

Regulation to amend Regulation 58-101 respecting Disclosure of Corporate Governance Practices⁹

Securities Act

(R.S.Q., c. V-1.1, s. 331.1, par. (1), (2), (8) and (34); 2007, c. 15)

1. Section 1.2 of Regulation 58-101 respecting Disclosure of Corporate Governance Practices is amended by:

(1) replacing, in paragraph (1), the words “In a jurisdiction other than British Columbia, a director” with “For the purposes of this Regulation, a director”;

(2) deleting paragraph (2).

2. This Regulation comes into force on March 17, 2008.

Regulation to amend Regulation 81-101 Mutual Fund Prospectus Disclosure¹⁰

Securities Act

(R.S.Q., c. V-1.1, s. 331.1, par. (1), (3), (5), (8), (14), (19) and (34); 2007, c. 15)

1. The English text of the heading of Regulation 81-101 Mutual Fund Prospectus Disclosure is replaced with the following:

“Regulation 81-101 respecting Mutual Fund Prospectus Disclosure”.

2. Section 1.1 of the Regulation is amended:

(1) by adding the following definition after “Part B section”:

⁹ Regulation 58-101 respecting Disclosure of Corporate Governance Practices, approved by Ministerial Order No. 2005-11 dated June 7, 2005 (2005, *G.O.* 2, 2015), was amended solely by the regulation to amend that Regulation approved by Ministerial Order No. 2007-09 dated December 14, 2007 (2007, *G.O.* 2, 4077).

¹⁰ Regulation 81-101 Mutual Fund Prospectus Disclosure, adopted by decision no. 2001-C-0283 dated June 12, 2001 was last amended by the regulation amending that regulation and approved by Ministerial Order No. 2006-03 dated October 31, 2006 (2006, *G.O.* 2, 3586). For previous amendments, refer to the *Tableau des modifications et Index sommaire, Éditeur officiel du Québec*, 2007, updated to September 1, 2007.

““Personal Information Form and Authorization” means the Personal Information Form and Authorization of Indirect Collection, Use and Disclosure of Personal Information set out in Appendix A to Regulation 41-101 respecting General Prospectus Requirements;”;

(2) by adding the following definition before “commodity pool”:

““business day” means any day other than a Saturday, a Sunday or a statutory holiday;”;

(3) by adding the following definition after “educational material”:

““executive officer” means, for a mutual fund, a manager of a mutual fund or a promoter of a mutual fund, an individual who is

(a) a chair, vice-chair or president,

(b) a vice-president in charge of a principal business unit, division or function including sales, finance or product development, or

(c) performing a policy-making function;” and;”.

3. Section 2.1 of the Regulation is amended by adding, after paragraph (d), the following:

“(e) must not file a prospectus more than 90 days after the date of the receipt for the preliminary prospectus that relates to the prospectus.”.

4. Section 2.2 of the Regulation is amended:

(1) by replacing paragraph (1) of the French text with the following:

“1) La modification apportée à un prospectus simplifié ou à une notice annuelle prend la forme suivante:

a) soit une simple modification, sans reprise intégrale du texte du prospectus simplifié ou de la notice annuelle;

b) soit une version modifiée du prospectus simplifié ou de la notice annuelle.”;

(2) by replacing, in the French text of paragraph (2), the words “prendra obligatoirement la forme d’une section Partie B modifiée et mise à jour” with the words “doit prendre la forme d’une version modifiée de la section Partie B”;

(3) by replacing paragraph (3) of the French text with the following:

“3) La modification d'un prospectus simplifié ou d'une notice annuelle est désignée et datée comme suit:

1. dans le cas d'une simple modification, sans reprise du texte du prospectus simplifié ou de la notice annuelle:

« Modification n° [indiquer le numéro de la modification] datée du [indiquer la date de la modification] apportée [au/à la] [indiquer le document] daté[e] du [indiquer la date du document faisant l'objet de la modification]. »;

2. dans le cas d'une version modifiée du prospectus ou de la notice annuelle autre qu'une modification visée au paragraphe 2:

« Version modifiée datée du [indiquer la date de la modification] [du/de la] [indiquer le document] daté[e] du [insérer la date du document faisant l'objet de la modification]. »;

5. The Regulation is amended by adding, after section 2.2, the following:

“2.2.1. Amendment to a Preliminary Simplified Prospectus

(1) Except in Ontario, if, after a receipt for a preliminary simplified prospectus is issued but before a receipt for the simplified prospectus is issued, a material adverse change occurs, an amendment to the preliminary simplified prospectus must be filed as soon as practicable, but in any event within 10 days after the change occurs.

(2) The regulator or, in Québec, the securities regulatory authority must issue a receipt for an amendment to a preliminary simplified prospectus as soon as practicable after the amendment is filed.

