

**SECURITIES REGULATION**

Errata, 1985 G.O. 2, 1121

**Securities Act**

(chapter V-1.1, r. 50)

**TITLE I**

**GENERAL PROVISIONS**

1. (Repealed).

O.C. 660-83, s. 1; M.O. 2003-01, s. 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.*

O.C. 1758-84, s. 1.

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

O.C. 1758-84, s. 1.

*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 regulation.*

O.C. 1758-84, s. 1; M.O. 2003-01, s. 2.

*1.4. Trades in a futures market may only be affected 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.*

O.C. 1758-84, s. 1.

*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*

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*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.*

*O.C. 1758-84, s. 1.*

**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 one of the approved participants 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.*

*O.C. 1758-84, s. 1; O.C. 1622-90, s. 1; M.O. 2003-01, s. 3.*

**1.7.** *A limited partnership's unit is a form of investment to which the Act applies, the same as the other forms of investment enumerated in section 1 of the Act.*

*O.C. 1263-85, s. 1.*

**2.** *(Repealed)*

*O.C. 660-83, s. 2; Errata, 1985 G.O. 2, 1121; M.O. 2005-04, s. 1.*

**3.** *For the purpose of the Act and the Regulation, any of the following securities is acceptable as "gilt-edged security":*

- (1) debt securities secured by one of the following:*
  - (a) a first mortgage or a lien on an immovable;*
  - (b) the pledge of equipment, in the case of a company which has regularly paid in full the interest on these securities during the last 5 years;*
  - (c) the pledge of gilt-edged securities or of securities mentioned in paragraph 1 of section 3 of the Act or in paragraphs 1 or 2 of section 41 of the Act;*
- (2) debt securities issued or guaranteed:*
  - (a) either by a company whose common, restricted or preferred shares are considered gilt-edged securities;*

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(b) or by a company which has realized, during the last 5 years, accumulated earnings representing at least 10 times the interest on all indebtedness of or guaranteed by the company, other than indebtedness classified as a current liability;

(3) preferred shares issued:

(a) either by a company which has paid, during the last 5 years, the specified dividend on all its preferred shares;

(b) or by a company whose common or restricted shares are considered gilt-edged securities;

(4) common or restricted shares listed on a stock exchange recognized by the Commission for the purpose of this section and issued by a company which, during its last 5 years, has paid or had earnings available to pay, after deducting preferred dividends, a dividend equal to not less than 4% of the average value of these shares as shown in the capital stock account.

In this section, the term "year" means a normal accounting period of 12 months, so that necessary adjustments must be made in the case of a company that has an accounting period longer or shorter than 12 months.

In the case of a company resulting from a merger or of a parent company which owns an interest of more than 50% in another company, the financial criteria must be applied on the basis of consolidated accounts.

O.C. 660-83, s. 3; O.C. 1263-85, s. 2.

**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.

M.O. 2005-22, s. 1.

**4.** (Repealed).

O.C. 660-83, s. 4; O.C. 1263-85, s. 3; O.C. 1622-90, s. 2; M.O. 2003-01, s. 4; M.O. 2005-04, s. 1.

**5.** The documents prescribed by regulation must present clearly the information, by gathering the elements under the appropriate headings and subheadings, and by using tables to simplify the presentation.

O.C. 660-83, s. 5; M.O. 2003-01, s. 5.

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**6.** *The Commission may designate the elements of the disclosure documents prescribed by regulation that must be omitted where it considers that the disclosure presented might mislead investors.*

*O.C. 660-83, s. 6; M.O. 2003-01, s. 6.*

**7.** *The Commission may require the presentation in the prospectus of information not prescribed by regulation where it considers that the type of investment proposed requires it.*

*O.C. 660-83, s. 7; M.O. 2003-01, s. 7.*

**8.** *(Repealed).*

*O.C. 660-83, s. 8; M.O. 2003-01, s. 8.*

**9.** *It is not necessary to refer to an Item in a document prescribed by regulation that does not apply, or to repeat information that is prescribed under more than one heading.*

*O.C. 660-83, s. 9; M.O. 2003-01, s. 9.*

**10.** *Where a regulation prescribes tables, the essential elements of the presentation must be complied with.*

*O.C. 660-83, s. 10; Errata, 1985 G.O. 2, 1121; M.O. 2003-01, s. 10.*

**11.** *The information prescribed by regulation may be presented in summary form, provided there is no misrepresentation.*

*O.C. 660-83, s. 11 M.O. 2003-01, s. 11.*

**12.** *The Commission may permit the information in a document prescribed by regulation to be omitted where it considers such information to be of no value.*

*O.C. 660-83, s. 12; M.O. 2003-01, s. 12.*

**13.** *Sections 16, 23, 27, 29 to 33.2, 37 to 37.2, 50, 53, 60, 77 to 83 and paragraphs 1 to 3 of section 93 also apply to a preliminary prospectus.*

*O.C. 660-83, s. 13; O.C. 30-96, s. 1; M.O. 2003-01, s. 13; M.O. 2005-04, s. 2; M.O. 2005-22, s. 2.*

**14.** *A recognized organization must file, at the time it files the financial statements prescribed by section 184 of the Act, the following information as at the date of filing:*

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1. a list of its senior executives
2. a list of its members

O.C. 660-83, s. 14.

**14.01.** In order to be considered as a “closed company” within the meaning of section 5 of the Act, a company must satisfy the conditions to be met by an issuer to be considered as a “private issuer” within the meaning of Regulation 45-106 respecting Prospectus and Registration Exemptions approved by Minister’s Order 2005-20 dated 12 August 2005.

O.C. 748-2005, s. 1.

**14.1.** (Repealed).

O.C. 1548-96, s. 1; O.C. 1247-2001, s. 1; M.O. 2003-01, s. 14.

**14.2.** (Repealed).

O.C. 1548-96, s. 1; M.O. 2003-01, s. 14.

**14.3.** (Repealed).

O.C. 1247-2001, s. 2; M.O. 2003-01, s. 14.

## **TITLE II DISTRIBUTION OF SECURITIES TO THE PUBLIC**

### **CHAPTER I PROSPECTUS**

#### **DIVISION I GENERAL PROVISIONS**

**15.** The request for a receipt shall be made by the filing of a preliminary prospectus or a draft prospectus as well as the documents prescribed by regulation.

