

Draft Regulation

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

Securities

— Amendments

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1) and with section 335 of the Securities Act (R.S.Q., c. V-1.1), that the Draft Regulation entitled "Regulation respecting securities (Amendment)", the text of which appears below, may be made by the Government with or without amendments upon the expiry of 45 days following this publication.

Any interested person having comments to make it asked to send them in writing, before the expiry of the 45-day period, to Mrs. Louise Robic, Minister for Finance, 12, rue St-Louis, 1^{er} étage, Québec (Québec) G1R 5L3, with a copy to the Commission des valeurs mobilières du Québec, P.O. Box 246, Tour de la Bourse, Montréal, H4Z 1G3.

LOUISE ROBIC,
Minister for Finance

Regulation amending the Regulation respecting securities

The Securities Act
(R.S.Q., c. V-1.1, s. 77, 85, 97, 108, 128, 147.11, 147.15, 147.21, 150, 159, 331)

1. The Regulation respecting securities, adopted by Order in Council 660-83 of March 30, 1983 and amended by the Regulations adopted pursuant to Orders in Council 1758-84 of August 8, 1984, 1263-85 of June 26, 1985, 697-87 of May 6, 1987 and 977-88 of June 22, 1988, is again amended by replacing paragraph 1 of section 1.6 by the following:

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

2. Section 4 of this regulation is replaced by the following:

"4. A bank governed by the Bank Act (R.S.C. 1985, c. B-1) or the Québec Savings Banks Act (S.R.C. 1970, c. B-4) is exempted from drawing up financial statements in accordance with generally acceptable accounting principles and with the provisions of the present regulations, if the financial statements are drawn up in accordance with the provisions of the laws under which the issuer was incorporated."

3. Section 13 of this regulation is amended by replacing the figure "84" by "83".

4. Section 50 of this regulation is replaced by the following:

"50. Forward-looking information included in the prospectus must be prepared in accordance with the Policy Statements of the Commission and must be accompanied with the auditor's report.

During the period of the distribution, the issuer or the dealer shall not publish other forward-looking information, in full or in summary form, that the one contained in the prospectus, in the offering notice or offering memorandum prescribed by the Act or the Regulation, or in the document authorized by the Commission for use in lieu of a prospectus."

5. Section 58 of this regulation is amended by replacing in the second paragraph the figures "160, 161 and 162" by "164, 165 and 166".

6. Section 59 of this regulation is replaced by the following:

"59. The simplified prospectus must contain the following statement on the first page:

"This simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Secretary of the issuer (insert complete address and telephone number)."

7. Section 59.1 of this regulation is amended by replacing paragraphs 2 and 6 by the following:

"(2) the annual information form (Schedule IX or Schedules IX and IX.1) filed since the end of the financial year mentioned in 1:

"(6) the information included in the annual report with respect to the management's discussion and analysis of financial conditions and results of operations (Schedule VII);"

8. Section 62.1 of this regulation is amended by replacing:

"1° in the first paragraph the figures "160, 161 or 162" by the figures "164, 165 or 166";

"2° in the second paragraph the figure "160" by the figure "164"."

9. Section 103 of this regulation is amended by replacing paragraph (6) by the following:

"(6) he has read the offering notice before subscribing in the case of a distribution made in accordance with section 47 or 48 of the Act."

10. Section 114 of this regulation is amended by inserting, between the first and the second paragraph, the following:

"The report also includes, as the case may be, the number and the value of the securities distributed in Québec, upon the exercise of a right, of a warrant or of an option, either pursuant to an exemption provided in the Act or pursuant to a prospectus."

11. The last paragraph of section 115 of this regulation is amended by replacing the figures "160, 161 or 162" by the figures "164, 165 or 166".

12. This regulation is amended by inserting, after section 118, the following:

"118.1 In the case of the financial statements of an issuer referred to in section 2, the supplementary notes explain the significant differences from generally accepted accounting principles in Canada and give an assessment in figures of their effect."

13. Section 119 of this regulation is replaced by the following:

"119. The annual report prescribed in section 77 of the Act, in addition to the financial statements and the auditors report, must contain among others the information prescribed in Schedule VII.

However, this information is not required from the issuer with both shareholders' equity and revenues of 10 000 000 \$ or less as reported in the annual financial statements.

119.1 The issuer becomes subject to the requirement of presenting in its annual report the information prescribed in Schedule VII starting with the financial year immediately following the financial year in which the shareholders' equity or the revenues exceed 10 000 000 \$.

119.2 An issuer that is a registrant with the Securities and Exchange Commission (SEC) of the United States of America may satisfy the requirement of Part II of the present Schedule by

complying with Item 303 of Regulation S-K of the Securities and Exchange Act of 1934. The disclosure pursuant to Item 303 shall accompany the annual financial statements or be included in the annual report and be mailed to all security holders.

Foreign issuers utilizing this exemption shall file and mail within the time period required by the SEC. Canadian issuers utilizing this exemption shall file and mail within the earlier of the time period required by the Commission and the SEC.

119.3 The incorporated and the unincorporated mutual funds are exempted from the requirement of presenting in their annual report the information prescribed in Schedule VII.

119.4 The issuer which is exempted, pursuant to section 119 or 119.3, to present in its annual report the information prescribed in Schedule VII must present the following information:

(1) a brief description of the activities of the reporting issuer and its important subsidiaries during the last financial year;

(2) management's discussion of results of the reporting issuer and its subsidiaries including explanations of changes from the previous financial year, changes in accounting principles or practices or in the method of applying accounting principles.

119.5 Where substantial deficiencies are found in the annual report, the Commission may require that the information be restated and that the annual report be distributed again.

119.6 Where issuers are required under law to mail annual financial statements to security holders prior to 140 days after the financial year end and they prepare two documents containing the annual financial statements, the management's discussion and analysis of financial condition and results of operations shall be mailed to security holders and filed with the Commission within 140 days of the issuer's financial year end."

14. Section 133 of this regulation is amended by the addition of the following paragraph:

"The statement of portfolio transactions may not be audited if it is accompanied by a statement signed by the chief executive officer and by the chief financial officer to the effect that the statement of portfolio transactions presents accurately the required information."

15. Chapter III of Title III of this regulation is replaced by the following:

"CHAPTER III ANNUAL INFORMATION FORM

159. The reporting issuer must file with the Commission an annual information form within 140 days of the end of its financial year.

