

WHEREAS there is cause to approve those regulations with amendments;

Consequently, the Minister of Finance approves with amendments the following regulations appended hereto:

— Regulation to amend Regulation 13-101 respecting the system for electronic analysis and retrieval (SEDAR);

— Regulation to amend Regulation 81-101 mutual fund prospectus disclosure;

— Regulation to amend Regulation 81-102 mutual funds;

— Regulation to amend Regulation 81-104 respecting commodity pools;

— Regulation to amend Regulation 81-106 respecting investment fund continuous disclosure.

October 31, 2006

MICHEL AUDET,
Minister of Finance

Regulation to amend Regulation 13-101 respecting the system for electronic document analysis and retrieval (SEDAR)

Securities Act
(R.S.Q., c. V-1.1, s. 331.1 par. 1 and 2)

1. Appendix A of Regulation 13-101 respecting the System for Electronic Document Analysis and Retrieval (SEDAR) is amended:

(1) by adding the following items after Item 17 of paragraph B of Part I:

“18. Report by Independent Review Committee

19. Manager - transactions in securities of related issuers

20. Manager - transactions under Part 4 of Regulation 81-102 Mutual Funds adopted by the *Commission des valeurs mobilières du Québec* pursuant to decision No. 2001-C-0209 dated May 22, 2001

21. Manager - notification under Part 5 of Regulation 81-107 respecting Independent Review Committee for Investment Funds approved by Ministerial Order no. 2006-02 dated October 31, 2006;”;

(2) by adding the following items after Item 18 of subparagraph (a) of paragraph B of Part II:

“19. Report by Independent Review Committee

20. Manager - transactions in securities of related issuers

21. Manager - transactions under Part 4 of Regulation 81-102 Mutual Funds

22. Manager - notification under Part 5 of Regulation 81-107 respecting Independent Review Committee for Investment Funds”.

2. The SEDAR Filer Manual, Standards, Procedures and Guidelines for Electronic Filing with the Canadian Securities Administrators, of the Regulation is amended by replacing the words “gérant”, “le gérant”, “du gérant” and “un gérant”, wherever they appear in the French text, with the words “société de gestion”, “la société de gestion”, “de la société de gestion” and “une société de gestion”, respectively, and making the necessary changes.

3. This Regulation comes into force on the date of its publication in the *Gazette officielle du Québec*.

Regulation to amend Regulation 81-101 mutual fund prospectus disclosure

Securities Act
(R.S.Q., c. V-1.1, s. 331.1 par. 1, 6, 14, 16, 17 and 34)

1. Section 1.1 of Regulation 81-101 Mutual Fund Prospectus Disclosure is amended:

(1) by adding the following before the definition of “material contract”:

““independent review committee” means the independent review committee of the investment fund established under Regulation 81-107 respecting Independent Review Committee for Investment Funds approved by Ministerial Order no. 2006-02 dated October 31, 2006;”;

(2) in the definition of “commodity pool”:

(a) by replacing, in paragraph (a) of the French text, the words “Règlement 81-102 *Les organismes de placement collectif*” with the words “Règlement 81-102 sur les organismes de placement collectif adopté par la Commission des valeurs mobilières du Québec en vertu de la décision n° 2001-C-0209 du 22 mai 2001”;

(b) by replacing, in paragraph (b), the words "Regulation 81-102" with the words "Regulation 81-102 Mutual Funds";

(3) by replacing, in the definition of "precious metals fund", the words "Regulation 81-102" with the words "Regulation 81-102 Mutual Funds".

2. Form 81-101F1, Contents of Simplified Prospectus, of the Regulation is amended:

(1) in General Instruction (2), by deleting the words "adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0209 dated May 22, 2001" and by replacing the words "of Regulation 81-102" with the words "of Regulation 81-102 Mutual Funds";

(2) in Part A:

(a) in Item 5:

(i) by adding the following subsection after subsection (3):

"(3.1) Under a separate sub-heading "Independent Review Committee" in the diagram or table, briefly describe the independent review committee of the mutual funds, including