O.C. 660-83, s. 15; Errata, 1985 G.O. 2, 1121; M.O. 2003-01, s. 15.

**16.** The prospectus, other than a simplified prospectus, must set forth the information prescribed by regulation or, in the case of the units of an unincorporated mutual fund or shares of an incorporated mutual fund, in Schedule II.

O.C. 660-83, s. 16; M.O. 2003-01, s. 16.

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**17.** A prospectus filed solely to enable an issuer to become a reporting issuer in accordance with section 68 of the Act must contain the information prescribed by regulation, *mutatis mutandis*.

O.C. 660-83, s. 17; M.O. 2003-01, s. 17.

**18.** (Repealed).

O.C. 660-83, s. 18; M.O. 2003-01, s. 18.

**18.1.** The Commission may require of a senior executive or of a promoter of an issuer or of the promoter of a venture that he completes Form 4.

O.C. 977-88, s. 1.

**19.** The Commission may refuse to issue a receipt for a prospectus more than 75 days after the date that a receipt was issued for the preliminary prospectus, or the filing of a draft prospectus, where the time limit has been exceeded through the failure to act of the person applying for the receipt.

The Commission may require that the information be brought up-to-date if the receipt for the prospectus has not been given after a delay of more than 90 days after the date of the receipt for the preliminary prospectus or of the filing of the draft prospectus.

O.C. 660-83, s. 19; O.C. 226-93, s. 19.

**20.** Where a distribution is made by a person who is not registered as prescribed by section 148 of the Act, the Commission may refuse to issue a receipt for the prospectus until the person is registered as a dealer.

O.C. 660-83, s. 320.

**21.** The Commission may refuse to issue its receipt if the issuer has not met the obligations of disclosure prescribed by the laws in the place where it is incorporated.

O.C. 660-83, s. 21.

**22.** The Commission may also refuse to issue its receipt in the case of a distribution that does not comply with any of the following rules:

(1) in the case of a firm underwriting, the dealer must undertake to take delivery of the securities or to withdraw the distribution within 6 weeks from the issuance of a receipt for the prospectus;

(2) in the case of a best efforts underwriting containing a minimum sum to be raised, the proceeds of the distribution must be deposited with a person acceptable to the

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Commission who undertakes to remit them to the subscribers if the minimum is not reached;

(3) in the case of a best efforts underwriting containing a minimum sum to be raised, this minimum must be raised within the maximum delay of 90 days after the issuance of a receipt for the prospectus, unless the Commission authorizes an extension and the consent of the subscribers thereto is obtained.

The rule prescribed in paragraph 2 does not apply when the distribution is made by a dealer with an unrestricted practice which is a member of a self-regulatory organization recognized by the Commission and is not an introducing broker, on the condition that a register be kept containing the date of the subscription, the name and account number or address of each subscriber and the number of securities subscribed.

O.C. 660-83, s. 22; O.C. 1263-85, s. 4; M.O. 2003-01, s. 19.

**23.** Where any of the rules prescribed in section 22 applies, it must be so stated on the first page of the prospectus.

O.C. 660-83, s. 23.

**24.** The Commission may refuse to issue a receipt for a prospectus filed by an issuer who intends to carry out the distribution himself in the following cases:

- (1) the issuer does not have its head office in Québec;
- (2) a remuneration is paid to senior executives or to employees as a result of the distribution.

O.C. 660-83, s. 24.

**25.** In the case of a distribution made by the issuer himself, the receipting of the prospectus is subject to the following conditions:

- (1) the issuer files a preliminary prospectus with the Commission;
- (2) the issuer files, no later than at the time it files a preliminary prospectus, its request for registration as an issuer-distributor in accordance with section 192;
- (3) the issuer files, at the time of the filing of the final prospectus, a list of the subscribers solicited in accordance with subsection 3 of section 21 of the Act;
- (4) the issuer files, when the distribution has been completed, a list of the subscribers indicating the name and address of each subscriber and the number of securities subscribed;

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(5) *the senior executives of the issuer and their associates may not subscribe to securities that form part of the distribution, except to the extent that a declaration of that fact is made in the prospectus.*

*In the case set out in paragraph 2, the Commission grants a conditional registration as a security issuer. The issuer must obtain his registration prior to the issue of a receipt for the prospectus.*

O.C. 660-83, s. 25; O.C. 697-87, s. 1.

**26.** *When an issuer distributes shares, other than preferred shares, not having a right to vote or having restricted rights to vote, or securities convertible into shares of this kind, it must agree to give to all of the eventual holders of the securities offered notice of all general, ordinary or special meetings of shareholders.*

O.C. 660-83, s. 26.

**27.** *A prospectus dealing with debt securities issued by a finance company, without a trust deed, must state that fact on the first page.*

O.C. 660-83, s. 27.

**28.** *The Commission may refuse to issue its receipt where the registrar and transfer agents are not acceptable to the Commission.*

*In addition, the issuer must agree not to replace such persons without the consent of the Commission.*

O.C. 660-83, s. 28.

**29.** *A prospectus for a distribution that takes place only in Québec must contain the following notice:*

*“The Québec Securities Act provides purchasers with the right to withdraw from an agreement to purchase the securities within 2 business days after receipt of this prospectus or any amendment thereto.*

*The Act also enables the purchaser to request remedies for rescission, price revision or damages where the prospectus contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the Act. The purchaser should refer to the applicable provisions of the Act for the particulars of these rights or consult with a legal advisor.”*

O.C. 660-83, s. 29; Errata, 1985 G.O. 2, 1121; O.C. 1263-85, s. 5; O.C. 697-87, s. 2; O.C. 977-88, s. 2; M.O. 2003-01, s. 20.



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**30.** (Repealed).

O.C. 660-83, s. 30; M.O. 2003-01, s. 21.

**30.1.** (Repealed).

O.C. 1263-85, s. 6; O.C. 697-87, s. 3; M.O. 2003-01, s. 21.

**30.2.** When securities are distributed only in Québec, the following warning regarding the scope of the distribution must appear on the first page of the prospectus:

*“The securities offered by the present prospectus are offered only in Québec; they may be lawfully offered for sale only by duly registered persons.”*

O.C. 697-87, s. 3; M.O. 2003-01, s. 22.