The annual information form must contain the information prescribed in Schedule IX.

160. The reporting issuer shall upon request provide the annual information form to any holder of its securities or to any other person. It may require the payment of a fee, except from a holder of its securities and except where the request is made during a distribution of its securities by means of a simplified prospectus.

161. The face page of the annual information must bear a date which should be no earlier than the date of the auditors' report on the financial statements and disclosures shall be at that date.

162. In the case of egregious deficiencies in the annual information form, the Commission may require that the information be restated.

163. The reporting issuer with both shareholders' equity and revenues of 10 000 000 \$ or less as reported in the annual financial statements is exempt from the obligation prescribed by section 159.

The issuer becomes subject to this obligation starting with the financial year immediately following the financial year in which the shareholders' equity or the revenues exceed 10 000 000 \$.

Foreign issuers which meet the condition prescribed in section 119.2 are also exempted from the obligation prescribed in section 159.

CHAPTER III.1 PERMANENT INFORMATION RECORD

164. The reporting issuer which has filed the annual information form prescribed by section 159 is allowed to prepare a simplified prospectus if the following two conditions are met:

(1) the reporting issuer has satisfied for three years the disclosure requirements of Title III of the Act;

(2) the float, that is the total value of the outstanding shares, except preferred shares, held by persons who control less than 10 %, exceeds a value determined in a policy statement of the Commission.

The reporting issuer which does not meet those two conditions, but has satisfied the disclosure requirements of Title III of the Act for one year, is also allowed to prepare a simplified prospectus if it files, in addition to the annual information form prescribed by section 159, the additional information prescribed by Schedule IX.1.

165. However, the reporting issuer which has satisfied for three years to the continuous disclosure requirements does not have to file additional information to the annual information form for the distribution, by way of a simplified prospectus, of debt securities not convertible into common shares, when the securities already issued and those it proposes to issue are rated, by a recognized security evaluation agency, in one of the categories determined by the Commission.

166. The reporting issuer which has not satisfied to the continuous disclosure requirements for three years or has not the float prescribed by section 164 does not have to file the additional information to the annual information form, for the distribution, by way of a simplified prospectus, of debt securities or preferred shares not convertible into common shares, if it fulfills the following conditions:

(1) it has filed the annual information form prescribed by section 159;

(2) the securities to be issued are unconditionally guaranteed, as to principal and interest, by a reporting issuer who fulfills the conditions prescribed in subparagraphs 1 and 2 of section 164;

(3) the guarantor has filed with the Commission the annual information form prescribed by section 159;

(4) the debt securities already issued by the guarantor are classified by a recognized security evaluation agency in one of the categories determined by the Commission;

(5) the securities to be issued are provisionally classified by a recognized security evaluation agency in one of the categories determined by the Commission.

167. The Commission may exempt an issuer, on conditions it determines, from the requirements of sections 18 and 84 of the Act, when that issuer satisfies the requirements of section 166.

168. An issuer, whose existence is the result of an amalgamation or a reorganization in which was a party a reporting issuer fulfilling the two conditions prescribed by the first paragraph of section 164, satisfies itself to those conditions.

To satisfy to the condition prescribed by the last paragraph of section 164, all the issuers which are a party to the amalgamation or reorganization must have satisfied for one year to the disclosure requirements of Title III of the Act, unless the amalgamation or reorganization is with a person from the same group.

169. For the application of subparagraph 2 of section 164, the value of the outstanding shares is established according to the arithmetical average of the closing quotations during the last month of the preceding financial year.

In the case of the issuer referred to in section 168 the value is established according to the arithmetical average of the closing quotations during the ten days preceding the filing of the document prescribed in section 159.

169.1 The information documents prescribed in section 85 of the Act may be replaced by disclosure documents drawn up for another Securities Authority provided that they present at least the information required by the Act or the regulations.

When the information presented in the documents prescribed by section 85 of the Act are updated in another document filed with the Commission, the issuer may file this document in its permanent information record.

170. The permanent information record prescribed in section 108 of the Act for an incorporated mutual fund or an unincorporated mutual fund must present:

- (1) the documents filed in accordance with Divisions I and III of Chapter II of Title III of the Act;
- (2) the most recent annual report;
- (3) the semiannual financial statements;
- (4) the annual information form prescribed by Schedule X.

170.1 The annual information form of an incorporated or unincorporated mutual fund must contain the certificates prescribed by Schedule X."

16. Section 174.1 of this regulation is amended by the deletion in the first line of the words "stock dividend."

17. Section 175 of this regulation is replaced by the following:

"**175.** When securities are subscribed or bought through a share subscription or purchase plan, a dividend reinvestment plan or a stock dividend plan, the report prescribed by sections 96 and 97 of the Act is filed not later than the 90th day following the end of the calendar year or financial year of the issuer.

However, an insider shall be deemed to have satisfied to this obligation if a senior executive of the reporting issuer files with the Commission, within 10 days of the event, a notice giving a description of the event and the effect on the holding of the insider."

18. Section 181 of this regulation is replaced by the following:

"**181.** The take-over or issuer bid circular, the circular of the board of directors, the notice of a senior executive, or any notice of variation or change must contain the following warning:

"Securities legislation in certain of the provinces and territories of Canada provides security holders of the offeree issuer, in addition to any other rights they may have, with rights of rescission or damages if there is a misrepresentation in a take-over or

issuer bid circular, a circular of the board of directors or a notice that is required to be delivered to such security holders. However such rights must be exercised within the prescribed time limit. Security holders should refer to the applicable provisions of the securities legislation of his province or territory for the particulars of those rights or consult with a legal adviser."

When a bid is made only in Québec, the previous warning is replaced by the following:

"The Securities Act (Québec) provides security holders of the offeree issuer, in addition to any other rights they may have, with rights of rescission, price revision or damages if there is a misrepresentation in a take-over or issuer bid circular, a circular of the board of directors or a notice that is required to be delivered to such security holders. However such rights must be exercised within the prescribed time limit. Security holders should refer to the applicable provisions of the Act for the particulars of those rights or consult with a legal adviser."

19. Section 183 of this regulation is amended:

- (1) by replacing the first paragraph by the following:

"A valuation of the offeree issuer, based on going concern or liquidation assumptions, must be made in the case of an issuer bid, insider bid or where the offeror plans to transform the offeree issuer into an entity that would be comparable to a closed company or plans to liquidate the offeree issuer, unless the Commission determines that the offeror lacks access to the required information."

