

Gouvernement du Québec

O.C. 1758-84, 8 August 1984

Securities Act
(R.S.Q., c. V-1.1)

Regulation — Amendment

Securities (Amendment) Regulation

WHEREAS the Government may, under paragraph 16 of section 331 of the Securities Act (R.S.Q., c. V-1.1), determine by regulation the other forms of investment subject to the Act;

WHEREAS the Government may, under paragraph 9 of section 331 of the Act, exempt, with or without conditions, a person from all or part of the obligations arising from the Act or the Regulation;

WHEREAS the Securities Regulation, made by Order in Council 660-83 dated 30 March 1983, does not add any form of investment to those covered by the Act;

WHEREAS a commodities futures market has been set up by the Montréal Exchange;

WHEREAS futures contracts dealing with other commodities, financial futures, currencies futures and stock indices futures have been traded on other Canadian and United States exchanges, and contracts may be traded in Québec by intermediaries not registered with the Commission des valeurs mobilières;

WHEREAS it is expedient to subject to the Securities Act commodities futures contracts, financial futures contracts, currencies futures contracts and stock indices futures contracts;

WHEREAS, under the first paragraph of section 335 of the Securities Act, a draft Securities (Amendment) Regulation was published in Part 2 of the *Gazette officielle du Québec* on 30 May 1984, 116th year, Number 23, on page 2202, with a notice that, after the expiry of 45 days following its publication, it will be submitted for issue by the Government;

WHEREAS it is expedient to issue the Regulation, as amended, attached hereto;

IT IS ORDERED, therefore, upon the recommendation of the Minister of Finance:

THAT the Securities (Amendment) Regulation, attached hereto, be issued;

THAT the Regulation and this Order in Council be published in the *Gazette officielle du Québec*.

LOUIS BERNARD,
Clerk of the Conseil exécutif

Securities (Amendment) Regulation

Securities Act
(R.S.Q., V-1.1, s. 331, par. 9 and 16)

1. The Securities Regulation made by Order in Council 660-83 dated 30 March 1983, is amended by adding the following after section 1:

1.1 Commodities futures contracts, financial futures contracts, currencies futures contracts and stock indices futures contracts are forms of investment subject to Titles V to VII and IX to XI of the Act, *mutatis mutandis*. The Commission is empowered to decide on the changes to be made for the application of those provisions to futures contracts.

1.2 Persons already registered with the Commission do not have to register again to trade futures contracts on behalf of clients.

1.3 An intermediary who trades in a futures contract for the account of a client shall give him before the first trade, in lieu of the document prescribed by section 167 of the Act, the information document prescribed by policy statement.

1.4 Trades in a futures market may only be effected in contracts appearing on a schedule determined by the Commission. This schedule includes contracts approved by the Commission or, in the case of exchanges located in another Canadian province or in the United States, approved by the regulatory body designated by the Commission.

The Commission may strike a contract off the schedule.

1.5 The rule prescribed in section 1.4 does not apply to a hedger, that is, a person who usually carries on a professional activity which exposes him to a risk attendant upon fluctuations in price and who offsets that risk through trading on markets where trading of futures contracts is of a nature to protect him against that particular risk.

1.6 A person who trades in futures contracts solely for the account of hedgers is exempted from registration as a dealer with the Commission to carry on business as an intermediary in the trading of futures contracts, under the following conditions:

(1) the person is an associate member of the Montréal Exchange;

(2) the person is subject to the by-laws and rules of the Montréal Exchange concerning futures contracts;

(3) the person responsible for the trading of the contracts meets the qualification requirements of the Montréal Exchange. ”.

2. This Regulation comes into force on the day of publication in the *Gazette officielle du Québec*.