**31.** (Repealed).

O.C. 660-83, s. 31; O.C. 1263-85, s. 7; M.O. 2003-01, s. 23.

**32.** (Repealed).

O.C. 660-83, s. 32; Errata, 1985 G.O. 2, 1121; M.O. 2003-01, s. 23.

**33.** The prospectus referred to in section 17 must contain the following certificate:

*“This prospectus contains no misrepresentation likely to affect the value or the market price of the securities already issued.”*

O.C. 660-83, s. 33; M.O. 2003-01, s. 24.

**33.1.** The prospectus must contain the following certificate:

*“This prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed.”*

*The certificate must be signed by the chief executive officer of the issuer, or by a person who holds a similar position, by the chief financial officer, and by 2 other persons selected from among the directors and authorized for that purpose.*

*Where applicable, it is also signed by the promoter or by his agent, when the Authority so authorizes.*

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*The Authority may authorize the replacement of the signature of an officer by that of another officer.*

*M.O. 2005-17, s. 1.*

**33.2.** *In the case of a distribution made by a dealer other than the security issuer, the prospectus must contain, at the end, the following certificate, signed by the dealer:*

*“To our knowledge, this prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed.”*

*The Authority may authorize the dealer to sign the certificate through an agent.*

*Where there is more than one underwriter, it may be signed by the lead underwriter only.*

*M.O. 2005-17, s. 1; M.O. 2005-17, s. 1.*

**34** *Where the issuer has fewer than 4 senior executives, they must all sign the certificate.*

*O.C. 660-83, s. 34.*

**35.** *The Commission may require, on the conditions that it sets, the signing of the certificate by a person who, during the 2 preceding years, acted as promoter for the issuer.*

*O.C. 660-83, s. 35.*

**36.** *In the case of a firm underwriting, the lead underwriter must file with the Commission, within 30 days after the issue of the receipt for the prospectus, the list of the members of the banking group syndicate, indicating the percentage of the issue allocated to each.*

*The banking group syndicate means the group of dealers who, after the firm underwriting, divide the issue between them for the distribution.*

*O.C. 660-83, s. 36; O.C. 1263-85, s. 8.*

**37.** *The prospectus must contain all certificates prescribed by regulation.*

*The Commission may authorize the dealer to sign the certificate through an agent. Where there is more than one underwriter, it may be signed by the lead underwriter only.*

*O.C. 660-83, s. 37; M.O. 2003-01, s. 25.*

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**37.1.** *With regard to executive officers' remuneration, the information prescribed by various schedules may be substituted by a more detailed information, presented in accordance with the requirements of foreign rules recognized by the Commission.*

                      
O.C. 1263-85, s. 9.

**37.2.** *When a distribution is made pursuant to an exemption, any disclosure document delivered to subscribers, even if such document is not required by the Act or the Regulations, must be filed without delay with the Commission, unless it has previously been filed.*

                      
O.C. 697-87, s. 4.

### **DIVISION I.1**

#### **DISTRIBUTIONS AT FIXED PRICE SUBJECT TO VARIATION OR AT NON-FIXED PRICE**

**37.3.** *(Repealed).*

                      
O.C. 226-93, s. 2; M.O. 2003-01, s. 26.

**37.4.** *(Repealed).*

                      
O.C. 226-93, s. 2; M.O. 2003-01, s. 26.

**37.5.** *(Repealed).*

                      
O.C. 226-93, s. 2; M.O. 2003-01, s. 26.

**37.6.** *(Repealed).*

                      
O.C. 226-93, s. 2; M.O. 2003-01, s. 26.

**37.7.** *(Repealed).*

                      
O.C. 226-93, s. 2; M.O. 2003-01, s. 26.

### **DIVISION II**

#### **FINANCIAL STATEMENTS**

**38.** *(Repealed).*

                      
O.C. 660-83, s. 38; Errata, 1985 G.O. 2, 1121; M.O. 2003-01, s. 26.

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### 39. (Repealed)

O.C. 660-83, s. 39; M.O. 2003-01, s. 26.

40. *In the case of the incorporated mutual fund or unincorporated mutual fund, the prospectus presents the financial information described in section 2.1 of Regulation 81-106 respecting investment fund continuous disclosure.*

*The Autorité des marchés financiers may, upon request or on its own initiative, change the dates or the periods for which these statements are prepared.*

*The prospectus also presents the annual management report of fund performance for the last fiscal year.*

O.C. 660-83, s. 40; O.C. 1263-85, s. 10; M.O. 2005-04, s. 4.

### 41. (Repealed)

O.C. 660-83, s. 41; M.O. 2005-04, s. 5.

### 42. (Repealed).

O.C. 660-83, s. 42; O.C. 977-88, s. 3; M.O. 2003-01, s. 26.

### 43. (Repealed).

O.C. 660-83, s. 43; M.O. 2003-01, s. 26.

44. *The Commission may require or permit the presentation in the prospectus of a pro forma balance sheet of the issuer and of all its subsidiaries which takes into account the issuing, redemption or cancellation of securities of the issuer, or any other transaction it may require. The balance sheet must be dated as at the date of the most recent financial statement of the issuer.*

O.C. 660-83, s. 44.

### 45. (Repealed).

O.C. 660-83, s. 45; O.C. 226-93, s. 3; M.O. 2003-01, s. 26.

### 46. (Repealed).

O.C. 660-83, s. 46; O.C. 226-93, s. 3; M.O. 2003-01, s. 26.

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**47.** (Repealed).

O.C. 660-83, s. 47; O.C. 226-93, s. 3; M.O. 2003-01, s. 26.

**48.** (Repealed).

O.C. 660-83, s. 48; M.O. 2003-01, s. 26.

**49.** (Repealed).

O.C. 660-83, s. 49; M.O. 2003-01, s. 26.

**50.** *Forward-looking information included in a prospectus, an offering notice or an offering memorandum prescribed by the Act or a regulation, or in a document authorized by the Commission for use in lieu of a prospectus must be prepared in accordance with a regulation 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, than the one contained in the documents mentioned in the previous paragraph.*

O.C. 660-83, s. 50; O.C. 1263-85, s. 11; O.C. 1622-90, s. 4; M.O. 2003-01, s. 27.