“2.2.2. Delivery of Amendments

Except in Ontario, a mutual fund must deliver an amendment to a preliminary simplified prospectus as soon as practicable to each recipient of the preliminary simplified prospectus according to the record of recipients required to be maintained under securities legislation.

“2.2.3. Amendment to a Simplified Prospectus

(1) Except in Ontario, if, after a receipt for a simplified prospectus is issued but before the completion of the distribution under the simplified prospectus, a material

change occurs, a mutual fund must file an amendment to the simplified prospectus as soon as practicable, but in any event within 10 days after the day the change occurs.

(2) Except in Ontario, if, after a receipt for a simplified prospectus or an amendment to a simplified prospectus is issued but before the completion of the distribution under the simplified prospectus or the amendment to the simplified prospectus, securities in addition to the securities previously disclosed in the simplified prospectus or the amendment to the simplified prospectus are to be distributed, an amendment to the simplified prospectus disclosing the additional securities must be filed, as soon as practicable, but in any event within 10 days after the decision to increase the number of securities offered.

(3) Except in Ontario, the regulator or, in Québec, the securities regulatory authority must issue a receipt for an amendment to a simplified prospectus filed under this section unless the regulator or, in Québec, the securities regulatory authority considers that there are grounds set out in securities legislation that would cause the regulator or, in Québec, the securities regulatory authority not to issue the receipt for a simplified prospectus.

(4) Except in Ontario, the regulator or, in Québec, the securities regulatory authority must not refuse to issue a receipt under subsection (3) without giving the mutual fund that filed the simplified prospectus an opportunity to be heard.”.

6. Section 2.3 of the Regulation is amended:

(1) in paragraph (1):

(a) by replacing subparagraph (a) with the following:

“(a) file with a preliminary simplified prospectus and a preliminary annual information form

(i) a copy of the preliminary annual information form certified in accordance with Part 5.1,

(ii) a submission to the jurisdiction and appointment of an agent for service of process of the manager of the mutual fund in the form set out in Appendix C to Regulation 41-101 respecting General Prospectus Requirements approved by Ministerial Order no. (*indicate the number and date of the ministerial order approving the regulation*), if the manager of the mutual fund is incorporated, continued or organized under the laws of a foreign jurisdiction or resides outside of Canada,

(iii) a copy of any material contract and a copy of any amendment to a material contract that have not previously been filed, other than a contract entered into in the ordinary course of business,

(iv) a copy of the following documents and a copy of any amendment to the following documents that have not previously been filed:

(A) by-laws or other corresponding instruments currently in effect,

(B) any securityholder or voting trust agreement that the mutual fund has access to and that can reasonably be regarded as material to an investor in securities of the mutual fund,

(C) any other contract of the mutual fund that creates or can reasonably be regarded as materially affecting the rights or obligations of the mutual fund's securityholders generally;

(v) any other supporting documents required to be filed under securities legislation; and";

(b) by replacing subparagraphs (b)(i) to (iii) with the following:

"(i) for

(A) a new mutual fund, a copy of a draft opening balance sheet of the mutual fund, and

(B) an existing mutual fund, a copy of the latest audited financial statements of the mutual fund,

"(ii) personal information in the form of the Personal Information Form and Authorization for:

(A) each director and executive officer of the mutual fund,

(B) each director and executive officer of the manager of the mutual fund,

(C) each promoter of the mutual fund, and

(D) if the promoter is not an individual, each director and executive officer of the promoter,

unless

(E) a completed Personal Information Form and Authorization,

(F) before March 17, 2008, a completed authorization in

(I) the form set out in Appendix B of Regulation 44-101 respecting Short Form Prospectus Distributions approved by Ministerial Order no. 200524 dated November 30, 2005,

(II) the form set out in *Form 41-501F2 of Rule 41-501 General Prospectus Requirements and Forms* ((2000), 23 BCVMO (Supp.) 765) of Ontario Securities Commission, or

(III) the form set out in Appendix A of Regulation Q-28 respecting General Prospectus Requirements adopted by decision no. 2001C0390 dated August 14, 2001, or

(G) before March 17, 2008, a completed personal information form or authorization in a form substantially similar to a personal information form or authorization in clause (E) or (F), as permitted under securities legislation,

was previously delivered in connection with the simplified prospectus of another mutual fund managed by the manager of the mutual fund,

"(iii) a signed letter to the regulator or, in Québec, the securities regulatory authority from the auditor of the mutual fund prepared in accordance with the form suggested for this circumstance by the Handbook, if a financial statement of the mutual fund incorporated by reference in the preliminary simplified prospectus is accompanied by an unsigned auditor's report, and

"(iv) any other supporting documents required to be delivered or sent to the securities regulatory authority under in securities legislation.";

(2) in paragraph (2):

(a) by replacing subparagraph (a)(ii) with the following:

"(ii) a submission to the jurisdiction and appointment of an agent for service of process of the manager of the mutual fund in the form set out in Appendix C to Regulation 41-101 respecting General Prospectus Requirements, if the manager of the mutual fund is incorporated, continued or organized under the laws of a foreign jurisdiction or resides outside of Canada and if that document has not already been filed, and

"(iii) any other supporting documents required to be filed under securities legislation, and";

(b) by replacing subparagraph (b)(iv) with the following:

“(iv) personal information in the form of the Personal Information Form and Authorization for:

(A) each director and executive officer of the mutual fund,

(B) each director and executive officer of the manager of the mutual fund,

(C) each promoter of the mutual fund, and

(D) if the promoter is not an individual, each director and executive officer of the promoter,

unless

(E) a completed Personal Information Form and Authorization,

(F) before March 17, 2008, a completed authorization in

(I) the form set out in Appendix B of Regulation 44-101 respecting Short Form Prospectus Distributions,

(II) the form set out in *Form 41-501F2 of Rule 41-501 General Prospectus Requirements and Forms* of Ontario Securities Commission, or

(III) the form set out in Appendix A of Regulation Q-28 respecting General Prospectus Requirements, or

(G) before March 17, 2008, a completed personal information form or authorization in a form substantially similar to a personal information form or authorization in clause (E) or (F), as permitted under securities legislation,

was previously delivered in connection with a simplified prospectus of the mutual fund or another mutual fund managed by the manager of the mutual fund, and

“(v) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.”;

(3) in paragraph (3):

(a) by replacing subparagraph (a)(iii) with the following:

“(iii) a copy of the annual information form certified in accordance with Part 5.1,

“(iv) a submission to the jurisdiction and appointment of an agent for service of process of the manager of the mutual fund in the form set out in Appendix C to Regulation 41-101 respecting General Prospectus Requirements approved by Ministerial Order no. (*indicate the number and the date of the Ministerial Order approving the regulation*), if the manager of the mutual fund is incorporated, continued or organized under the laws of a foreign jurisdiction or resides outside of Canada and if that document has not already been filed,

“(v) any consents required by section 2.6,

“(vi) a copy of each report or valuation referred to in the simplified prospectus, for which a consent is required to be filed under section 2.6 and that has not previously been filed, and

“(vii) any other supporting documents required to be filed under securities legislation; and”;

(b) by replacing subparagraph (b)(iii) with the following:

“(iii) details of any changes to the personal information required to be delivered under subparagraph 2.3(1)(b)(ii) or 2.3(2)(b)(iv), in the form of the Personal Information Form and Authorization, since the delivery of that information in connection with the filing of the simplified prospectus of the mutual fund or another mutual fund managed by the manager, and

“(iv) any other supporting documents required to be delivered or sent to the securities regulatory authority under in securities legislation.”;

(4) in paragraph (4):

(a) by replacing subparagraphs (a)(i) and (ii) with the following:

“(i) a copy of the amendment to the annual information form certified in accordance with Part 5.1,

“(ii) any consents required by section 2.6,

“(iii) a copy of any material contract of the mutual fund, and a copy of any amendment to a material contract of the mutual fund, not previously filed, and

“(iv) any other supporting documents required to be filed under securities legislation.”;

(b) in subparagraph (b):

(i) by replacing, in the French text of subparagraph (i), the words “sous forme de prospectus simplifié modifié et révisé” with the words “une version modifiée du prospectus simplifié”;

(ii) by replacing, in the French text of subparagraph (ii), the words “sous forme de notice annuelle modifiée et révisée” with the words “une version modifiée de la notice annuelle”;

(iii) by replacing subparagraph (iii) with the following:

“(iii) details of any changes to the personal information required to be delivered under subparagraph 2.3(1)(b)(ii), 2.3(2)(b)(iv) or 2.3(3)(b)(iii), in the form of the Personal Information Form and Authorization, since the delivery of that information in connection with the filing of the simplified prospectus of the mutual fund or another mutual fund managed by the manager, and

“(iv) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.”;

(5) in paragraph (5):

(a) by replacing subparagraphs (a)(i) and (ii) with the following:

“(i) a copy of the amendment to the annual information form certified in accordance with Part 5.1,

“(ii) any consents required by section 2.6,

“(iii) a copy of any material contract of the mutual fund, and a copy of any amendment to a material contract of the mutual fund, not previously filed, and

“(iv) any other supporting documents required to be filed under securities legislation; and”;

(b) by replacing subparagraph (b) with the following:

“(b) at the time an amendment to an annual information form is filed, deliver or send to the securities regulatory authority

