

M.O., 2015-08**Order number V-1.1-2015-08 of the Minister of Finance, 11 June 2015**

Securities Act
(chapter V-1.1)

CONCERNING Regulation to amend Regulation 41-101 respecting General Prospectus Requirements and Regulation to amend Regulation 52-110 respecting Audit Committees

WHEREAS subparagraphs 1, 19.2 and 34 of section 331.1 of the Securities Act (chapter V-1.1) provide that the *Autorité des marchés financiers* may make regulations concerning the matters referred to in those paragraphs;

WHEREAS the third and fourth paragraphs of section 331.2 of the said Act provide that a draft regulation shall be published in the *Bulletin de l'Autorité des marchés financiers*, accompanied with the notice required under section 10 of the Regulations Act (chapter R-18.1) and may not be submitted for approval or be made before 30 days have elapsed since its publication;

WHEREAS the first and fifth paragraphs of the said section provide that every regulation made under section 331.1 must be approved, with or without amendment, by the Minister of Finance and comes into force on the date of its publication in the *Gazette officielle du Québec* or on any later date specified in the regulation;

WHEREAS the Regulation 41-101 respecting General Prospectus Requirements has been approved by ministerial order no. 2008-05 dated March 4, 2008 (2008, *G.O.* 2, 810);

WHEREAS the Regulation 52-110 respecting Audit Committees has been approved by ministerial order no. 2005-10 dated June 7, 2005 (2005, *G.O.* 2, 1997);

WHEREAS there is cause to amend those regulations;

WHEREAS the draft Regulation to amend Regulation 41-101 respecting General Prospectus Requirements and the draft Regulation to amend Regulation 52-110 respecting Audit Committees were published in the *Bulletin de l'Autorité des marchés financiers*, vol. 11, no. 20 of May 22, 2014;

WHEREAS the *Autorité des marchés financiers* made, on May 20, 2015, by the decision no. 2015-PDG-0080, Regulation to amend Regulation 41-101 respecting General Prospectus Requirements and Regulation to amend Regulation 52-110 respecting Audit Committees;

WHEREAS there is cause to approve those regulations without amendment;

CONSEQUENTLY, the Minister of Finance approves without amendment Regulation to amend Regulation 41-101 respecting General Prospectus Requirements and Regulation to amend Regulation 52-110 respecting Audit Committees appended hereto.

11 June 2015

CARLOS LEITÃO,
Minister of Finance

REGULATION TO AMEND REGULATION 41-101 RESPECTING GENERAL PROSPECTUS REQUIREMENTS

Securities Act

(chapter V-1.1, s. 331.1, par. (1) and (34))

1. Form 41-101F1 of Regulation 41-101 respecting General Prospectus Requirements (chapter V-1.1, r. 14) is amended:

(1) by replacing, in paragraph (4) of section 1.9, the words “other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc” with “(other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc)”;

(2) by inserting, in paragraphs (2) and (3) of section 5.1 and after “within the 3 most recently completed financial years or”, “, if the issuer is a venture issuer or an IPO venture issuer, the 2 most recently completed financial years, or”;

(3) in section 5.2:

(a) by replacing the heading with the following:

“History”;

(b) by inserting, in paragraph (1) and after “over the last 3 completed financial years”, “or, if the issuer is a venture issuer or an IPO venture issuer, the last 2 completed financial years,”;

(4) by inserting, after paragraph (3) of section 8.2, the following:

“GUIDANCE

Under section 2.2.1 of Form 51-102F1, for financial years beginning on or after July 1, 2015, venture issuers, or IPO venture issuers, have the option of meeting the requirement to provide interim MD&A under section 2.2 of Form 51-102F1 by providing quarterly highlights disclosure.”;

(5) by inserting, in subparagraph (b) of paragraph (3) of section 8.6 and before the words “the most recent year-to-date”, “if the issuer is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1,”;

(6) by inserting, in subparagraph (b) of paragraph (2) of section 8.8 and before the words “the most recent year-to-date”, “if the issuer is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1,”;

(7) by inserting, in section 17.1 and after “in accordance with Form 51-102F6”, “or, if the issuer is a venture issuer or an IPO venture issuer, in accordance with Form 51-102F6 or Form 51-102F6V”;

(8) by replacing, in section 20.11, the words “other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc” with “(other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc)”;

(9) by replacing subparagraph (a) of paragraph (1) of section 32.4 with the following:

“(a) the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the third most recently completed financial year, if the issuer is

(i) an IPO venture issuer, or

(ii) a reporting issuer in at least one jurisdiction immediately before filing the prospectus.”.

2. This Regulation comes into force on June 30, 2015.

REGULATION TO AMEND REGULATION 52-110 RESPECTING AUDIT COMMITTEES

Securities Act
(chapter V-1.1, s. 331.1, par. (19.2))

1. Regulation 52-110 respecting Audit Committees (chapter V-1.1, r. 28) is amended by inserting, after section 6.1, the following:

“6.1.1. Composition of Audit Committee

(1) An audit committee of a venture issuer must be composed of a minimum of 3 members.

(2) Every member of an audit committee of a venture issuer must be a director of the issuer.

(3) Subject to subsections (4), (5) and (6), a majority of the members of an audit committee of a venture issuer must not be executive officers, employees or control persons of the venture issuer or of an affiliate of the venture issuer.

(4) If a circumstance arises that affects the business or operations of the venture issuer, and a reasonable person would conclude that the circumstance can be best addressed by a member of the audit committee becoming an executive officer or employee of the venture issuer, subsection (3) does not apply to the audit committee in respect of the member until the later of:

- (a) the next annual meeting of the venture issuer;
- (b) the date that is six months after the date on which the circumstance arose.

(5) If an audit committee member becomes a control person of the venture issuer or of an affiliate of the venture issuer for reasons outside the member's reasonable control, subsection (3) does not apply to the audit committee in respect of that member until the later of:

- (a) the next annual meeting of the venture issuer;
- (b) the date that is six months after the event which caused the member to become a control person.

(6) If a vacancy on the audit committee arises as a result of the death, incapacity or resignation of an audit committee member and the board of directors is required to fill the vacancy, subsection (3) does not apply to the audit committee, in respect of the member appointed to fill the vacancy, until the later of:

- (a) the next annual meeting of the venture issuer;
- (b) the date that is 6 months from the day the vacancy was created.

(7) This section applies to a venture issuer in respect of a financial year beginning on or after January 1, 2016.”.

2. Form 52-110F2 of the Regulation is amended by replacing item 5 with the following:

“5. Reliance on Certain Exemptions

If, at any time since the commencement of the issuer’s most recently completed financial year, the issuer has relied on

- (a) the exemption in section 2.4,
- (b) the exemption in subsection 6.1.1(4),
- (c) the exemption in subsection 6.1.1(5),
- (d) the exemption in subsection 6.1.1(6), or
- (e) an exemption from this Instrument, in whole or in part, granted under

Part 8,

state that fact.”.

3. This Regulation comes into force on June 30, 2015.