

M.O., 2014-05**Order number V-1.1-2014-05 of the Minister of Finance, September 4, 2014**

Securities Act
(chapter V-1.1)

CONCERNING concordant regulations to Regulation 81-102 respecting investment fund continuous disclosure

WHEREAS subparagraphs 1, 6, 8, 11, 16 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 following regulations have been made by the *Autorité des marchés financiers* or approved by the minister of Finances :

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

— Regulation 81-101 respecting Mutual Fund Prospectus Disclosure by decision no. 2001-C-0283 dated June 12, 2001;

— Regulation 81-106 respecting investment fund continuous disclosure was made by ministerial order 2005-05 dated May 19, 2005 (2005, *G.O.* 2, 1601A);

— Regulation 81-107 respecting independent review committee for investment funds approved by ministerial order no. 2006-02 dated October 31, 2006 (2006, *G.O.* 2, 3593A);

WHEREAS there is cause to amend those regulations;

WHEREAS the following draft regulations were published in the *Bulletin de l'Autorité des marchés financiers*, volume 10, no. 12 of March 28, 2013 :

— Regulation to amend Regulation 41-101 respecting General Prospectus Requirements;

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

— Regulation to amend Regulation 81-107 respecting independent review committee for investment funds;

WHEREAS the draft Regulation to amend Regulation 81-101 respecting Mutual Fund Prospectus Disclosure was published in the *Bulletin de l'Autorité des marchés financiers*, volume 11, no. 24 of June 19, 2014;

WHEREAS those draft regulations were made by the *Autorité des marchés financiers* by decision no. 2014-PDG-0087 dated August 12, 2014;

WHEREAS there is cause to approve those regulations without amendment;

CONSEQUENTLY, the Minister of Finance approves without amendment the following regulations appended hereto :

— Regulation to amend Regulation 41-101 respecting General Prospectus Requirements;

— Regulation to amend Regulation 81-101 respecting Mutual Fund Prospectus Disclosure;

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

— Regulation to amend Regulation 81-107 respecting independent review committee for investment funds.

September 4, 2014

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), (6), (8) and (34))

1. Section 14.8.1 of Regulation 41-101 respecting General Prospectus Requirements (chapter V-1.1, r. 14) is amended by replacing paragraph (1) with the following:

“(1) For the purposes of subsection (2), “borrowing agent” has the same meaning as in Regulation 81-102 respecting Investment Funds (chapter V-1.1, r. 39).”.

2. Form 41-101F2 of the Regulation is amended :

(1) by replacing paragraph (8) of the General Instructions with the following:

“(8) Where the term “investment fund” is used, it may be necessary, in order to meet the requirement for full, true and plain disclosure of all material facts, to also include disclosure with respect to the investment fund’s investees. If it is more likely than not that a person will become an investee, it may be necessary to also include disclosure with respect to the person. For this purpose, investees include entities that are consolidated, proportionately consolidated, or accounted for using the equity method.

(2) in paragraph (1) of Item 1.3:

(a) by deleting “, including any options or warrants.”;

(b) by replacing, in the French text, the words “OPC coté” with the words “OPC négocié en bourse”;

(3) by replacing, in paragraph (1) of Item 3.4, the words “ auditor and principal distributor” with the words “ auditor, principal distributor and securities lending agent”;

(4) by replacing paragraph (2) of Item 14.1 with the following:

“(2) Describe how the issue price of the securities of the investment fund is determined.”;

(5) by replacing Item 15.1 with the following:

“15.1. Redemption of Securities

(1) Under the heading “Redemption of Securities”, describe how investors may redeem securities of the investment fund, including

(a) the procedures followed, or to be followed, by an investor who desires to redeem securities of the investment fund and specifying the procedures to be followed and the documents to be delivered before a redemption order pertaining to securities of the investment fund will be accepted by the investment fund for processing and before payment of the proceeds of redemption will be made by the investment fund,

(a.1) the dates on which securities of the investment fund will be redeemed,

(a.2) the dates on which payment of the proceeds of redemption will be made by the investment fund,

(b) how the redemption price of the securities is determined and, if applicable, state that the redemption price of the securities is based on the net asset value of a security of that class, or series of a class, next determined after the receipt by the investment fund of the redemption order, and

(c) the circumstances under which the investment fund may suspend redemptions of the securities of the investment fund.

(2) If the proceeds of redemption are computed by reference to the net asset value per security and amounts may be deducted from the net asset value per security, describe each amount that may be deducted and the entity to which each amount is paid. If there is a maximum amount or percentage that may be deducted from the net asset value per security, disclose that amount or percentage.”;

(6) in paragraph (1) of Item 19.9:

(a) by deleting, in the part preceding subparagraph (a), the words “or of a subsidiary of the investment fund”;

(b) by deleting, in subparagraph (b), the words “or any of its subsidiaries”;

(c) by deleting, in subparagraph (c), the words “or from a subsidiary of the investment fund” and the words “or a subsidiary of the investment fund”;

(d) by deleting, in subparagraph (d), the words “or by a subsidiary of the investment fund”;

(7) by adding, after Item 19.10, the following:

“19.11. Securities Lending Agent

(1) Under the sub-heading “Securities Lending Agent”, state the name of each securities lending agent of the investment fund and the municipality of each securities lending agent’s principal or head office.

(2) State whether any securities lending agent of the investment fund is an affiliate or associate of the manager of the investment fund.