- (2) by replacing in the third paragraph the word "However, a valuation is not required when the following 3 conditions are met:" by the following words:

"However, except in the case of an offer made by an insider or in an issuer bid, no valuation is required when the following three conditions are met:"

20. The second paragraph of section 187 of this regulation is amended by replacing the figures "160, 161 or 162" by the figures "164, 165 or 166".

21. Section 189.5 of this regulation is replaced by the following:

"**189.5** The press release prescribed by section 147.11 of the Act must present the following information:

- (1) the name of the purchaser;
- (2) the number of securities by which the interest of the purchaser has increased following the transaction or occurrence giving rise to the press release and the percentage it represents relative to the class of securities;
- (3) the number of securities forming part of the interest of the purchaser after the transaction or occurrence giving rise to the press release and the percentage it represents relative to the class of securities;
- (4) the name of the market wherein the transaction or occurrence took place;
- (5) the purpose of the purchaser and its joint actors in effecting the transaction; describe any plan which may result in:
 - (a) the acquisition of other securities of the offeree issuer;
 - (b) the merger, the reorganization or the liquidation of the issuer or one of its subsidiaries;
 - (c) the sale or transfer of a material amount of assets of the issuer or one of its subsidiaries;

(d) a change in the business of the offeree issuer, its corporate structure, its management, its personnel or its dividend policy;

(6) where applicable, a description of any change in a material fact set out in a previous report under section 147.11 of the Act;

(7) the name of the transferee when the securities are acquired by way of private agreement and the price per share paid by the purchaser;

(8) a description of any agreement entered into between the purchaser or its joint actors and any other person with respect to the securities of the offeree issuer, including with respect to the voting of those securities or the giving of proxies, naming the persons involved;

(9) the names of the joint actors in connection with the disclosure required by subparagraphs 2, 3, 5 and 8."

22. Section 189.6 of this regulation is amended by deleting the third paragraph.

23. Section 189.7 of this regulation is replaced by the following:

"189.7 The press release prescribed by section 147.15 or 147.16 of the Act must present the following information:

(1) the name of the purchaser issuing the press release;

(2) the number of securities by which the interest of the purchaser has increased since the commencement of the bid and the percentage it represents relative to the class of securities;

(3) the number of securities forming part of the interest of the purchaser after the transaction or occurrence giving rise to the press release and the percentage it represents relative to the class of securities;

(4) the name of the market wherein the transaction or occurrence took place;

(5) the purpose of the purchaser and its joint actors in effecting the transaction, including any future intention by the purchaser to increase its interest in the securities of the offeree issuer."

24. The first paragraph of section 189.8 of this regulation is replaced by the following:

"The notice prescribed by section 147.21 of the Act must be filed with the Commission and published in a press release at least five days prior to the date of the issuer bid and must present the following information:"

25. Section 189.9 of this regulation is replaced by the following:

"189.9 The press release prescribed by section 189.8 must present the information prescribed by paragraphs 1, 2, 3, 4, 7 and 10 of section 189.8."

26. Subparagraph 5 of section 192 of this regulation is deleted.

27. Section 193 of this regulation is replaced by the following:

"193. A person who intends to act as a securities adviser must apply for an unrestricted registration, unless he intends not to offer any portfolio management services, in which case he must apply for a restricted registration."

28. Subparagraph 4 of section 194 of this regulation is replaced by the following:

"(4) it advises the Commission before it starts offering portfolio management services."

29. Section 200 of this regulation is replaced by the following:

"200. The rights conferred by the registration are automatically suspended, unless the Commission decides otherwise, if the fees prescribed by section 270 are not paid on the 30th day from the date they became due."

30. Section 207 of this regulation is replaced by the following:

"207. A dealer with an unrestricted practice, except the introducing broker, must have a net free capital at least equal to the sum of:

(1) a proportion of the adjusted liabilities, subject to a minimum of 250 000 \$, calculated as follows:

(a) 10 % of the first 2 500 000 \$;

(b) 8 % of the next 2 500 000 \$;

(c) 7 % of the next 2 500 000 \$;

(d) 6 % of the next 2 500 000 \$;

(e) 5 % of the amount exceeding 10 000 000 \$;

(2) the amount deductible under the insurance policy or bonding prescribed by section 213.

In the case of the introducing broker, the minimum prescribed by subparagraph 1 is 75 000 \$.

The policy statements of the Commission shall prescribe the method of calculating the net free capital and the adjusted liabilities."

31. Section 208 of this regulation is replaced by the following:

"208. A dealer with a restricted practice, except the discount dealer, must possess a net free capital at least equal to the sum of 50 000 \$ and the amount deductible under the insurance policy or the bonding prescribed by section 213.

A discount dealer must possess the net working capital prescribed by section 207.

The policy statements of the Commission shall prescribe the method of calculating the net free capital."

32. Section 209 of this regulation is replaced by the following:

"209. A securities adviser with an unrestricted practice must possess a working capital at least equal to the sum of 25 000 \$ and the amount deductible under the insurance policy or the bonding prescribed by section 213.

A securities adviser with a restricted practice must possess a working capital of at least 5 000 \$."

33. The second paragraph of section 213 of this regulation is replaced by the following:

"Unless there is a decision by the Commission to the contrary, the minimum coverage is:

(1) 500 000 \$ for each category of risks covered by the broker's blanket bond for a dealer with an unrestricted practice or for a discount broker;

(2) 200 000 \$ for each category of risks covered by the broker's blanket bond for an introducing broker;

(3) 100 000 \$, plus 50 000 \$ for each employee for a mutual fund dealer, scholarship plan dealer or investment contract dealer;

(4) 10 000 \$ for the securities adviser."

34. Section 215 of this regulation is replaced by the following:

"215. A dealer which is a member of a self-regulatory organization must participate in a contingency fund created by the organization and approved by the Commission. The organization or the fund determines the amount of the contribution.

A dealer which is not a member of a self-regulatory organization must participate in a contingency fund approved by the Commission; the latter may determine the amount of the dealer's contribution."

35. Section 227 of this regulation is amended by the addition of the following paragraphs:

- "(3) a petition in bankruptcy or a declaration in bankruptcy;
- (4) an assignment of its property;
- (5) an indictment regarding a criminal or penal infraction, and the judgement rendered with regards to that indictment or the guilty plea in response to that indictment;
- (6) civil proceedings instituted against him;
- (7) disciplinary measures instituted against him by a self-regulatory organization."

