

REGULATION TO AMEND THE SECURITIES REGULATION TO DEFINE A CLOSED COMPANY AND DETERMINE FEES PAYABLE IN RESPECT OF REGULATORY PROSPECTUS AND REGISTRATION EXEMPTIONS

Securities Act

(R.S.Q., c. V-1.1, s. 331, subpars. 1.1, 3 and 9; S.Q., 2004, c. 37)

1. The Securities Regulation* is amended by inserting the following after section 3:

“3.1 An issuer is a closed company within the meaning of the Act for the application of subparagraph 5, section 141 of the Charter of the French language (R.S.Q., c. C-11) where it fulfills the following conditions:

- 1) it is not an investment fund;
- 2) its securities, other than non-convertible debt securities:
 - a) are subject to restrictions on transfer that are contained in the issuer’s constating documents or security holders’ agreements; and
 - b) are beneficially owned, directly or indirectly, by not more than 50 persons provided that each person is counted as one beneficial owner unless the person is created or used primarily to purchase or hold securities of the issuer, in which case each beneficial owner or each beneficiary of the person, as the case may be, must be counted as a separate beneficial owner but not including employees and former employees of the issuer or its affiliates;
- 3) it has distributed securities only to persons referred to in section 2.4(1) of Regulation 45-106 respecting Prospectus and Registration Exemptions.”

2. Section 103 of the Regulation is repealed.

3. Section 267 of the Regulation is amended:

- 1) by replacing subparagraph 4 of the first paragraph by the following:

“4) at the time of filing a report of exempt distribution:
 - a) in the case of a distribution exempt from a prospectus by regulation, 0.025% of the gross value of the securities distributed in Québec, subject to a minimum of \$250;
 - b) in the case of a money market fund, the calculation of the fees is made pursuant to the net distribution, that is, the purchases less the redemptions;”;
- 2) by repealing subparagraphs 5, 6 and 7 of the first paragraph;
- 3) by deleting the words “or an offering memorandum” in subparagraph 8 of the first paragraph;
- 4) by deleting the second paragraph;
- 5) by deleting the words “the offering memorandum” and “or the offering memorandum” in the third paragraph.

4. Section 269 of the Regulation is repealed.

5. Section 270 of the Regulation is amended by deleting “, (6)” at the beginning of the section.

6. Section 271.1 of the Regulation is amended by deleting “, (5)” at the end of the section.

7. Section 271.6 of the Regulation is amended:

- 1) by replacing “under section 106.1 or 183” at the end of subparagraph 1 by “by regulation”;
- 2) by inserting the following after subparagraph 1:

“1.1) at the time of an application for an exemption from a requirement prescribed by the Act or a regulation in respect of a distribution, \$500 and within 10 days of the exempt distribution, 0.025% of the gross value of the securities distributed in Québec, subject to an additional minimum of \$250 or in the case of a money market fund, the calculation of the fees is made pursuant to the net distribution, that is, the purchases less the redemptions;”;
- 1.2) at the time of an application to designate an accredited investor, \$500;”;
- 3) by replacing “under section 106.1 or 183” in subparagraph 5 by “by regulation”.

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

*The Securities Regulation, enacted by Order-in-Council 660-83 dated March 30, 1983 (1983, G.O. 2, 1269), was last amended by the regulations approved by Order-in-Council 630-2003 dated June 4, 2003 (2003, G.O. 2, 1887) and Ministerial Order 2003-01 dated May 28, 2003 (2003, G.O. 2, 1890). For previous amendments, refer to the *Tableau des modifications et Index sommaire*, Éditeur officiel du Québec, 2004, updated to September 1, 2004.