mail address:
 Phone:
 Fax:
6. Name of agent for service of process (the "Agent for Service"):
7. Address for service of process on the Agent for Service:
8. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.
9. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.
10. Until 6 years after the International Firm ceases to rely on section 4, the International Firm must submit to the securities regulatory authority
 - a. a new Submission to Jurisdiction and Appointment of Agent for Service for International Investment Fund Manager in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service for International Investment Fund Manager is terminated; and
 - b. an amended Submission to Jurisdiction and Appointment of Agent for Service for International Investment Fund Manager no later than the 30th day before any change in the name or above address of the Agent for Service.
11. This Submission to Jurisdiction and Appointment of Agent for Service for International Investment Fund Manager is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _____

(Signature of the International Firm or authorized signatory)

(Name and Title of authorized signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of (Insert name of International Firm) under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service for International Investment Fund Manager.

Dated: _____

(Signature of Agent for Service or authorized signatory)

(Name and Title of authorized signatory)

FORM 32-102F2
NOTICE OF REGULATORY ACTION
(SECTION 4)

Definitions

“Significant control”: a person has significant control of another person if the person:

- directly or indirectly holds voting securities representing more than 20 per cent of the outstanding voting rights attached to all outstanding voting securities of the other person, or
- directly or indirectly is able to elect or appoint a majority of the directors (or individuals performing similar functions or occupying similar positions) of the other person.

“Specified affiliate”: a person that is a parent of a firm, a specified subsidiary of a firm, or a specified subsidiary of a firm’s parent.

“Specified subsidiary”: a person of which another person has significant control.

All of the questions below apply to any jurisdiction and any foreign jurisdiction. The information must be provided in respect of the last 7 years.

1. Has the firm, or any predecessors or specified affiliates of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, self-regulatory organization (SRO) or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

Yes ☐ No ☐

If yes, provide the following information for each settlement agreement:

Name of entity
Regulator/organization
Date of settlement (yyyy/mm/dd)
Details of settlement
Jurisdiction

2. Has any financial services regulator, securities or derivatives exchange, SRO or similar organization:

	Yes	No
(a) Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?		

(b) Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?		
(c) Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?		
(d) Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?		
(e) Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?		
(f) Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?		
(g) Issued an order (other than an exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?		

If yes, provide the following information for each action:

Name of Entity	
Type of Action	
Regulator/organization	
Date of action (yyyy/mm/dd)	Reason for action
Jurisdiction	

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliates is the subject?

Yes ☐ No ☐

If yes, provide the following information for each investigation:

Name of entity
Reason or purpose of investigation
Regulator/organization
Date investigation commenced (yyyy/mm/dd)

Jurisdiction
Name of firm
Name of firm's authorized signing officer or partner
Title of firm's authorized signing officer or partner
Signature
Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness
Title of witness
Signature
Date (yyyy/mm/dd)