36. The English version of this regulation is amended by replacing the first paragraph of section 250 by the following:

"Any transaction intended to fix or stabilize the market price of a security is prohibited except where it is made by the firm underwriter from the time of the receipt for the prospectus in its final form to the end of the distribution or by the firm purchaser during a secondary distribution for the sole purchase of facilitating the distribution or the secondary distribution, and in accordance with the following conditions:"

37. Paragraphs 3 and 4 of section 267 are replaced by the following:

"(3) at the time of filing the offering memorandum prescribed by section 47, 48.1 or 53 of the Act or by the Regulation, or the information prescribed by section 50 or 53 of the Act, 250 \$;

(4) at the time of filing the notice prescribed by section 49 of the Act or the report prescribed by section 114, 0.03 % of the gross value of the securities distributed in Québec, less, as the case may be, the fee prescribed by paragraph 3;"

38. This regulation is amended by inserting, after section 267.3, the following:

"**267.4** In the case of an incorporated or unincorporated mutual fund which invests all its assets in another incorporated or unincorporated mutual fund of the same group, the fees are payable only on the gross value of the securities distributed in Québec by the first incorporated or unincorporated mutual fund.

In the case of a mining exploration limited partnership where the prospectus provides for the transfer of the shares acquired from the participating companies to an incorporated or unincorporated mutual fund, the fees are payable only on the gross value of the securities distributed in Québec by the limited partnership."

39. Section 268 of this regulation is amended by replacing paragraphs 2 and 3 by the following:

"(2) at the time of filing the annual information form prescribed by section 159, 500 \$;

(3) at the time of filing the annual information form prescribed by section 170, 250 \$;"

40. Section 269 of this regulation is replaced by the following:

"**269.** The following fees are payable by the offeror in a take-over or issuer bid:

(1) at the time of filing the bid and the take-over or issuer bid circular prescribed by section 128 of the Act or the documents prescribed in paragraph 3 of section 121 of the Act, 500 \$;

(2) at the time of filing the notice prescribed by section 130 of the Act respecting a change in the initial terms of the bid or a significant change in the facts on which the circular is based, 100 \$;

(3) in addition to the fee payable pursuant to paragraph 1, at the time of a take-over bid by way of an exchange of securities or of an issuer bid comprising an exchange of securities, 0.015 % of the gross value of the securities distributed in Québec payable at the latest 30 days after the expiry of the bid."

41. Section 270 of this regulation is replaced by the following:

"**270.** The following fees are payable by a dealer or an adviser or a representative:

(1) at the time of an application for registration as a dealer or as an adviser, 750 \$, except in the case of an independent trader where the fee is 250 \$;

(2) at the time of an application for registration as a representative of a dealer which is a member of a self-regulatory organization to which the Commission has delegated the application of the provisions concerning the registration of representatives, 100 \$, of a dealer which is not a member of such a self-regulatory organization or of an adviser, 300 \$;

(3) the first day of the fourth month following the end of the financial year of a dealer with an unrestricted practice or of a discount broker, 0.14 % of the capital employed in the province, subject to a minimum of 750 \$ plus 250 \$ for each representative registered on that date excluding the representatives whose rights granted by registration are suspended;

(4) the first day of the fourth month following the end of the financial year of a dealer with a restricted practice with the exception of a discount broker, 750 \$ plus 300 \$ for each representative registered on that date excluding the representatives whose rights granted by registration are suspended;

(5) the first day of the fourth month following the end of the financial year of a securities adviser, 750 \$ plus 300 \$ for each representative registered on that date excluding the representatives whose rights granted by registration are suspended;

(6) at the time of filing a notice prescribed by paragraphs 4 and 6 of section 228 relating to a change in the disclosure made at the time of registration, 150 \$;

(7) at the occasion of an inspection, within 30 days of the date of the invoice, 350 \$ per day per inspector.

However, in the case of a representative of a member of self-regulatory organization to which the Commission has delegated the application of the provisions concerning the registration of representatives, the fee prescribed by paragraph 3 is 175 \$ for each representative.

In the case of an independent trader, the annual fee is 100 \$, payable before April 30.

For the purpose of calculating the fee prescribed by paragraph 3, the capital employed in the province is calculated in accordance with the following formula:

$$\text{total capital} \times \left[\frac{\text{salaries and wages paid in the province}}{\text{total salaries and wages}} + \frac{\text{revenue earned in the province}}{\text{total revenue earned}} \right] \div 2$$

The total capital represents the aggregate of the amounts shown in lines 16 (deferred income taxes), 18 (subordinated loans), 19 (capital), 20 (retained earnings) and 21 (reserves) of Statement B of Policy Statement n° Q - 9."

42. Item 23 of Schedule I of this regulation is amended:

(1) by the deletion in paragraph 3 of instruction 3 of the following words "and does not exceed the greater of 200 000 \$ or 5 per cent of the shareholders' equity for the aggregate of loans made";

(2) by the deletion of instruction 4.

43. This regulation is amended by the addition after Schedule VI of the following:

**" SCHEDULE VII
ANNUAL REPORT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

PART I

General Instructions

1. The Annual Report provides management with the opportunity to explain in narrative form its current financial situation and future prospects. The Annual Report is intended to give the investor the ability to look at the issuer through the eyes of management by providing both a historical and prospective analysis of the business of the issuer. The Annual Report requirements ask management to discuss the dynamics of the business and to analyse the financials. Coupled with the financial statements this information should allow investors to assess an issuer's performance and future prospects.

Known material trends, commitments, events or uncertainties that are reasonably expected to have a material impact on the issuer's business, financial condition or results of operations are to be disclosed. The focus of the Annual Report is on information about the financial condition of an issuer as well as its operations with particular emphasis on liquidity and capital resources. Sufficient information on risks and uncertainties should be provided given the rapidly changing economic environment within which most issuers operate.

To allow issuers to discuss their business in the manner most appropriate to their individual circumstances, to encourage flexibility and to avoid boilerplate, the Annual Report instructions are intentionally general and contain a minimum of specific requirements.

There is no requirement for management's discussion and analysis of financial condition and results of operations to accompany interim financial statements required under Section 76 of the Securities Act. However issuers are encouraged to provide significant management's discussions and analysis of financial condition and results of operations disclosures with their interim financial statements.