- an appropriate summary of its mandate,
- its composition,
- that it prepares at least annually a report of its activities for securityholders which is available on the [mutual fund's/mutual fund family's] Internet site at [insert mutual fund's Internet site address], or at the securityholders' request, at no cost, by contacting the [mutual fund/mutual fund family] at [insert mutual fund's e-mail address], and
- that additional information about the independent review committee, including the names of the members, is available in the mutual fund's Annual Information Form.";

(ii) by adding the following subsection after subsection (5):

"(6) Despite subsection (3.1), if the information required by subsection (3.1) is not the same for substantially all of the mutual funds described in the document, provide only that information that is the same for substantially all of the mutual funds and provide the remaining disclosure required by that subsection under Item 4(3.1) of Part B of this Form.";

(iii) by adding the following Instruction after Instruction (2):

"(3) The information about the independent review committee should be brief. For instance, its mandate may in part be described as "reviewing, and providing input on, the manager's written policies and procedures which deal with conflict of interest matters for the manager and reviewing such conflict of interest matters." A cross-reference to the annual information form for additional information on the independent review committee and fund governance should be included.";

(b) in Item 8.1:

(i) by adding the following subsection after subsection (3):

"(3.1) Under "Operating Expenses" in the table, include a description of the fees and expenses payable in connection with the independent review committee.";

(ii) by adding the following subsection after subsection (5):

"(6) Despite subsection (3.1), if the information required by subsection (3.1) is not the same for each mutual fund described in the document, make this disclosure in the description of fees and expenses required for each fund by Item 5 of Part B of this Form and include a cross-reference to that information in the table required by this Item.";

(3) in Part B:

(a) by adding the following after subsection (3) of Item 4:

"(3.1) Under a separate sub-heading "Independent Review Committee" in the diagram or table, briefly describe the independent review committee of the mutual funds, including

- an appropriate summary of its mandate,
- its composition,
- that it prepares at least annually a report of its activities for securityholders which is available on the [mutual fund's/mutual fund family's] Internet site at [insert mutual fund's Internet site address], or at the securityholders' request, at no cost, by contacting the [mutual fund/mutual fund family] at [insert mutual fund's e-mail address], and
- that additional information about the independent review committee, including the names of the members, is available in the mutual fund's Annual Information Form.";

(b) by adding the following after subparagraph (ii) of paragraph (f) of Item 5:

"(iii) the amount of the fees and expenses payable in connection with the independent review committee, charged to the mutual fund; and";

(c) by deleting, in subsection (1) of Item 11.1, the words "adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0209 dated May 22, 2001";

(4) by replacing, wherever they appear, the words "Regulation 81-102" with the words "Regulation 81-102 Mutual Funds", and making the necessary changes;

(5) by replacing the words "gérant", "le gérant", "du gérant", "au gérant" and "son gérant", wherever they appear in the French text, with the words "société de gestion", "la société de gestion", "de la société de gestion", "à la société de gestion" and "sa société de gestion", respectively, and making the necessary changes.

3. Form 81-101F2, Contents of Annual Information Form, of the Regulation is amended:

(1) in General Instruction (2), by deleting the words "adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0209 dated May 22, 2001" and by replacing the words "of Regulation 81-102" with the words "of Regulation 81-102 Mutual Funds";

(2) by adding the following after subsection (2) of Item 4:

"(2.1) If the mutual fund has relied on the approval of the independent review committee and has satisfied the relevant requirements of Regulation 81-107 respecting Independent Review Committee for Investment Funds to vary any of the investment restrictions and practices contained in securities legislation, including Regulation 81-102 Mutual Funds, provide details of the variations.

(2.2) If the mutual fund has relied on the approval of the independent review committee to implement a reorganization with, or transfer of assets to, another mutual fund or to proceed with a change of auditor of the mutual fund as permitted by Regulation 81-102 Mutual Funds, provide details.";

(3) in Item 10.1, by striking out the word "and" at the end of paragraph (f), adding ";" and "and" at the end of paragraph (g) and adding the following after paragraph (g):

"(h) the oversight of the manager of the mutual fund by the independent review committee.";

(4) by adding the following after subsection (5) of Item 11.1:

"(6) Disclose the percentage of securities of each class or series of voting or equity securities beneficially owned, directly or indirectly, in aggregate, by all the independent review committee members of the mutual fund

(a) in the mutual fund if the aggregate level of ownership exceeds 10 percent,

(b) in the manager, or

(c) in any person or company that provides services to the mutual fund or the manager.";