**51.** *The Commission may require that the financial statements of a subsidiary of the issuer be presented separately in the prospectus, whether they are consolidated or not with those of the issuer in the prospectus.*

*When the auditor's report on the financial statements of a subsidiary contains qualifications, the report and the financial statements must be filed with the Commission.*

O.C. 660-83, s. 51.

**52.** *The Commission may permit the presentation in the prospectus of unconsolidated financial statements as additional information.*

O.C. 660-83, s. 52.

**53.** *Where the issuer is a legal person, its financial statements presented in a prospectus must be submitted before their approval by the board of directors for review to the audit committee of the board of directors, where it has such a committee.*

O.C. 660-83, s. 53; Errata, 1985 G.O. 2, 1121; M.O. 2003-01, s. 28.

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**54.** (Repealed).

          
O.C. 660-83, s. 54; M.O. 2003-01, s. 29.

**55.** (Repealed).

          
O.C. 660-83, s. 55; M.O. 2003-01, s. 29.

**56.** (Repealed).

          
O.C. 660-83, s. 56; M.O. 2003-01, s. 29.

**57.** (Repealed).

          
O.C. 660-83, s. 57; M.O. 2003-01, s. 29.

### **DIVISION III THE SIMPLIFIED PROSPECTUS**

**58.** (Repealed).

          
O.C. 660-83, s. 58; O.C. 1263-85, s. 12; O.C. 1622-90, s. 5; M.O. 2003-01, s. 29.

**58.1.** (Repealed).

          
O.C. 1622-90, s. 6; M.O. 2003-01, s. 29.

**59.** (Repealed).

          
O.C. 660-83, s. 59; O.C. 1622-90, s. 7; M.O. 2003-01, s. 29.

**59.1.** (Repealed).

          
O.C. 1263-85, s. 14; O.C. 1622-90, s. 8; M.O. 2003-01, s. 29.

**60.** *If the board of directors of the issuer has approved annual financial statements which have not yet been filed with the Commission, they shall be filed concurrently with the simplified prospectus. Furthermore, the issuer must then issue a press release setting forth the highlights of those financial statements.*

          
O.C. 660-83, s. 60; O.C. 1263-65, s. 15; M.O. 2003-01, s. 29.

**61.** (Repealed).

          
O.C. 660-83, s. 61; M.O. 2003-01, s. 29.

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**62.** (Repealed).

O.C. 660-83, s. 62; M.O. 2003-01, s. 29.

**DIVISION III.1  
(REPEALED)**

O.C. 1263-85, s. 16; M.O. 2003-01, s. 29.

**62.1.** (Repealed).

O.C. 1263-85, s. 16; O.C. 1622-90, s. 9; M.O. 2003-01, s. 29.

**62.2.** (Repealed).

O.C. 1263-85, s. 16; M.O. 2003-01, s. 29.

**62.3.** (Repealed).

O.C. 1263-85, s. 16; M.O. 2003-01, s. 29.

**62.4.** (Repealed).

O.C. 1263-85, s. 16; O.C. 226-93, s. 4.

**62.5.** (Repealed).

O.C. 1263-85, s. 16; M.O. 2003-01, s. 29.

**62.6.** (Repealed).

O.C. 1263-85, s. 16; M.O. 2003-01, s. 29.

**62.7.** (Repealed).

O.C. 1263-85, s. 16; O.C. 226-93, s. 4.

**62.8.** (Repealed).

O.C. 1263-85, s. 16; O.C. 226-93, s. 4.

**62.9.** (Repealed).

O.C. 1263-85, s. 16; M.O. 2003-01, s. 29.

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**62.10.** *(Repealed).*

O.C. 1263-85, s. 16; O.C. 226-93, s. 4.

### **DIVISION IV**

#### **SPECIAL PLANS**

##### ***The simplified prospectus***

**63.** *A simplified prospectus for an unincorporated mutual fund or an incorporated mutual fund must present the information prescribed by regulation.*

O.C. 660-83, s. 63; M.O. 2003-01, s. 30.

**64.** *(Repealed).*

O.C. 660-83, s. 64; M.O. 2003-01, s. 31.

**65.** *(Repealed).*

O.C. 660-83, s. 65; O.C. 697-87, s. 5; M.O. 2003-01, s. 31.

**65.1.** *(Repealed).*

O.C. 697-87, s. 5; M.O. 2003-01, s. 31.

### **DIVISION V**

#### **SPECIAL PLANS**

##### ***Exemption from prospectus***

O.C. 1263-85, s. 17

**66.** *(Repealed).*

O.C. 660-83, s. 66; O.C. 1263-85, s. 17; M.O. 2005-22, s. 3.

**67.** *(Repealed).*

O.C. 660-83, s. 67; O.C. 1263-85, s. 17; M.O. 2005-22, s. 3.

**68.** *(Repealed).*

O.C. 660-83, s. 68; O.C. 1263-85, s. 17; M.O. 2005-22, s. 3.

**69.** *(Repealed).*

O.C. 660-83, s. 69; O.C. 1263-85, s. 17; O.C. 226-93, s. 5; M.O. 2005-22, s. 3.



**70.** (Repealed).

O.C. 660-83, s. 70; O.C. 1263-85, s. 17; M.O. 2005-22, s. 3.

**70.1.** (Repealed).

O.C. 1263-85, s. 17; M.O. 2005-22, s. 3.

**70.2.** (Repealed).

O.C. 1263-85, s. 17; M.O. 2005-22, s. 3.

**70.3.** (Repealed).

O.C. 1263-85, s. 17; M.O. 2005-22, s. 3.

**70.4.** (Revoked).

O.C. 1263-85, s. 17; O.C. 30-96, s. 2.

**70.5.** (Revoked)

O.C. 1263-85, s. 17; O.C. 30-96, s. 2.

## **DIVISION VI**

### **SPECIAL PLANS**

#### **Person issuing options and futures contracts**

**71.** The Commission shall qualify persons as prescribed by section 67 of the Act on the following conditions:

(1) the person issuing securities referred to in that section must furnish the following information:

(a) its corporate name, the address of its head office, and the method and date of incorporation;

(b) a brief description of its activities;

(c) the names of the members of its board of directors and their main occupations;

(d) the audited financial statements for the last financial year;

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(e) a description of the different types of contracts that it wants to issue or guarantee;

(2) the qualification remains valid only inasmuch as the person issuing securities referred to in section 67 of the Act files with the Commission, within 150 days from the end of its financial year, the information required by subparagraphs a to d of paragraph 1;

(3) the qualification only covers the types of contracts mentioned in the request.