2. The following requirements apply to all reporting issuers except those exempted by section 119, 119.2 or 119.3. The issuer means the reporting issuer, its subsidiaries and other investees.

The disclosure required shall include that relating to each subsidiary or investee of an issuer whose total assets constitute more than 10 % of consolidated assets of the issuer at the most recent financial year end or whose total revenues constitute more than 10 % of consolidated revenues of the issuer for the most recent financial year.

3. Generally, information shall be presented as at the end of the last completed financial year. Where material events or conditions have arisen subsequent to the end of the last completed financial year but prior to the date of preparation of the annual report, this updated information shall be included in the annual report.

4. The instructions for the preparation of the annual report require issuers to discuss certain forward-looking information. Required disclosure is based on presently known trends, commitments, events and uncertainties that are reasonably expected to materially affect the issuer. A disclosure duty exists where a trend, commitment, event or uncertainty is both presently known to management and reasonably expected to have a material impact on the issuer's business, financial condition or results of operations. This Schedule requires a discussion of forward-looking information based on the issuers' expectations as of the date of the AIF.

Issuers are encouraged, but not required, to supply other forward-looking information. Optional forward-looking disclosure involves anticipating a future trend or event or anticipating a less predictable impact of known event, trend or uncertainty. This other forward-looking information is to be distinguished from presently known information which is reasonably expected to have a material impact on future operating results, such as known future increases in costs of labour or materials, which information is to be disclosed.

Although information provided under this Schedule may involve some prediction or projection of the future these instructions do not call for a forecast or projection as defined by the CICA Handbook. In the event that an issuer chooses to provide a forecast or projection, the application of Québec Policy Statement Q - 11 should be considered.

5. The focus of the annual report disclosure shall be on the issuer. There is no requirement to provide extensive discussion of factors external to the issuer.

6. The instructions for the preparation of the annual report only apply to material items.

Materiality is a matter of judgement in particular circumstances, and should generally be judged in relation to an item's significance to decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision.

In determining whether information is material, an issuer shall take into account both quantitative and qualitative factors.

While this concept of materiality is broader than the definition of material change contained in the Securities Act, it is consistent with the financial reporting notion of materiality contained in the CICA Handbook.

PART II

Specific Instructions

1. General

(1) Discuss and compare the issuer's financial condition, changes in financial condition and results of operations for the last two completed fiscal years. Provide any information necessary to understand this discussion and comparison.

Where a discussion of segment information or of other division of the business would be appropriate or necessary to an understanding of such business, focus the discussion on each relevant, reportable segment or other division of the business and on the

issuer as a whole. In making this determination consideration should be given to whether any segment or other division of the business has a disproportionate effect on revenues, profitability or cash needs; or whether there are legal or other restrictions upon the free flow of funds from one segment, subsidiary or division of the issuer to others; or whether known trends, demands, commitments, event or uncertainties within a segment are reasonably likely to have an effect on the business as a whole. The discussion should include internal factors as well as relevant economic and industry factors affecting the issuer.

(2) The discussion and analysis shall focus on the financial statements and on financial, operational and other data that the issuer believes will enhance a reader's understanding of the issuer's financial condition, changes in financial condition and results of operations.

(3) Issuers need only include information in their discussion and analysis that is available to the issuer without undue effort or expense and which does not clearly appear in the issuer's financial statements.

The discussion and analysis should principally explain why changes have or have not occurred in the financial condition and results of operations of the issuer. This should include a discussion of the effect of discontinued operations and extraordinary items where these items have had or are expected to have an effect on the financial condition and results of operations of the issuer. The numerical data included in or readily calculable from the financial statements and reports need not be repeated in the discussion. For example, it is clear from the comparative financial statements that the amount of increase or decrease in revenues is from the prior year and the respective percentage change is readily computable.

(4) Describe the causes of changes in the financial statements from year to year to the extent necessary to understand the business as a whole. An overall analysis of causes affecting more than one item will be sufficient.

(5) Disclose information on risks and uncertainties facing the issuer necessary for an understanding of the issuer's financial condition, changes in financial condition and results of operations. The emphasis should be on disclosing risks and uncertainties likely to be factors within the next two years.

Discuss and analyse risks, events and uncertainties that would cause reported financial information not necessarily to be indicative of future operating results or of future financial condition. This would include descriptions and amounts of i) matters that would have an impact on future operations and have not had an impact in the past, and ii) matters that have had an impact on reported operations and are not expected to have an impact upon future operations.

(6) Disclose, if known, the estimated effect on the financial statements of the implementation of any changes in accounting policies adopted subsequent to the most recent financial year end or expected or known but not yet implemented changes in accounting policies.

(7) Provide information about the nature and magnitude of financial instruments and their effect on the issuer's liquidity, capital resources and results of operations.

At the present time there is no widely accepted definition of financial instruments. Accounting standards setting bodies in several major jurisdictions are working on projects which will define

financial instruments and recommend appropriate accounting and disclosure requirements in this area.

Information about financial instruments may be important to gaining an understanding of the issuer's liquidity, capital resources and results of operations. Financial instruments include financing instruments (debt and equity instruments), asset backed securities (e.g. mortgage backed securities, repurchase agreements) and hedging instruments (e.g. future contracts, options and swaps). These categories and examples are not exhaustive and judgement must be used to identify other financial instruments.

(8) When an issuer intends to proceed with a business acquisition or disposition or asset acquisition or disposition not in the normal course of operations that will have a material effect on the future financial condition or results of operations of the issuer, the transaction and its effect should be discussed as part of the annual report. Disclosure must be made when a decision to proceed with the transaction has been made by the issuer's board of directors or by senior management with the expectation of concurrence from the board of directors. If this disclosure is considered unduly detrimental to the issuer, confidentiality may be maintained as prescribed for in section 74 of the Act.

2. Liquidity

Discussions of liquidity and capital resources may be combined whenever this facilitates the discussion. The discussion of liquidity shall be on both historical and prospective basis in the context of the issuer's business (e.g. a discussion of working capital may be appropriate for certain manufacturing, industrial or related operations but might be inappropriate for a financial institution or public utility) and shall focus on the ability of the issuer to generate adequate amounts of cash and cash equivalents when needed. The discussion of liquidity and capital resources should focus on both short-term and long-term needs. Generally, short-term liquidity and short-term capital resources relate to cash needs for the next 12 months.

