

## REGULATION TO AMEND THE SECURITIES REGULATION

Securities Act

(R.S.Q., c. V-1.1, s. 331.1, par. (4), (11), (18.1) and (18.2) and s. 334; 2004, c. 37)

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

“**3.1.** For the purposes of paragraph (9) of the definition of "distribution" in section 5 of the Act, the determined portion that must be held by a person or group of persons is more than 20% of the voting securities and the determined portion that the person or group of persons must dispose of in accordance with the provisions determined by regulation is a single security.”.

2. The heading of Chapter I of Title III of the Regulation is replaced with the following:

“ISSUER DEEMED TO HAVE MADE A DISTRIBUTION OF SECURITIES TO THE PUBLIC

“**115.0.1.** For the purposes of subparagraph (7) of the second paragraph of section 68 of the Act, an issuer whose securities are listed on a Canadian stock exchange authorized or exempt from authorization by the Authority and which has a significant connection to Québec is deemed to have made a distribution of securities to the public.

A significant connection to Québec exists where an issuer, including an issuer whose existence results from a reverse takeover within the meaning of Regulation 51-102 respecting Continuous Disclosure Obligations, approved by Ministerial Order 2005-03 dated May 19, 2005, or a qualifying transaction within the meaning of Policy Statement 41-601Q Capital Pool Companies adopted by the *Commission des valeurs mobilières du Québec* pursuant to decision no. 2002-C-0408 dated October 29, 2002, meets any of the following conditions:

- (1) its head office is in Québec;
- (2) the beneficial owners residing in Québec hold more than 20% of its equity securities held by all beneficial owners;
- (3) its president or chief executive officer resides mainly in Québec and the beneficial owners residing in Québec hold more than 10% of its equity securities held by all beneficial owners;
- (4) the majority of the members of management or of the board of directors reside mainly in Québec and the beneficial owners residing in Québec hold more than 10% of its equity securities held by all beneficial owners.

“**115.0.2.** An issuer whose head office is in Québec and whose securities are newly listed on a Canadian stock exchange must notify the Authority within 10 days. An issuer that moves its head office to Québec and whose securities are already listed on a Canadian stock exchange must notify the Authority within 30 days.

An issuer that meets the conditions stipulated in subparagraphs (2), (3) or (4) of the second paragraph of section 115.0.1. must notify the Authority thereof no later than 60 days following its financial year-end.

“**115.0.3.** For the purposes of subparagraph (8) of the second paragraph of section 68 of the Act, an issuer may be designated by the Authority as deemed to have made a distribution of securities to the public where it has met any of the following criteria:

- (1) The performance of the securities of a reporting issuer or of an issuer deemed to have made a distribution of securities to the public referred to in subparagraphs (1) to (7) of the

second paragraph of section 68 of the Act arises from the performance of the securities of such person;

(2) This person's financial information is necessary for a decision to invest in the issuer;

(3) Its outstanding securities are listed on a stock exchange or on a published market and are held by at least 50 beneficial holders residing in Québec who hold at least 2% of all these securities.

Notwithstanding the first paragraph, the Authority may, at its discretion, decide to designate any other issuer where, in its opinion, such designation is necessary in the interest of investors.

**“CHAPTER I.1  
“PERIODICAL DISCLOSURE”**

**3.** The Regulation is amended by adding the following after section 194:

**“194.1.** Registration as a dealer is not required for the following:

(1) an issuer that limits its activities as a dealer to the distribution, under a prospectus exemption pursuant to section 41 of the Act, of securities of its own issue, provided that such distributions are only a secondary activity of the issuer;

(2) a bank or an authorized foreign bank listed in Schedule I, II or III to the Bank Act, the Caisse centrale Desjardins du Québec established under the Act respecting the Mouvement Desjardins (2000, c. 77), a financial services cooperative within the meaning of the Act respecting financial services cooperatives (R.S.Q., c. C-67.3) or a trust company licensed under the Act respecting trust companies and savings companies that limits its activities as a dealer to the distribution or sale of a promissory note payable in one year or less under the prospectus exemption referred to in paragraph (3) of section 41 of the Act.”.

**“194.2.** A person who acts as an adviser only to accredited investors referred to in paragraphs (a), (b), (c), (d), (f), (g), (i), (p), (q) or (v) of the definition of “accredited investor” provided for in section 1.1 of Regulation 45-106 respecting Prospectus and Registration Exemptions (*indicate the number and date of the Ministerial Order approving the Regulation*) and in respect of which the exemption provided for in section 2.3 thereof applies is exempt from registration.”.

**4.** This Regulation comes into force on September 14, 2005.