O.C. 660-83, s. 71; O.C. 1263-85, s. 18.

**71.1.** Before issuing a new type of contract, the qualified person must file with the Commission the information regarding the new contract; it can issue the new contract when the Commission agrees thereto or does not raise any objection within 10 days of receiving the information.

O.C. 1263-85, s. 18.

**72.** In the case of a recognized self-regulatory organization, subparagraphs a to d of paragraph 1 and paragraph 2 of section 71 do not apply.

O.C. 660-83, s. 72; O.C. 1263-85, s. 18.

**73.** (Revoked).

O.C. 660-83, s. 73; O.C. 1263-85, s. 18; O.C. 697-87, s. 7; O.C. 977-88, s. 4.

### **DIVISION VII**

#### **THE PRELIMINARY PROSPECTUS AND THE DRAFT PROSPECTUS**

**74.** (Repealed).

O.C. 660-83, s. 74; M.O. 2003-01, s. 31.

**75.** A preliminary prospectus may omit the auditor's report, the approval prescribed by section 53, the consent required from a professional of an expert, the number or value of the securities to be distributed, and the information relating to the offering price.

O.C. 660-83, s. 75; O.C. 1263-85, s. 19; M.O. 2003-01, s. 32.

**76.** A person who does not wish to submit a preliminary prospectus may file a draft prospectus before filing a final prospectus.

*The certificates do not have to be signed.*

O.C. 660-83, s. 76.

**DIVISION VIII  
FORM OF THE PROSPECTUS**

**77.** *A prospectus must be typewritten or printed.*

O.C. 660-83, s. 77.

**78.** *The text of a printed prospectus must be set in roman type of a size equivalent at least to that of modern 10-point characters; however, the financial statements, the other information in statistical or tabular form and notes attached thereto may be in roman type of a size equivalent to that of modern 8-point characters.*

O.C. 660-83, s. 78.

**79.** *The tines in the printed prospectus must have at least a 2-point space between them.*

O.C. 660-83, s. 79.

**80.** *A prospectus, except a simplified prospectus, must contain a sufficiently detailed table of contents.*

O.C. 660-83, s. 80.

**81.** *A prospectus is presented in the form of a continuous text.*

O.C. 660-83, s. 81; M.O. 2003-01, s. 33.

**82.** *Except for the financial statements and other information of that nature, the text of the prospectus is divided into sections or paragraphs of reasonable length.*

O.C. 660-83, s. 82.

**83.** *The prospectus may include:*

- (1) diagrams related to the subject of the text;*
- (2) photographs representing only the products of the issuer;*
- (3) maps designed to locate existing or planned activities of the issuer.*

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*However, the Commission may object to the insertion of these items where it considers that they might mislead someone or might hinder understanding of the text.*

          
O.C. 660-83, s. 83.

### **DIVISION IX DOCUMENTS TO BE FILED**

**84.** *If the Act or a regulation prescribes that an attestation or certificate be issued by a lawyer, it may also be issued by a notary.*

          
O.C. 660-83, s. 84; O.C. 697-87, s. 8; M.O. 2003-01, s. 34.

**85.** *The Commission may grant an exemption from filing of the consent required with a prospectus if it considers that such filing would involve too great a difficulty.*

          
O.C. 660-83, s. 85; M.O. 2003-01, s. 35.

**86.** *(Repealed).*

          
O.C. 660-83, s. 86; M.O. 2003-01, s. 36.

**87.** *(Repealed).*

          
O.C. 660-83, s. 87; M.O. 2003-01, s. 36.

**88.** *(Repealed).*

          
O.C. 660-83, s. 88; M.O. 2003-01, s. 36.

**89.** *(Repealed).*

          
O.C. 660-83, s. 89; M.O. 2003-01, s. 36.

**90.** *In the case of amendment made to a prospectus, the Commission may, if it is of the opinion that the change would put in to doubt the validity of the consent required with a prospectus, require the filing of a new consent.*

          
O.C. 660-83, s. 90; M.O. 2003-01, s. 37.

**91.** *(Repealed).*

          
O.C. 660-83, s. 91; M.O. 2003-01, s. 38.

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**92.** *(Repealed).*

O.C. 660-83, s. 92; M.O. 2003-01, s. 38.

**93.** *Where the issuer is a legal person, or an entity with a patrimonium endowed with a certain degree of autonomy within the meaning of section 6 of the Act, the board of directors of the legal person or the directors of the entity must pass a resolution:*

- (1) approving the prospectus;*
- (2) authorizing the signing of the prospectus by 2 directors on behalf of the board of directors;*
- (3) authorizing the filing of the prospectus;*
- (4) approving the financial statements included in or attached to the prospectus;*
- (5) authorizing the signing by 2 directors on behalf of the board of directors of the balance sheet contained in the financial statements included in the prospectus.*

*Upon request, this resolution must be filed with the Commission.*

O.C. 660-83, s. 93; M.O. 2003-01, s. 39.

**94.** *Within 15 working days following the end of a distribution of securities by means of a prospectus, a report on the securities distributed in Québec must be filed with the Commission.*

O.C. 660-83, s. 94; O.C. 697-87, s. 9; M.O. 2005-22, s. 4.

**95.** *The report must indicate the number and value of the securities distributed in Québec by the underwriter or by each member of the selling group or purchase group.*

O.C. 660-83, s. 95; O.C. 1263-85, s. 20.

**96.** *In the case of issues that are eligible for a Québec Stock Savings Plan, the report must indicate the number of securities distributed in that manner by each dealer.*

O.C. 660-83, s. 96.

**97.** *The dealer who has signed the certificate contained at the end of the prospectus or the dealer who made the distribution draws up and files the report. In the case of a distribution made through a group of dealers, the lead underwriter draws up and files the report.*

O.C. 660-83, s. 97.