This discussion should encompass matters such as the issuer's need to settle obligations as they mature and to maintain capacity to provide for planned growth.

(1) Identify any known trends or expected fluctuations in the issuer's liquidity, taking into account known demands, commitments, events or uncertainties. If a deficiency is identified, indicate the course of action that has been taken or is proposed to be taken to remedy the deficiency.

(2) Describe those balance sheet conditions or income or cash flow items which the issuer believes may be indicators of its liquidity condition.

(3) Disclose the requirements relating to working capital items (e.g., where significant amounts of inventory are required to be carried to meet rapid delivery requirements of customers or where extended payment terms have been provided to customers).

(4) Disclose the nature and extent of legal or practical restrictions on the ability of subsidiaries to transfer funds to the issuer. Disclose the impact such restrictions have had and are expected to have on the ability of the issuer to meet its obligations.

(5) If the issuer is in arrears on the payment of dividends, interest, or principal payment on borrowings, disclose this fact and provide details. If the issuer is in default on any debt covenants at the present time or was in default during the most recently completed financial year, disclose information concerning the default.

3. Capital resources

Capital resources means indebtedness, share capital of the issuer and any other financial arrangement, whether reflected on the balance sheet or not, that can reasonably be considered to provide resources (e.g. leases and put options).

(1) Describe and quantify material commitments for capital expenditures as of the end of the last completed financial year, and indicate the general purpose of such commitments and the anticipated source of funds needed to fulfil such commitments. Also quantify expenditures that are necessary but not yet committed to meet plans discussed in the annual report or elsewhere in the AIF material.

(2) Describe any known trends, favorable or unfavorable, in the issuer's capital resources. Indicate any expected changes in the mix and relative cost of such resources. Briefly discuss other sources of financing that have been arranged but not yet utilized.

4. Results of Operations

(1) Describe any unusual or infrequent events or transactions or any significant economic changes which materially affect income from continuing operations and the extent to which income from continuing operations was affected. Also disclose any other significant components of revenue or expense necessary to understand the results of operations.

(2) Describe any known trends or uncertainties that have had or that the issuer reasonably expects will have a favorable or unfavorable impact on net sales or revenues or income from continuing operations. If the issuer knows of events that are expected to cause a change in the relationship between costs and revenues (such as known future changes in costs of labor or materials or price changes or inventory adjustments), the change in the relationship shall be disclosed.

(3) Provide a narrative discussion of the extent to which any changes in net sales or revenues are attributable to increases in selling prices or to changes in the volume or quantity of goods or services being sold or to the introduction of new products or services.

(4) Discuss briefly any impact of inflation and specific price changes on the issuer's net sales and revenues and on income from continuing operations. For purposes of the discussion, no specific numerical financial data need be presented.

5. There is no regulatory requirement for auditor involvement with respect to the preparation of the AIF. However, issuers may choose to involve their auditors.

6. Generally, information shall be presented as at the end of the last completed financial year. Where material events or conditions have arisen subsequent to the end of the last completed financial year but prior to the date of preparation of the AIF, this updated information shall be included in the AIF.

7. The focus of the AIF disclosure shall be on the issuer. There is no requirement to provide extensive discussion of factors external to the issuer.

8. The instructions for the preparation of the AIF require issuers to discuss certain forward-looking information. Required disclosure is based on presently known trends, commitments, events and uncertainties that are reasonably expected to materially affect the issuer. A disclosure duty exists where a trend, commitment, event or uncertainty is both presently known to management and reasonably expected to have a material impact on the issuer's business, financial condition or results of operations. This Sched-

ule requires a discussion of forward-looking information based on the issuer's expectations as of the date of the AIF.

Issuers are encouraged, but not required, to supply other forward-looking information. Optional forward-looking disclosure involves anticipating a future trend or event or anticipating a less predictable impact of known event, trend or uncertainty. This other forward-looking information is to be distinguished from presently known information which is reasonably expected to have a material impact on future operating results, such as known future increases in costs of labour or materials, which information is required to be disclosed.

Although information provided under to this Schedule may involve some prediction or projection of the future, these instructions do not call for a forecast or projection as defined by the CICA Handbook. In the event that an issuer chooses to provide a forecast or projection, the application of Québec Policy Statement Q - 11 should be considered.

9. The instructions for the preparation of the AIF only apply to material items.

Materiality is a matter of judgement in particular circumstances, and should generally be judged in relation to an item's significance to decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision.

44. Schedule IX of this regulation is replaced by the following:

"SCHEDULE IX ANNUAL INFORMATION FORM

PART I General Instructions

1. The Annual Information Form (AIF) is intended to provide relevant background material essential to a proper understanding of the nature of the issuer, its operations, and prospects for the future. Issuers are required to disclose information about presently known trends, commitments, events or uncertainties that are reasonably expected to have a material impact on the issuer's business, financial condition or results of operations.

2. The following requirements apply to all reporting issuers except to those exempted pursuant to section 163. Issuer means the reporting issuer, its subsidiaries and other investee issuers.

The disclosure required shall include that relating to each subsidiary or investee of an issuer whose total assets constitute more than 10 % of consolidated assets of the issuer at the most recent financial year end or whose total revenues constitute more than 10 % of consolidated revenues of the issuer for the most recent financial year.

3. Any of the information required in the Annual Information Form ("AIF") may at the issuer's option be incorporated by reference. Where information is incorporated by reference in an AIF, the referenced document shall be clearly identified and shall be referenced by page, caption, paragraph or otherwise. All referenced documents shall accompany the AIF when filed with the Commission des valeurs mobilières du Québec (the "Commission") or sent to security holders or other interested parties.

Security holders means holders of the issuer's securities other than debt instruments.

4. The segmented information required in Item 3 of the AIF goes beyond the requirements of Section 1700 of the Canadian Institute of Chartered Accountants (CICA) Handbook. However,

the information required is built on the CICA disclosure framework.

In determining whether information is material, an issuer shall take into account both quantitative and qualitative factors.

While this concept of materiality is broader than the definition of material change contained in the Securities Act, it is consistent with the financial reporting notion of materiality contained in the CICA Handbook.

10. An issuer that is a registrant with the Securities and Exchange Commission ("SEC") of the United States of America may satisfy the AIF requirement by filing with the Commission and making available to security holders a current Form 10K or 20F filed with the SEC pursuant to the Securities and Exchange Act of 1934.

