

## REGULATION TO AMEND REGULATION 81-102 RESPECTING MUTUAL FUNDS

Securities Act  
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (11), (16), (17) and (34))

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

(1) by replacing the definition of the expression “approved credit rating” with the following:

““designated rating” means, for a security or instrument, a rating issued by a designated rating organization, or its DRO affiliate, that is at or above one of the following rating categories, or that is at or above a category that replaces one of the following rating categories, if

(a) there has been no announcement by the designated rating organization or its DRO affiliate of which the mutual fund or its manager is or reasonably should be aware that the rating of the security or instrument to which the designated rating was given may be down-graded to a rating category that would not be a designated rating, and

(b) no designated rating organization or any of its DRO affiliates has rated the security or instrument in a rating category that is not a designated rating:

Designated Rating Organization	Commercial Paper/ Short Term Debt	Long Term Debt
DBRS Limited	R-1 (low)	A
Fitch, Inc.	F1	A
Moody’s Canada Inc.	P-1	A2
Standard & Poor’s Ratings Services (Canada)	A-1 (Low)	A

(2) by replacing the definition of the expression “approved credit rating organization” with the following:

““designated rating organization” means

(a) each of DBRS Limited, Fitch, Inc., Moody’s Canada Inc., and Standard & Poor’s Ratings Services (Canada), including their DRO affiliates; or

(b) any other credit rating organization that has been designated under securities legislation;”;

(3) by replacing, in paragraph (f) of the definition of the expression “cash cover”, the words “an approved credit rating” with the words “a designated rating”;

(4) in the definition of the expression “cash equivalent”:

(a) by replacing, in paragraph (b), the words “an approved credit rating” with the words “a designated rating”;

(b) by replacing, in paragraph (c), the words “an approved credit rating organization have an approved credit rating” with the words “a designated rating organization or its DRO affiliate have a designated rating”;

(5) by inserting, after the definition of the expression “delta”, the following:

““DRO affiliate” has the same meaning as in section 1 of Regulation 25-101 respecting Designated Rating Organizations (R.R.Q., c. V-1.1, r. 8.1);”;

(6) by replacing, wherever they occur in the definition of the expression “floating rate evidence of indebtedness”, the words “an approved credit rating” with the words “a designated rating”;

(7) by replacing, in subparagraph (iii) of paragraph (d) of the definition of the expression “money market fund”, the words “an approved credit rating” with the words “a designated rating”;

(8) in the definition of the expression “qualified security”:

(a) in paragraph (a):

(i) by replacing, in subparagraph (ii), the words “an approved credit rating” with the words “a designated rating”;

(ii) by replacing, in subparagraph (iii), the words “an approved credit rating organization have an approved credit rating” with the words “a designated rating organization or its DRO affiliate have a designated rating”;

(b) by replacing, in paragraph (b), the words “an approved credit rating” with the words “a designated rating”.

2. Section 2.7 of the Regulation is amended:

(1) by replacing, wherever they occur in paragraph (1), the words “an approved credit rating” with the words “a designated rating”;

(2) by replacing, in paragraph (2), the words “approved credit rating” with the words “designated rating”.

3. Section 2.12 of the Regulation is amended by replacing, in subparagraph (d) of subparagraph 6 of paragraph (1), the words “an approved credit rating organization have an approved credit rating” with the words “a designated rating organization or its DRO affiliate have a designated rating”.

4. Section 2.18 of the Regulation is amended by replacing, in subparagraph (iii) of subparagraph (a) of paragraph (1), the words “an approved credit rating” with the words “a designated rating”.

5. Section 4.1 of the Regulation is amended:

(1) by replacing, in subparagraph (b) of paragraph (4), the words “an approved rating by an approved credit rating organization” with the words “a designated rating by a designated rating organization or its DRO affiliate”;

(2) by replacing, in paragraph (4.1), the word “approved” with the word “designated”.

6. Section 15.3 of the Regulation is amended, in paragraph (5):

(1) by replacing, in subparagraph (a), the words “an approved credit rating organization” with the words “a designated rating organization or its DRO affiliate”;

(2) by replacing, in subparagraph (b), the words “approved credit rating organization” with the words “designated rating organization or any of its DRO affiliates”;

(3) by replacing subparagraph (c) with the following:

“(c) no designated rating organization or any of its DRO affiliates is currently rating the securities at a lower level.”.

7. This Regulation comes into force on *(insert the date of coming into force of this Regulation)*.