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**98.** *In the case of a continuous distribution, the report prescribed in section 94 must deal with the preceding financial year and is filed at the end of the twelfth month following the issuance of a receipt for the prospectus.*

O.C. 660-83, s. 98.

**98.1.** *In the case of a medium term notes program distribution, a report containing a summary of pricing supplements must be filed with the Commission at the end of each of two 12 month periods following the date of receipt of the preliminary shelf prospectus.*

*The report shall include the following information: the supplement number, the distribution date, the gross value and the interest rate of the notes.*

O.C. 30-96, s. 4.

### **DIVISION X ADVERTISING DOCUMENTS**

**99.** *The advertising document mentioned in paragraph 3 of section 16 of the Act must contain the following notice or another notice considered by the Commission to be equivalent:*

*“The prospectus provides detailed information on the securities offered. A copy of the prospectus may be obtained from our office or from dealers authorized to distribute these securities in Québec.”*

O.C. 660-83, s. 99; Errata, 1985 G.O. 2, 1121.

**100.** *The advertising document mentioned in paragraph 2 of section 21 of the Act must contain the following statement or a statement considered by the Commission to be equivalent:*

*“A preliminary prospectus dealing with the securities offered has been filed with the Commission des valeurs mobilières du Québec. The information contained therein is subject to completion or amendment. No commitment may be made in respect of the securities described therein until the Commission has issued its receipt for the final prospectus. A copy of the preliminary prospectus may be obtained from our office or from dealers authorized to distribute these securities in Québec.”*

O.C. 660-83, s. 100.

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**CHAPTER II  
EXEMPTION FROM PROSPECTUS**

**101.** (Repealed).

          
O.C. 660-83, s. 101; M.O. 2005-22, s. 5.

**102.** (Repealed).

          
O.C. 660-83, s. 102; M.O. 2005-22, s. 5.

**103.** (Repealed).

          
O.C. 660-83, s. 103; O.C. 1263-85, s. 21; O.C. 1622-90, s. 10; O.C. 748-2005, s. 2.

**104.** (Repealed).

          
O.C. 660-83, s. 104; O.C. 1263-85, s. 21; O.C. 977-88, s. 5.

**104.1.** (Repealed).

          
O.C. 1263-85, s. 21; M.O. 2005-22, s. 5.

**105.** (Repealed).

          
O.C. 660-83, s. 105; Errata, 1985 G.O. 2, 1121; O.C. 1263-85, s. 22; O.C. 697-87, s. 10; M.O. 2005-22, s. 5.

**105.1.** (Repealed).

          
O.C. 1263-85, s. 23; M.O. 2005-22, s. 5.

**106.** (Repealed).

          
O.C. 660-83, s. 106; O.C. 1263-85, s. 24; O.C. 697-87, s. 11; O.C. 226-93, s. 6; M.O. 2003-01, s. 40; M.O. 2005-22, s. 5.

**106.1.** (Repealed).

          
O.C. 226-93, s. 7; M.O. 2003-01, s. 41.

**107.** (Repealed).

          
O.C. 660-83, s. 107; M.O. 2005-22, s. 5.

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**108.** *(Repealed).*

          
O.C. 660-83, s. 108; O.C. 1263-85, s. 25; M.O. 2003-01, s. 42; M.O. 2005-22, s. 5.

**109.** *(Repealed).*

          
O.C. 660-83, s. 109; O.C. 1263-85, s. 26; O.C. 697-87, s. 12; M.O. 2003-01, s. 43; M.O. 2005-22, s. 5.

**110.** *(Repealed).*

          
O.C. 660-83, s. 110; M.O. 2005-22, s. 5.

**111.** *(Repealed).*

          
O.C. 660-83, s. 111; O.C. 1263-85, s. 27; M.O. 2005-22, s. 5.

**112.** *(Repealed).*

          
O.C. 660-83, s. 112; M.O. 2005-22, s. 5.

**113.** *(Repealed).*

          
O.C. 660-83, s. 113; M.O. 2003-01, s. 44; M.O. 2005-22, s. 5.

**114.** *(Repealed).*

          
O.C. 660-83, s. 114; O.C. 1263-85, s. 28; D. 1622-90, s. 11; M.O. 2005-04, s. 6; M.O. 2005-22, s. 5.

**114.1.** *(Repealed).*

          
M.O. 2003-01, s. 45; M.O. 2005-22, s. 5.

**114.2.** *(Repealed).*

          
M.O. 2003-01, s. 45; M.O. 2005-22, s. 5.

**114.3.** *(Repealed).*

          
M.O. 2003-01, s. 45; M.O. 2005-22, s. 5.

**114.4.** *(Repealed).*

          
M.O. 2003-01, s. 45; M.O. 2005-22, s. 5.



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**115.** *The following information is required for the purposes of applying the second paragraph of section 12 of the Act and is to be presented in the order hereinafter set forth:*

- (1) the date planned for the beginning of the distribution;*
- (2) a brief description of the securities to be distributed, in particular the voting rights, the dividend rights, the conversion rights and the conditions relative to redemption or to a sinking fund;*
- (3) the number of securities to be distributed, the price and the total value;*
- (4) a description of the method of distribution together with the name and address of the principal dealer making the distribution when that information is known;*
- (5) the net proceeds that the issuer will receive, the principal uses of those proceeds and the sums allocated for each of those proceeds;*
- (6) the name of any security holder selling securities, if any;*
- (7) the name of the competent authority entitled to issue a receipt or to grant an exemption, as the case may be;*
- (8) a copy of any information document that will be remitted to subscribers or that will be filed with the competent authority.*

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O.C. 660-83, s. 115; O.C. 1263-85, s. 29; D. 1622-90, s. 12; O.C. 226-93, s. 8; M.O. 2003-01, s. 46.

### **TITLE III DISCLOSURE REQUIREMENTS**

**115.01.** *Any issuer and any person to whom a provision of Regulation 51-102 respecting continuous disclosure obligations approved by Ministerial Order 2005-03 dated 19 May 2005, of Regulation 52-107 respecting acceptable accounting principles, auditing standards and reporting currency approved by Ministerial Order 2005-08 dated 19 May 2005 and Regulation 81-106 respecting investment fund continuous disclosure approved by Ministerial Order 2005-05 dated 19 May 2005 applies need not comply with the provision having the same or equivalent object of this title.*

*Despite the first paragraph, the provisions of sections 119.5, 135, 138, 160, 162, 169.1, 170 remain applicable.*

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M.O. 2005-04, s. 3.