Foreign issuers utilizing this exemption shall file within the time period required by the SEC. Canadian issuers utilizing this exemption shall file within the earlier of the time period required by the Commission and the SEC.

PART II

Specific Instructions

ITEM 1: INCORPORATION OR ORGANIZATION OF ISSUER AND SUBSIDIARIES

1. Incorporation or organization of the issuer

State the statute under which the issuer is incorporated, continued or organized. State whether the articles or other constating documents of the issuer have been amended and describe the substance of the amendments.

2. Subsidiaries

Provide a list of each subsidiary of the issuer as of the most recent financial year end, indicating the jurisdiction of incorporation, continuance or organization and stating separately the percentage of voting securities beneficially owned or over which control or direction is exercised by the issuer. Also disclose the percentage of each class of non-voting securities owned. A subsidiary that does not meet the size criteria set out in paragraph 1 of Part I may be excluded, provided that such excluded subsidiaries, in the aggregate, represent less than 30 % of consolidated revenues or consolidated assets of the issuer.

ITEM 2: GENERAL DEVELOPMENT OF THE BUSINESS

Briefly describe the business of the issuer. This description shall encompass the general development of the business of the issuer over the last five years. This discussion shall include only major events or conditions that have influenced the general development of the business. Changes in the business that are expected shall also be discussed.

ITEM 3: NARRATION DESCRIPTION OF THE BUSINESS

1. Describe the business with reference to the dominant industry segment of the issuer or each reportable industry segment of the issuer. The description shall focus upon (a) industry segments as defined in Section 1700 of the CICA Handbook and (b) the issuer's business in general. The disclosure for each industry segment of the issuer shall include the following information:

(1) principal products or services, methods of distribution of these products or services and principal markets. In addition, for each of the last two completed financial years, as dollar amounts or as percentages, revenue from third parties for each category of principal products or services which accounts for 15 % or more of total consolidated revenues for all segments for the applicable financial year;

(2) when sales made to or income received from one customer (by one or more segments) amount, in the aggregate, to 10 % or more of consolidated revenues, the number of such customers and the aggregate percentage of sales to or income from those customers. Where it is known that a group of customers is under common control, the group shall be considered one customer;

(3) where more than 40 % of an industry segment's sales are made to a geographic segment, the geographic segment and the percentage of the industry segment's sales made to such geographic segment;

(4) when there has been a public announcement of the introduction of a new product or industry segment, the status of the product or segment;

(5) the sources and availability of raw materials;

(6) the importance, duration, and effect on the segment of intangibles such as patents, trademarks, licences and franchises;

(7) the extent to which the business of the industry segment is seasonal;

(8) description of any aspect of the issuer's business that may be affected in the current financial year by renegotiation or termination of contracts or sub-contracts;

(9) with respect to the natural resource operations of an issuer, other than oil and gas:

(a) the location, size and net interest in important properties and the nature of the right to hold or operate the properties as at the most recent financial year end;

(b) reserves by deposit and by category reporting proven, probable and possible reserves (all as defined in National Policy Statement No. 2-A) as at the most recent financial year end;

(c) a reconciliation of reserves by category as at the financial year end immediately preceding the most recent financial year to the information furnished under (b) above, including the effects of production, acquisitions, discoveries, etc.;

(d) the dollar amounts expended on exploration and development in the last two completed financial years;

(10) with respect to the oil and gas operations of an issuer:

(a) the number of wells the issuer has drilled or participated in, the number of such wells completed as oil wells and gas wells capable of production, and the number of dry holes expressed in each case as gross and net wells, during each of the last two financial years of the issuer;

(b) important oil and gas properties, plants, facilities and installations owned, leased or held under option as at the most recent financial year end;

(c) the location, by province or state if in Canada or the United States and by country otherwise, of important producing wells and non-unitized wells capable of producing in which the issuer had an interest as at the most recent financial year end, with the interest expressed in terms of net wells, separately for oil wells and gas wells;

(d) with respect to interests in properties on which there are no current reserves, the gross acreage in which the issuer has an interest as at the most recent financial year end and the issuer's net interest in the acreage and the geographical location of such acreage;

(e) the quantity and type of the estimated net proved and developed reserves and proved and undeveloped reserves (all as defined in National Policy Statement No. 2-B) on both a gross and net basis of crude oil, natural gas and natural gas liquids as at the most recent financial year end. Where royalty rates are subject to noticeable variation, provide a brief discussion of these variations;

(f) a reconciliation of the reserves as at the financial year end immediately preceding the most recent financial year to the reserve information furnished under (e) above, including the effects of production, acquisitions, discoveries, etc.;

(g) the dollar amounts expended on exploration including drilling and on development for the last two financial years of the issuer;

(11) if estimates of reserves are represented as being based on estimates prepared or reviewed by an independent engineer or other expert or consultant, identify the independent engineer or other expert or consultant. The Commission may request that a copy of the full report of such engineer or other expert or consultant be furnished to the Commission as supplemental information and not as material filed as part of these requirements;

(12) with respect to bank operations of an issuer's business, the following:

Loan terminology referred to herein shall have the meaning attributed thereto in the Non-Performing Loan Paper: Disclosure Guidelines for Canadian Chartered Banks, published by the Office of the Inspector General of Banks on July 1, 1986.

(a) NON-PERFORMING LOANS

i. dollar amount of non-accrual consumer loans by personal plan and credit card category as at the most recent financial year end;

ii. dollar amount of non-accrual loans by Canadian resident – residents elsewhere as at the most recent financial year end;

iii. in aggregate, for sovereign risk and private sector loans to banks and other entities disclose the dollar amount of non-personal renegotiated reduced rate loans by Canadian residents – residents elsewhere as at the most recent financial year end in excess of the greater of: (1) 1/10 of 1% of the aggregate paid-in capital, contributed surplus, and retained earnings of the bank at such time; and (2) 500 000 \$;

(b) OTHER PAST DUE LOANS

dollar amount of loans 90-179 days past due and 180 days or more past due, separately for loans by Canadian residents – residents elsewhere as at the most recent financial year end;

(c) INTEREST INCOME

separately, interest income as reported for the most recently completed financial year for domestic and international non-accrual loans, renegotiated reduced rate loans, and other past due loans;

(d) LOANS WITH GENERAL PROVISIONS

for sovereign risk and private sector loans to banks and other entities, the dollar amount of loans with general provisions by country as at the most recent financial year end;