(i) details of any changes to the personal information required to be delivered under subparagraph 2.3(1)(b)(ii), 2.3(2)(b)(iv) or 2.3(3)(b)(iii), in the form of the Personal Information Form and Authorization, since the delivery of that information in connection with the filing of the simplified prospectus of the mutual fund or another mutual fund managed by the manager,

(ii) if the amendment is in the form of an amended and restated annual information form, a copy of the amended and restated annual information form blacklined to show changes and the text of deletions from the annual information form; and

(iii) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.”;

(6) by replacing paragraph (6) with the following:

“(6) Despite any other provision of this section, a mutual fund may

(a) omit or mark to be unreadable certain provisions of a material contract or an amendment to a material contract filed under this section

(i) if the manager of the mutual fund reasonably believes that disclosure of those provisions would be seriously prejudicial to the interests of the mutual fund or would violate confidentiality provisions, and

(ii) if a provision is omitted or marked to be unreadable under subparagraph (i), the mutual fund must include a description of the type of information that has been omitted or marked to be unreadable immediately after the provision that is omitted or marked to be unreadable in the copy of the material contract or amendment to the material contract filed by the mutual fund; and

(b) delete commercial or financial information from the copy of an agreement of the mutual fund, its manager or trustee with a portfolio adviser or portfolio advisers of the mutual fund filed under this section if the disclosure of that information could reasonably be expected to

(i) prejudice significantly the competitive position of a party to the agreement, or

(ii) interfere significantly with negotiations in which parties to the agreement are involved.”

7. The Regulation is amended by inserting the following after Section 2.4:

“2.5. Lapse date

(1) This section does not apply in Ontario.

(2) In this section,

“Lapse date” means, with reference to the distribution of a security that has been qualified under a simplified prospectus, the date that is 12 months after the date of the most recent simplified prospectus relating to the security.

(3) A mutual fund must not continue the distribution of a security to which the prospectus requirement applies after the lapse date unless the mutual fund files a new simplified prospectus that complies with securities legislation and a receipt for that new simplified prospectus is issued by the regulator or, in Québec, the securities regulatory authority.

(4) Despite subsection (3), a distribution may be continued for a further 12 months after a lapse date if,

(a) the mutual fund delivers a pro forma simplified prospectus not less than 30 days before the lapse date of the previous simplified prospectus;

(b) the mutual fund files a new final simplified prospectus not later than 10 days after the lapse date of the previous simplified prospectus; and

(c) a receipt for the new final simplified prospectus is issued by the regulator or, in Québec, the securities regulatory authority within 20 days after the lapse date of the previous simplified prospectus.

(5) The continued distribution of securities after the lapse date does not contravene subsection (3) unless and until any of the conditions of subsection (4) are not complied with.

(6) Subject to any extension granted under subsection (7), if a condition in subsection (4) is not complied with, a purchaser may cancel a purchase made in a distribution after the lapse date in reliance on subsection (4) within 90 days after the purchaser first became aware of the failure to comply with the condition.

(7) The regulator or, in Québec, the securities regulatory authority may, on an application of a mutual fund, extend, subject to such terms and conditions as it may impose, the times provided by subsection (4) where in its opinion it would not be prejudicial to the public interest to do so.

“2.6. Consents of Experts

(1) A mutual fund must file the written consent of:

(a) any solicitor, auditor, accountant, engineer or appraiser;

(b) any notary in Québec; and

(c) any person whose profession or business gives authority to a statement made by that person

if that person is named in a simplified prospectus or an amendment to a simplified prospectus, directly or, if applicable, in a document incorporated by reference,

(d) as having prepared or certified any part of the simplified prospectus or the amendment;

(e) as having opined on financial statements from which selected information included in the simplified prospectus has been derived and which audit opinion is referred to in the simplified prospectus directly or in a document incorporated by reference; or

(f) as having prepared or certified a report, valuation, statement or opinion referred to in the simplified prospectus or the amendment, directly or in a document incorporated by reference.

(2) The consent referred to in subsection (1) must

(a) be filed no later than the time the simplified prospectus or the amendment to the simplified prospectus is filed or, for the purposes of future financial statements that have been incorporated by reference in a simplified prospectus, no later than the date that those financial statements are filed;

(b) state that the person being named consents

(i) to being named, and

(ii) to the use of that person’s report, valuation, statement or opinion;

(c) refer to the report, valuation, statement or opinion stating the date of the report, valuation, statement or opinion; and

(d) contain a statement that the person being named

(i) has read the simplified prospectus, and

(ii) has no reason to believe that there are any misrepresentations in the information contained in it that are

(A) derived from the report, valuation, statement or opinion, or

(B) within the knowledge of the person as a result of the services performed by the person in connection with the report, financial statements, valuation, statement or opinion.