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### CHAPTER I ISSUER DEEMED TO HAVE MADE A DISTRIBUTION OF SECURITIES TO THE PUBLIC

**115.0.1.** 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.

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M.O. 2005-22, s. 6

### CHAPTER I.1 PERIODICAL DISCLOSURE".

#### DIVISION I ANNUAL REPORT AND FINANCIAL STATEMENTS

**115.1.** Within 140 days following the end of its fiscal year, a reporting issuer shall file with the Commission the documents provided for in section 75 of the Act.

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M.O. 2003-01, s. 47.

**116.** The annual financial statements prescribed in section 75 of the Act shall include the information and statements required in accordance with generally accepted accounting principles.

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O.C. 660-83, s. 118; M.O. 2003-01, s. 48.

**117.** These financial statements deal with the last financial year and are presented in comparison with those of the preceding year.

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O.C. 660-83, s. 117; M.O. 2005-04, s. 7.

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**118.** *The annual financial statements must be approved by the board of directors.*

O.C. 660-83, s. 118; M.O. 2005-04, s. 7.

**118.1.** *Within 140 days of the end of its fiscal year, a reporting issuer shall send the documents prescribed in section 77 of the Act.*

M.O. 2003-01, s. 49.

**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.*

O.C. 660-83, s. 119; O.C. 1622-90, s. 13; M.O. 2005-04, s. 8.

**119.01.** *An issuer that has distributed securities under a prospectus exemption provided for under sections 47 or 48 of the Act as they read prior to their repeal is required to file with the Authority and send to every securityholder audited annual financial statements and unaudited semi-annual financial statements in the form and within the time limit determined by regulation.*

*The issuer must notify the Authority in writing of the sending of these financial statements and file, no later than one day following the date of sending, 2 copies of any document sent to the holders.”*

M.O. 2005-22, s. 7.

**119.1.** *(Repealed).*

O.C. 1622-90, s. 13; M.O. 2005-04, s. 9.

**119.2.** *(Repealed).*

O.C. 1622-90, s. 13; M.O. 2005-04, s. 9.

**119.3.** *(Repealed)*

O.C. 1622-90, s. 13; O.C. 226-93, s. 9; M.O. 2005-04, s. 9.

**119.4.** *The reporting issuer which is exempted, 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;*

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(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.

O.C. 1622-90, s. 13; M.O. 2005-04, s. 10.

**119.5.** Where substantial deficiencies are found in the financial statements and the management's discussion and analysis or the annual management report of fund performance, the Commission may require that the information be restated and that the financial statements and the management's discussion and analysis or the annual management report of fund performance be distributed again.

O.C. 1622-90, s. 13; M.O. 2005-04, s. 11.

**119.6.** (Repealed).

O.C. 1622-90, s. 13; O.C. 2326-93, s. 10; M.O. 2005-04, s. 12.

**120.** When the annual report contains a management report, it must state more particularly that:

(1) the financial statements contained in the annual report were prepared by management in accordance with generally accepted accounting principles;

(2) the financial information contained elsewhere in the annual report conforms to the financial statements, should such be the case;

(3) the auditor has the responsibility of auditing the financial statements and giving an opinion on them.

The Management's report must accompany the financial statements but does not form part of them.

When the board of directors has formed an audit committee, the management report must mention the composition and functions of the committee and its responsibilities relating to the financial statements of the reporting issuer.

O.C. 660-83, s. 120; Errata, 1985 G.O. 2, 1121; O.C. 1263-85, s. 30.

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### **DIVISION II QUARTERLY FINANCIAL STATEMENTS**

**120.1.** *Within 60 days of the end of each of the first three quarters of its fiscal year, a reporting issuer shall file with the Commission the documents prescribed in section 76 of the Act.*

*M.O. 2003-01, s. 50.*

**121.** *The quarterly financial statements prescribed in section 76 of the Act include the information and the statements required in accordance with generally accepted accounting principles.*

*The statements deal with the period between the closing of the last year to the end of the quarter.*

*O.C. 660-83, s. 121; M.O. 2003-01, s. 51.*

**122.** *The statements must be presented in comparison with those of the corresponding period of the preceding year.*

*O.C. 660-83, s. 122.*

**123.** *The quarterly statements need not be audited.*

*O.C. 660-83, s. 123.*

**123.1.** *Within 60 days after the end of each of the first three quarters of its financial year, a reporting issuer shall send the documents prescribed in section 78 of the Act.*

*M.O. 2003-01, s. 52.*

### **DIVISION III FILING OF DOCUMENTS**

**124.** *(Repealed).*

*O.C. 660-83, s. 124; O.C. 226-93, s. 11; M.O. 2005-04, s. 13; M.O. 2005-22, s. 8.*

**125.** *(Repealed).*

*O.C. 660-83, s. 125; O.C. 226-93, s. 12; M.O. 2005-04, s. 14; M.O. 2005-22, s. 8.*

**DIVISION IV  
SPECIAL PLANS**

**126.** *The annual and semi-annual financial statements of an incorporated mutual fund or of an unincorporated mutual fund must include a statement of changes in net assets, which replaces the statement of cash flows. The statement must include:*

- (1) the net assets at the beginning of the period;*
- (2) the net income or net loss from investments;*
- (3) the aggregate proceeds from sale of securities in the portfolio;*
- (4) the aggregate proceeds from sales of short term debt securities;*
- (5) the aggregate cost of the securities in the portfolio at the beginning of the period;*
- (6) the aggregate cost of acquisitions of securities during the period;*
- (7) the aggregate cost of the short term debt securities;*
- (8) the aggregate cost of the securities in the portfolio at the end of the period;*
- (9) the aggregate cost of the securities sold;*
- (10) the realized profit or loss on the sale of securities;*
- (11) distributions apportioned according to their origin: net income from investments and realized profits on the sale of securities;*
- (12) the proceeds from a distribution of shares or units;*
- (13) the redemption price for shares or units;*
- (14) the net increase or decrease in unrealized appreciation or depreciation of securities in the portfolio;*
- (15) the net assets at the end of the period;*
- (16) the net asset value per share or unit at the beginning and the end of the period;*
- (17) the distributions per share or per unit, apportioned according to their origin: net income from investments and realized profits on the sale of securities.*

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The items prescribed in subparagraphs 3 to 7, 15 and 16 may be presented in the form of notes or tables.