(e) RESTRUCTURED LOANS

i. dollar amount of loans classified as restructured loans in the last financial year for loans by Canadian residents – residents elsewhere;

ii. dollar amount of loans classified as restructured loans in the last financial year listed by country for sovereign risk and private sector loans to bank and other entities;

(f) FOREIGN LOANS

i. for countries designated by the Office of the Superintendent of Financial Institutions as requiring provisions against general country risk (the "designated countries"), total claims for sovereign risk and private sector loans to banks and other entities by country as at the most recent financial year end;

ii. total sovereign risk claims by country for any other countries towards which provisions against claims have been established as at the most recent financial year end;

(g) ALLOWANCE FOR CREDIT LOSSES

i. dollar amount of specific provisions as at the most recent financial year end;

ii. dollar amount of provisions for doubtful credits as at the most recent financial year end;

iii. dollar amount of general country risk provisions for designated countries by country, or countries if the general provision is established on a basket of countries as at the most recent financial year end;

(13) For trust, mortgage loan and credit union (caisse d'épargne et de crédit) operations of the issuer's business the following:

(a) separately, interest income for personal, commercial, and mortgage loans as reported for the most recently completed financial year;

(b) dollar amount of loans 90-179 days past due and 180 days or more past due separately for personal, commercial and mortgage loans as at the most recent financial year end;

(c) dollar amount of provisions with respect to loans disclosed under (b) above as at the most recent financial year end;

(14) state briefly the location and general character of the principal plants and other properties of the issuer.

Identify the industry segments that use the properties described. If the title to any such property is not freehold or it is held subject to any major encumbrance, so state and describe briefly how held.

2. With respect to the issuer's business in general, discuss the following matters and identify the industry segments affected:

(1) the competitive conditions in the principal markets in which the issuer operates, including an assessment of the issuer's competitive position if possible;

(2) the dollar amount spent by the issuer on research and development activities;

(3) the financial or operational effect of environmental protection requirements on the capital expenditures, earnings and competitive position of the issuer for the current financial year and any expected impact on future years;

(4) the number of employees, as at the most recent financial year end or as an average for the year, whichever is more relevant;

(5) any risks associated with the foreign operations of the issuer and any dependence of one or more of the issuer's industry segments upon such foreign operations.

**ITEM 4:
SELECTED CONSOLIDATED FINANCIAL INFORMATION**

1. Provide the following financial data for the issuer for the last five completed financial years, in summary form accompanied by a discussion of those factors affecting the comparability of the data. Factors affecting the comparability of the data include changes in accounting policies, significant acquisitions or disposals and major changes in the direction of the business:

- (1) net sales or total revenues;
- (2) profit or loss before extraordinary items, in total and per equity share;
- (3) total assets;
- (4) total amount of long-term debt, retractable preferred shares and redeemable preferred shares where the redemption privilege is expected to be exercised (excluding dollar amounts expected to be repaid, retracted or redeemed in the current financial year);
- (5) cash dividends declared per share for each class of shares;
- (6) net earnings, in total and on a per equity share and fully diluted equity share basis.

2. For each of the last eight quarters ending with the most recently completed financial year, provide the information required in sub-paragraphs (1), (2) and (6). If the issuer is only required to file six month interim financial statements, for each of the last 4 completed six month periods ending with the most recently completed financial year, provide the information required in sub-paragraphs (1), (2) and (6).

3. Describe any restriction which could prevent the issuer from paying dividends. Disclose the issuer's dividend policy and where there is an authorized intention to change the dividend policy in the near future disclose the intended change in dividend policy.

**ITEM 5:
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Incorporate by reference or reproduce the disclosure prescribed by Schedule VII.

**"SCHEDULE IX.1
SUPPLEMENT TO THE ANNUAL INFORMATION FORM**

**ITEM 1:
ACQUISITIONS AND DISPOSITIONS**

Provide the information prescribed by Item 11 of Schedule I.

**ITEM 2:
DESCRIPTION OF IMMOVABLES**

Provide the information prescribed by Item 12 of Schedule I.

**ITEM 3:
DIVIDEND RECORD**

Provide the information prescribed by Item 20 of Schedule I.

**ITEM 4:
PRIOR AND FUTURE DISTRIBUTIONS**

Provide the information prescribed by Item 28 of Schedule I. The following items apply only to finance companies.

**ITEM 5:
ADDITIONAL FINANCIAL INFORMATION**

Provide the information prescribed by Item 33 of Schedule I.

**ITEM 6:
RELATIONSHIPS WITH OTHER COMPANIES**

Provide the information prescribed by Item 34 of Schedule I.

**ITEM 7:
LOCATION OF SECURITIES SUBJECT TO A TRUST DEED
AND DEPOSITORY OF PORTFOLIO SECURITIES**

Provide the information prescribed by Item 37 of Schedule I.

**ITEM 8:
STATEMENT OF FUNCTIONS OF ISSUER**

Provide the information prescribed by Item 38 of Schedule I.

**ITEM 9:
ASSOCIATED PERSONS**

Provide the information prescribed by Item 39 of Schedule I."

45. The first paragraph of question 7 of Form 4 of this regulation is amended by replacing the figures "12 and 13" by "7 and 8".

46. The incorporated or the unincorporated mutual fund prescribed in section 267.4 which paid fees in accordance with the regulation in force since July 21, 1988 may, within a six month period following the coming into force of the present regulation, ask the Commission a refund of the fees made up of the difference between the fees then required and those presently required.

The limited partnership prescribed in section 267.4 which paid fees, in accordance with the regulation in force since July 21, 1988, at the time of the distribution of the securities of an incorporated or unincorporated mutual fund may, within a six month period following the coming into force of the present regulation, ask the Commission for a refund of those fees.

47. The net free capital requirements prescribed by section 207 will come into force only on July 1, 1991, with respect to the dealer with an unrestricted practice, except the introducing dealer, and to the discount broker already registered at the coming into force of the present regulation.

Until that date, the requirements are as follows:

- (1) 125 000 \$ until June 30, 1990;
- (2) 185 000 \$ until June 30, 1991.

48. The requirement prescribed by section 119 to present in the annual report the information prescribed by Schedule VII and the requirement prescribed by section 159 to file the annual information form are applicable only for the financial years ending from September 30, 1990 for issuers with revenues or shareholders equity of 25 000 000 \$ or less.

49. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.