(3) In addition to any other requirement of this section, the consent of an auditor or accountant must also state

(a) the dates of the financial statements on which the report of the auditor or accountant is made; and

(b) that the auditor or accountant has no reason to believe that there are any misrepresentations in the information contained in the simplified prospectus that are

(i) derived from the financial statements on which the auditor or accountant has reported, or

(ii) within the knowledge of the auditor or accountant as a result of the audit of the financial statements.

(4) Subsection (1) does not apply to an approved rating organization that issues a rating to the securities being distributed under the simplified prospectus.

“2.7. Language of Documents

(1) A mutual fund must file a simplified prospectus and any other document required to be filed under this Regulation in French or in English.

(2) In Québec, a simplified prospectus and any document required to be incorporated by reference into a simplified prospectus must be in French or in French and English.

(3) Despite subsection (1), if a mutual fund files a document only in French or only in English but delivers to a securityholder or prospective securityholder a version of the document in the other language, the mutual fund must file that other version not later than when it is first delivered to the securityholder or prospective securityholder.

“2.8. Statement of Rights

Except in Ontario, a simplified prospectus must contain a statement of the rights given to a purchaser under securities legislation in case of a failure to deliver the simplified prospectus or in case of a misrepresentation in the simplified prospectus.”.

8. The Regulation is amended by inserting the following after Section 3.1:

“3.1.1. Audit of Financial Statements

Any financial statements, other than interim financial statements, incorporated by reference in a simplified prospectus must meet the audit requirements in Part 2 of Regulation 81-106 respecting Investment Fund Continuous Disclosure approved by Ministerial Order no. 2005-05 dated May 19, 2005.

“3.1.2. Review of Unaudited Financial Statements

Any unaudited financial statements incorporated by reference in a simplified prospectus at the date of filing of the simplified prospectus must have been reviewed in accordance with the relevant standards set out in the Handbook for a review of financial statements by the mutual fund’s auditor or a review of financial statements by a public accountant.

“3.1.3. Approval of Financial Statements and Related Documents

A mutual fund must not file a simplified prospectus unless each financial statement and each management report of fund performance incorporated by reference in the simplified prospectus has been approved in accordance with the requirements in Part 2 and Part 4 of Regulation 81-106 respecting Investment Fund Continuous Disclosure.”.

9. Section 3.2 of the Regulation is amended:

(1) by deleting, wherever they appear in the English text, the words “or company”;

(2) by adding, at the end, the following:

“(3) Except in Ontario, any dealer distributing a security during the waiting period must:

(a) send a copy of the preliminary simplified prospectus to each prospective purchaser who indicates an interest in purchasing the security and requests a copy of such preliminary simplified prospectus; and

(b) maintain a record of the names and addresses of all persons to whom the preliminary simplified prospectus has been forwarded.”.

10. The Regulation is amended by inserting the following after Part 5:

“Part 5.1 Certificates**“5.1.1. Interpretation**

For the purposes of this Part,

“manager certificate form” means a certificate in the form set out in Item 20 of Form 81-101F2 and attached to the annual information form;

“mutual fund certificate form” means a certificate in the form set out in Item 19 of Form 81-101F2 and attached to the annual information form;

“principal distributor certificate form” means a certificate in the form set out in Item 22 of Form 81-101F2 and attached to the annual information form; and

“promoter certificate form” means a certificate in the form set out in Item 21 of Form 81-101F2 and attached to the annual information form.

“5.1.2. Date of Certificates

The date of the certificates required by this Regulation must be within 3 business days before the filing of the preliminary simplified prospectus, the simplified prospectus, the amendment to the simplified prospectus or the amendment to the annual information form, as applicable.

“5.1.3. Certificate of the Mutual Fund

(1) Except in Ontario, a simplified prospectus of a mutual fund must be certified by the mutual fund.

(2) A mutual fund must certify its simplified prospectus in the form of the mutual fund certificate form.

“5.1.4. Certificate of Principal Distributor

A simplified prospectus of a mutual fund must be certified by each principal distributor in the form of the principal distributor certificate form.

“5.1.5. Certificate of the Manager

A simplified prospectus of a mutual fund must be certified by the manager of the mutual fund in the form of the manager certificate form.

“5.1.6. Certificate of Promoter

(1) Except in Ontario, a simplified prospectus of a mutual fund must be certified by each promoter of the mutual fund.

(2) A prospectus certificate required under this Instrument or other securities legislation to be signed by a promoter must be in the form of the promoter certificate form.

(3) Except in Ontario, the regulator or, in Québec, the securities regulatory authority may require any person who was a promoter of the mutual fund within the two preceding years to sign a certificate, in the promoter certificate form.

(4) Despite subsection (3), in British Columbia, the powers of the regulator with respect to the matters described in subsection (3) are set out in the *Securities Act* (British Columbia).

(5) Except in Ontario, with the consent of the regulator or, in Québec, the securities regulatory authority, a certificate of a promoter for a simplified prospectus may be signed by an agent duly authorized in writing by the person required to sign the certificate.