(5) by replacing the heading of Item 12 of the French text with the words "Gouvernance d'OPC";

(6) in Item 12:

(a) by replacing, in subsection (1) of the French text, the word "régie" with the word "gouvernance";

(b) by replacing paragraph (a) of subsection (1) with the following:

"(a) the mandate and responsibilities of the independent review committee and the reasons for any change in the composition of the independent review committee since the date of the most recently filed annual information form;

(a.1) any other body or group that has responsibility for fund governance and the extent to which its members are independent of the manager of the mutual fund; and";

(c) in the Instruction, by adding "(1)" before "The disclosure";

(d) in the Instruction, by adding the following paragraph before the heading "Item 13: Fees and Expenses":

"(2) If the mutual fund has an independent review committee, state in the disclosure provided under paragraph (1)(b) that Regulation 81-107 respecting Independent Review Committee for Investment Funds requires the manager to have policies and procedures relating to conflicts of interest.";

(6) by replacing subsection (2) of Item 15 with the following:

"(2) Describe any arrangements under which compensation was paid or payable by the mutual fund during the most recently completed financial year of the mutual fund, for the services of directors of the mutual fund, members of an independent board of governors or advisory board of the mutual fund and members of the independent review committee of the mutual fund, including the amounts paid, the name of the individual and any expenses reimbursed by the mutual fund to the individual

(a) in that capacity, including any additional amounts payable for committee participation or special assignments; and

(b) as consultant or expert."

4. The Regulation is amended by replacing, wherever they appear, the words "Regulation 81-102" with the words "Regulation 81-102 Mutual Funds", and making the necessary changes.

5. The Regulation is amended by replacing the words "gérant", "le gérant", "du gérant", "au gérant" and "son gérant", wherever they appear in the French text, with the words "société de gestion", "la société de gestion", "de la société de gestion", "à la société de gestion" and "sa société de gestion", respectively, and making the necessary changes, except in the expression "courtier gérant".

6. This Regulation comes into force on the date of its publication in the *Gazette officielle du Québec*.

Regulation to amend Regulation 81-102 mutual funds

Securities Act
(R.S.Q., c. V-1.1, s. 331.1 par. 6, 11, 16, 17 and 34)

1. Section 1.1 of Regulation 81-102 Mutual Funds is amended:

(1) by adding the following after the definition of "illiquid asset":

"“independent review committee” means the independent review committee of the investment fund established under Regulation 81-107 respecting Independent Review Committee for Investment Funds approved by Ministerial Order no. 2006-02 dated October 31, 2006;”

(2) by replacing the definition of "manager" with the following:

"“manager” means a person or company that directs the business, operations and affairs of a mutual fund;”

(3) by replacing the definition of "mutual fund conflict of interest investment restrictions" with the following:

"“mutual fund conflict of interest investment restrictions” means the provisions of securities legislation that

(a) prohibit a mutual fund from knowingly making or holding an investment in any person or company who is a substantial securityholder, as defined in securities legislation, of the mutual fund, its management company, manager or distribution company;

(b) prohibit a mutual fund from knowingly making or holding an investment in any person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder, as defined in securities legislation;

(c) prohibit a mutual fund from knowingly making or holding an investment in an issuer in which any person or company who is a substantial securityholder of the mutual fund, its management company, manager or distribution company, has a significant interest, as defined in securities legislation;

(d) prohibit a mutual fund, a responsible person as defined in securities legislation, a portfolio adviser or a registered person acting under a management contract from knowingly causing any investment portfolio managed by it, or a mutual fund, to invest in, or prohibit a mutual fund from investing in, any issuer in which a responsible person, as defined in securities legislation, is an officer or director unless the specific fact is disclosed to the mutual fund, securityholder or client, and where securities legislation requires it, the written consent of the client to the investment is obtained before the purchase;

(e) prohibit a mutual fund, a responsible person as defined in securities legislation, or a portfolio adviser knowingly causing any investment portfolio managed by it to subscribe for, purchase or sell, or prohibit a mutual fund from subscribing for, purchasing or selling, the securities of any issuer from or to the account of a responsible person, as defined in securities legislation, an associate of a responsible person or the portfolio adviser; and;