(3) Briefly describe the essential terms of each agreement with each securities lending agent. Include the amount of collateral required to be delivered in connection with a securities lending transaction, as a percentage of the market value of the loaned securities, and briefly describe any indemnities provided in, and the termination provisions of, each such agreement.”;

(8) by deleting, in paragraph (f) of Item 21.2, the words “or its subsidiaries”;

(9) by deleting Item 21.3;

(10) by inserting, in Item 25.8 and after the words “by the Regulation”, the words “and Regulation 81-102 respecting Investment Funds”;

(11) by deleting Item 27;

(12) by deleting, in subparagraph (d) of paragraph (5) of Item 29.2, the words “or its subsidiaries”;

(13) by deleting, in Item 39.4, the words “or a subsidiary of the investment fund”.

3. The Regulation is amended by replacing, wherever they occur, the words “Regulation 81-102 respecting Mutual Funds” with the words “Regulation 81-102 respecting Investment Funds”.

4. This Regulation comes into force on September 22, 2014.

REGULATION TO AMEND REGULATION 81-101 RESPECTING MUTUAL FUND PROSPECTUS DISCLOSURE

Securities Act

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

1. Form 81-101F1 of Regulation 81-101 respecting Mutual Fund Prospectus Disclosure (chapter V-1.1, r. 38) is amended:

(1) by deleting the last sentence of paragraph (2) of the general instructions;

(2) in Item (5) of Part A:

(a) by replacing, in paragraph (1), the words “registrar and auditor” with the words “registrar, auditor and securities lending agent”;

(b) by replacing, in paragraph (4.1), the words “Regulation 81-102 respecting Mutual Funds” with the words “Regulation 81-102 respecting Investment Funds”;

(3) in Item (4) of Part B:

(a) by replacing, in paragraph (1), the words “registrar and auditor” with the words “registrar, auditor and securities lending agent”;

(b) by replacing, in paragraph (4.1), the words “Regulation 81-102 respecting Mutual Funds” with the words “Regulation 81-102 respecting Investment Funds”.

2. Form 81-101F2 of the Regulation is amended by inserting, after Item 10.9, the following:

“10.9.1. Securities Lending Agent

(1) State the name of each securities lending agent of the mutual fund and the municipality of each securities lending agent’s principal or head office.

(2) State whether any securities lending agent of the mutual fund is an affiliate or associate of the manager of the mutual fund.

(3) Briefly describe the essential terms of each agreement with each securities lending agent. Include the amount of collateral required to be delivered in connection with a securities lending transaction, as a percentage of the market value of the loaned securities, and briefly describe any indemnities provided in, and the termination provisions of, each such agreement.”.

3. The Regulation is amended by replacing, wherever they occur, the words “Regulation 81-102 respecting Mutual Funds” with the words “Regulation 81-102 respecting Investment Funds”.
4. This Regulation comes into force on September 22, 2014.

REGULATION TO AMEND REGULATION 81-106 RESPECTING INVESTMENT FUND CONTINUOUS DISCLOSURE

Securities Act

(chapter V-1.1, s. 331.1, par. (1), (11), (16) and (34))

1. Section 1.2 of Regulation 81-106 respecting Investment Fund Continuous Disclosure (chapter V-1.1, r. 42) is amended by deleting paragraph (3).

2. The Regulation is amended by replacing paragraph (2) with the following:

“(2) Terms defined in Regulation 81-102 respecting Investment Funds (chapter V-1.1, r. 39) and used in this Regulation have the respective meanings ascribed to them in that regulation.

“(3) Terms defined in Regulation 81-104 respecting Commodity Pools (chapter V-1.1, r. 40) or Regulation 81-105 respecting Mutual Fund Sales Practices (chapter V-1.1, r. 41) and used in this Regulation have the respective meanings ascribed to them in those regulations except that the references in those definitions to “mutual fund” must be read as references to “investment fund”.”.

3. Section 3.8 of the Regulation is amended by inserting, after paragraph (3), the following:

“(4) An investment fund must include, in the notes to the financial statements, a reconciliation of the gross amount generated from the securities lending transactions of the investment fund to the revenue from securities lending disclosed in the statement of comprehensive income of the investment fund under item 4 of section 3.2.

“(5) The disclosure referred to in subsection (4) must include each of the following:

(a) the name of each person who was entitled to receive payments out of the gross amount generated from the securities lending transactions of the investment fund;

(b) the amount each recipient named under paragraph (a) was entitled to receive;

(c) the aggregate of the amounts disclosed under paragraph (b) as a percentage of the gross amount generated from the securities lending transactions of the investment fund.”.

4. The Regulation is amended by inserting, after section 18.5.1, the following:

“18.5.2. Securities Lending

For financial years beginning before January 1, 2016, an investment fund is not required to comply with subsections 3.8(4) and (5).”.

5. The Regulation is amended by replacing, wherever they occur, the words “Regulation 81-102 respecting Mutual Funds” with the words “Regulation 81-102 respecting Investment Funds”.

6. This Regulation comes into force on September 22, 2014.

**REGULATION TO AMEND REGULATION 81-107 RESPECTING
INDEPENDENT REVIEW COMMITTEE FOR INVESTMENT FUNDS**

Securities Act

(chapter V-1.1, s. 331.1, par. (1), (11), (16) and (34))

1. Section 6.2 of Regulation 81-107 respecting Independent Review Committee for Investment Funds (chapter V-1.1, r. 43) is amended by replacing paragraphs (2) and (3) with the following:

“(2) The investment fund conflict of interest investment restrictions do not apply to an investment fund with respect to an investment referred to in subsection (1) if the investment is made in accordance with that subsection.

“(3) In subsection (2), “investment fund conflict of interest investment restrictions” has the meaning ascribed to that term in Regulation 81-102 respecting Investment Funds (chapter V-1.1, r. 39).”.

2. The Regulation is amended by replacing, wherever they occur, the words “Regulation 81-102 respecting Mutual Funds” with the words “Regulation 81-102 respecting Investment Funds”.

3. This Regulation comes into force on September 22, 2014.