“5.1.7. Certificates of Corporate Mutual Funds

(1) Except in Ontario, if the mutual fund is a company, the certificate of the mutual fund required under section 5.1.3 must be signed

(a) by the chief executive officer and the chief financial officer of the mutual fund; and;

(b) on behalf of the board of directors of the mutual fund, by

(i) any two directors of the mutual fund, other than the persons referred to in paragraph (a) above, or

(ii) if the mutual fund has only three directors, two of whom are the persons referred to in paragraph (a) above, all the directors of the mutual fund.

(2) Except in Ontario, if the regulator or, in Québec, the securities regulatory authority is satisfied that either or both of the chief executive officer or chief financial officer cannot sign a certificate in a simplified prospectus, the regulator or, in Québec, the securities regulatory authority may accept a certificate signed by another officer.”.

11. The heading of Part 7 of the Regulation is replaced by the following:

“Part 7 Effective Date”.

12. Sections 7.2 and 7.3 of the Regulation are repealed.

13. Form 81-101F1 of the Regulation is amended:

(1) in Part A:

(a) by adding, at the end of Item 6, the following:

“(5) Under the sub-heading “Short-term Trading”

(a) describe the adverse effects, if any, that short-term trades in securities of the mutual fund by an investor may have on other investors in the mutual fund;

(b) describe the restrictions, if any, that may be imposed by the mutual fund to deter short-term trades, including the circumstances, if any, under which such restrictions may not apply;

(c) where the mutual fund does not impose restrictions on short-term trades, state the specific basis for the view of the manager that it is appropriate for the mutual fund not to do so; and

(d) if applicable, state that the annual information form includes a description of all arrangements, whether formal or informal, with any person, to permit short-term trades of securities of the mutual fund.

INSTRUCTION

In the disclosure required by subsection (5) above, include a brief description of the short-term trading activities in the mutual fund that are considered by the manager to be inappropriate or excessive. Where the manager imposes a short-term trading fee, include a cross-reference to the disclosure provided under Item 8 of Part A of this Form.”;

(b) by inserting the following line item in the table of Item 8, after “Redemption fees”:

Short-term Trading Fee	<i>[specify percentage, as a percentage of]</i>
---------------------------	---

(2) in Part B:

(a) by replacing paragraph (2) of Item 1 of the French text with the following:

“2) Si la section Partie B est une version modifiée, ajouter à la mention de bas de page prévue au paragraphe 1 une mention précisant qu’il s’agit d’une version modifiée du document et indiquant la date de cette version modifiée.”;

(b) in Item 6:

(i) by replacing paragraph (4) of the French text with the following:

“4) Si l’OPC est censé détenir une garantie ou une assurance afin de protéger tout ou partie du capital d’un placement dans l’OPC, indiquer ce fait comme objectif de placement fondamental de l’OPC et faire ce qui suit:

a) donner l’identité de la personne qui fournit la garantie ou l’assurance;

b) préciser les conditions importantes de la garantie ou de l’assurance, y compris son échéance;

c) le cas échéant, indiquer si la garantie ou l’assurance ne s’applique pas au montant des rachats effectués avant l’échéance de la garantie ou avant le décès du porteur et si ces rachats seraient calculés en fonction de la valeur liquidative de l’OPC à ce moment;

d) modifier toute autre information requise par la présente rubrique de manière appropriée.”;

(ii) by deleting, in the English text of subparagraph (a) of paragraph (4), the words “or company”;

(c) by replacing, in the French text of instruction 4 under Item 9, the words “*affichés aux fins de négociation*” with the words “*inscrits à la cote d’une bourse*”.

14. Form 81-101F2 of the Regulation is amended:

(1) in Item 8:

(a) by replacing the heading of Item 8 of the French text with the following:

“Rubrique 8:**“Souscriptions et substitutions”;**

(b) by deleting, in the French text of paragraph (4), the words “pour chacun”;

(c) by replacing paragraph (5) of the French text with the following:

“5) Indiquer qu’un courtier a la possibilité de prévoir, dans le cadre de son entente avec un épargnant, qu’il demandera à celui-ci de l’indemniser de toute perte qu’il subit en raison du règlement d’un achat de titres de l’OPC qui n’est pas effectué par la faute de l’épargnant.”;

(2) in Item 11.1:

(a) by replacing Item 11.1 of the French text with the following:

“11.1. Principaux porteurs de titres

1) L'information exigée en application de la présente rubrique doit être fournie à une date fixe qui se situe dans les 30 jours de la date de la notice annuelle.

2) Préciser le nombre et le pourcentage de titres de chaque catégorie ou série de titres comportant droit de vote de l'OPC et du gestionnaire de l'OPC dont est porteur inscrit ou propriétaire véritable chaque personne qui est porteur inscrit ou propriétaire véritable, ou que l'OPC ou le gestionnaire sait être propriétaire véritable, directement ou indirectement, de plus de 10 % des titres comportant droit de vote de toute catégorie ou série, et indiquer si les titres sont détenus soit à la fois par un porteur inscrit et un propriétaire, soit par un porteur inscrit ou par un propriétaire véritable uniquement.

3) Pour toute entité qui est nommée en application du paragraphe 2, indiquer le nom de toute personne dont cette entité est une « entité contrôlée ».

4) Si une personne nommée en application du paragraphe 2 est porteur inscrit ou propriétaire véritable, directement ou indirectement, de plus de 10 % de toute catégorie de titres comportant droit de vote de toute catégorie du placeur principal de l'OPC, préciser le nombre et le pourcentage de titres de la catégorie ainsi détenus.

5) Indiquer le pourcentage de titres de chaque catégorie ou série de titres comportant droit de vote ou de titres de participation qui sont la propriété véritable, directement ou indirectement, de l'ensemble des administrateurs, des fiduciaires et des dirigeants:

a) de l'OPC et détenus:

i) soit dans l'OPC si le pourcentage total de propriété dépasse 10 %;

ii) soit dans le gestionnaire;

iii) ou dans toute personne qui fournit des services à l'OPC ou au gestionnaire;

b) du gestionnaire et détenus:

i) soit dans l'OPC si le pourcentage total de propriété dépasse 10 %;

ii) soit dans le gestionnaire;

iii) ou dans toute personne qui fournit des services à l'OPC ou au gestionnaire.

6) Indiquer le pourcentage de titres de chaque catégorie ou série de titres comportant droit de vote ou de titres de participation qui sont la propriété véritable, directement ou indirectement, de l'ensemble des membres du comité d'examen indépendant de l'OPC et sont détenus:

a) soit dans l'OPC si le pourcentage total de propriété dépasse 10 %;

b) soit dans le gestionnaire;

c) ou dans toute personne qui fournit des services à l'OPC ou au gestionnaire.”;

(b) by deleting, in the English text, the words “or company”;

(c) by deleting, in the English text of paragraph (5), the word “senior”;

(3) in Item 11.2:

(a) by deleting, in the English text of paragraph (3), the word “senior”;

(b) by replacing the instructions with the following:

“INSTRUCTIONS:

(1) A person is an “affiliated entity” of another person if one is a subsidiary entity of the other or if both are subsidiary entities of the same person or if each of them is a controlled entity of the same person.

(2) A person is a “controlled entity” of a person if

(a) in the case of a person

(i) voting securities of the first-mentioned person carrying more than 50 percent of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person, and

(ii) the votes carried by the securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned person;

(b) in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned person holds more than 50 % of the interests in the partnership; or

(c) in the case of a limited partnership, the general partner is the second-mentioned person.

(3) A person is a “subsidiary entity” of another person if

(a) it is a controlled entity of

(i) that other,

(ii) that other and one or more persons, each of which is a controlled entity of that other, or

(iii) two or more persons, each of which is a controlled entity of that other; or

(b) it is a subsidiary entity of a person that is that other’s subsidiary entity.

(4) For the purposes of subsection (1) of Item 11.2, the provision of services includes the provision of brokerage services in connection with execution of portfolio transactions for the mutual fund.”;

(4) by replacing, in the subparagraph (a) of paragraph (7) of Item 12 of the French text, the words “personne ou société qui est” with “entité”;

(5) by adding the following paragraphs after paragraph (8) of Item 12:

“(9) Describe the policies and procedures of the mutual fund relating to the monitoring, detection and deterrence of short-term trades of mutual fund securities by investors. If the mutual fund has no such policies and procedures, provide a statement to that effect.

“(10) Describe any arrangements, whether formal or informal, with any person, to permit short-term trades in securities of the mutual fund, including

(a) the name of such person; and

(b) the terms of such arrangements, including

(i) any restrictions imposed on the short-term trades, and

(ii) any compensation or other consideration received by the manager, the mutual fund or any other party pursuant to such arrangements.”;

(6) by replacing, in the French text of paragraph 1 of Item 15, the word “dirigeants” with “membres de la haute direction”;

(7) in paragraph (1) of Item 16:

(a) by replacing subparagraph (a) with the following:

“(a) the articles of incorporation, continuation or amalgamation, the declaration of trust or trust agreement of the mutual fund, limited partnership agreement or any other constating or establishing documents of the mutual fund;”;

(b) by replacing, in the French text of paragraph (d), the word “gardien” with the word “dépositaire”;

(8) in Item 17:

(a) by replacing, in the French text of the introductory sentence, the words “toute entente de règlement” with the words “tout règlement amiable”;

(b) by replacing, in the French text of subparagraph (b), the words “une entente de règlement” with the words “un règlement amiable”;

(9) in Item 19:

(a) by replacing paragraph (1) with the following:

“(1) Include a certificate of the mutual fund that states:

(a) for a simplified prospectus and annual information form:

“This annual information form, together with the simplified prospectus required to be sent or delivered to a purchaser during the currency of this annual information form and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of [insert the jurisdictions in which qualified] and do not contain any misrepresentations.”;

(b) for an amendment to a simplified prospectus or annual information form that does not restate the simplified prospectus or annual information form:

“This amendment no. [specify amendment number and date], together with the [amended and restated] annual information form dated [specify], [amending and restating the annual information form dated [specify],] [as amended by (specify prior amendments and dates)] and the [amended and restated] simplified prospectus dated [specify], [amending and restating the simplified prospectus dated [specify],] [as amended by (specify prior amendments and dates)] required to be sent or delivered

to a purchaser during the currency of the [amended and restated] annual information form [as amended,] and the documents incorporated by reference into the [amended and restated] simplified prospectus, [as amended,] constitute full, true and plain disclosure of all material facts relating to the securities offered by the [amended and restated] simplified prospectus, [as amended,] as required by the securities legislation of [insert the jurisdictions in which qualified] and do not contain any misrepresentations.”;

(c) for an amendment that amends and restates a simplified prospectus or annual information form:

“This amended and restated annual information form dated [specify], amending and restating the annual information form dated [specify] [as amended by (specify prior amendments and dates)], together with the [amended and restated] simplified prospectus dated [specify] [, amending and restating the simplified prospectus dated [specify]] [as amended by (specify prior amendments and dates)] required to be sent or delivered to a purchaser during the currency of this amended and restated annual information form and the documents incorporated by reference into the [amended and restated] simplified prospectus, [as amended,] constitute full, true and plain disclosure of all material facts relating to the securities offered by the [amended and restated] simplified prospectus, [as amended,] as required by the securities legislation of [insert the jurisdictions in which qualified] and do not contain any misrepresentations.”.

“(1.1) For a non-offering prospectus, change “securities offered by the simplified prospectus” to “securities previously issued by the mutual fund” wherever it appears in the statement in Item 19(1)(a).”;

(b) by deleting, in the English text of paragraph (4), the words “or company”;

(10) by inserting, in the French text of paragraph (2) of Item 21 and after the words “l’un de ses”, the words “administrateurs ou”;

(11) by replacing, in the French text of paragraph (1) of Item 22, the words “constitue un exposé complet, véridique et clair de tous les faits importants se rapportant aux titres offerts dans le prospectus simplifié” with the words “révèlent de façon complète, véridique et claire tout fait important relatif aux titres faisant l’objet du placement au moyen du prospectus simplifié”.

15. The Regulation is amended by replacing, wherever it appears in the French text, the word “gardien” with the word “dépositaire”.

16. The Regulation is amended by deleting, wherever they appear in the English text, the words “or company” and “or companies”.

17. The Regulation is amended by replacing, wherever they appear in the French text, the words “société de gestion” with the word “gestionnaire”, and making the necessary changes.

18. This Regulation comes into force on March 17, 2008.

Regulation to amend Regulation 81-102 Mutual Funds¹¹

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (6), (8), (16) and (34);
2007, c. 15)

1. The English text of the heading of Regulation 81-102 Mutual Funds is replaced with the following:

“Regulation 81-102 respecting Mutual Funds”.

2. Section 1.1 of the Regulation is amended:

(1) by replacing the French text of the definition of “courtier gérant” with the following:

“«courtier gérant»:

a) soit un courtier visé qui agit à titre de conseiller en valeurs;

b) soit un conseiller en valeurs dans lequel un courtier visé, un associé, un administrateur, un dirigeant, un représentant ou l’actionnaire principal d’un courtier visé, directement ou indirectement, a la propriété véritable de titres comportant plus de 10 % des droits de vote rattachés aux titres du conseiller en valeurs, en est le porteur inscrit ou exerce, directement ou indirectement, une emprise sur de tels titres;

c) soit un associé ou un dirigeant du conseiller en valeurs visé au paragraphe b);”;

¹¹ Regulation 81-102 Mutual Funds, adopted on May 22, 2001 by decision no. 2001-C-0209 and published in the Supplement to the Bulletin of the *Commission des valeurs mobilières du Québec*, volume 32, no. 22 dated June 1, 2001 was last amended by the regulation amending that regulation and approved by Ministerial Order No. 2006-03 dated October 31, 2006 (2006, *G.O.* 2, 3586). For previous amendments, refer to the *Tableau des modifications et Index sommaire*, Éditeur officiel du Québec, 2007, updated to September 1, 2007.