**NOT IN FORCE – Will be in force on October 27, 2006**  
**Repealing (M.O. 2005-04, s. 15)**

126. (Repealed).

O.C. 660-83, s. 126; M.O. 2003-01, s. 53.

127. In subparagraphs 3 and 6 of section 126 short term debt securities held temporarily for reinvestment in other securities should be excluded.

The gross proceeds from these securities sold and the aggregate cost of these securities bought are presented as notes to the statement prescribed in section 126.

**NOT IN FORCE – Will be in force on October 27, 2006**  
**Repealing (M.O. 2005-04, s. 15)**

127. (Repealed).

O.C. 660-83, s. 127.

128. The semi-annual financial statements of an incorporated mutual fund or of an unincorporated mutual fund need not show a comparison with those of the corresponding 6 months of the preceding financial year. The same rule applies to the annual financial statements prescribed in sections 129 to 132.

**NOT IN FORCE – Will be in force on October 27, 2006**  
**Repealing (M.O. 2005-04, s. 15)**

128. (Repealed).

O.C. 660-83, s. 128

129. The annual and semi-annual financial statements of an incorporated mutual fund or of an unincorporated mutual fund, and the annual financial statements of a finance company must contain a statement of investment portfolio containing the following information for each security or class of security:

- (1) the name of the issuer;
- (2) the designation of the security, and, where it applies, of the class;
- (3) the number of securities or their aggregate face value;

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- (4) *their current market value;*
- (5) *their cost, and if it is other than the average cost, the manner in which it was calculated.*

*The miscellaneous securities whose aggregate current market value represents less than 5% of the total assets of the company or the fund may be aggregated under the heading "miscellaneous securities", with only the information prescribed in subparagraphs 4 and 5.*

**NOT IN FORCE – Will be in force on October 27, 2006**  
**Repealing (M.O. 2005-04, s. 15)**

**129. (Repealed).**

O.C. 660-83, s. 129; O.C. 1263-85, s. 31.

**130. Incorporated mutual funds and unincorporated mutual funds are required to include in their annual and semi-annual financial statements a statement of portfolio transactions, including for each class of a security traded during the period:**

- (1) *the name of the issuer;*
- (2) *the designation of the security and, where it applies, the class;*
- (3) *the number of securities acquired or sold or their aggregate face value;*
- (4) *the aggregate acquisition or sale price;*
- (5) *where it applies, the portfolio transactions subsequent to more particularly a share split or consolidation, a stock dividend or a merger.*

*The information respecting debt securities must be given separately.*

**NOT IN FORCE – Will be in force on October 27, 2006**  
**Repealing (M.O. 2005-04, s. 15)**

**130. (Repealed).**

O.C. 660-83, s. 130; Errata, 1985 G.O. 2, 1121.

**131. In the case of securities that are mortgages, the inventory of securities in the portfolio of an incorporated mutual fund or of an unincorporated mutual fund must give the following information, instead of the information prescribed in section 129:**

- (1) *the number of mortgages and their aggregate market value;*



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(2) the aggregate cost of acquisitions or disposals; according to whether it applies to mortgages insured in accordance with the National Housing Act (R.S.C. 1970. c. N-10), insured conventional mortgages or uninsured conventional mortgages;

(3) the apportioning of the number, market value and outstanding principal value of mortgages, in groups representing contractual interest rates varying by no more than  $\frac{1}{4}\%$ .

**NOT IN FORCE – Will be in force on October 27, 2006**  
**Repealing (M.O. 2005-04, s. 15)**

**131. (Repealed).**

O.C. 660-83, s. 131; O.C. 1263-85, s. 32.

**132.** In the case of securities that are mortgages, the statement of portfolio transactions gives for an incorporated mutual fund or an unincorporated mutual fund the following information, instead of the information prescribed in section 130, apportioned according to whether they are mortgages insured in accordance with the National Housing Act (R.S.C., 1970. c. N-10), insured conventional mortgages or uninsured conventional mortgages:

- (1) the number of mortgages acquired or disposed of;
- (2) the aggregate cost of acquisitions or disposals;
- (3) the amounts received in repayment of the capital of the principal value of mortgages.

**NOT IN FORCE – Will be in force on October 27, 2006**  
**Repealing (M.O. 2005-04, s. 15)**

**132. (Repealed).**

O.C. 660-83, s. 132.

**133.** The statement of portfolio transactions prescribed by sections 40, 130 and 132 need not be published with the annual or semi-annual financial statements if it has been filed with the Commission at the same time as the financial statements, and if the published financial statements or the prospectus indicate that one can obtain it without cost from the issuer.

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

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effect that the statement of portfolio transaction presents accurately the required information.

**NOT IN FORCE – Will be in force on October 27, 2006**  
**Repealing (M.O. 2005-04, s. 15)**

**133.** (Repealed).

O.C. 660-83, s. 133; O.C. 1263-85, s. 33; O.C. 1622-90, s. 14.

**134.** In the case of temporary use of uninvested funds in short term debt securities, it is sufficient to provide the information prescribed in sections 129 and 130 in aggregates for securities issued by:

- (1) a bank governed by the Bank Act (S.C., 1991, c. 46);
- (2) a savings company holding a licence under the Act respecting trust companies and savings companies and a loan and savings society registered in accordance with the Loan and Savings Societies Act (chapter S-30);
- (3) a licensed trust company under the Act respecting Trust Companies and Saving Companies (chapter S-29.01).

This presentation also applies in the case of short term debt securities classified in one of the 2 highest ratings established by a security evaluation agency designated by the Commission.

**NOT IN FORCE – Will be in force on October 27, 2006**  
**Repealing (M.O. 2005-04, s. 15)**

**134.** (Repealed).

O.C. 660-83, s. 134, L.Q. 1987, c. 95, s. 402; M.O. 2003-01, s. 54.

**135.** Where an incorporated mutual fund or an unincorporated mutual fund invests solely in the securities of another incorporated mutual fund or another unincorporated mutual fund, the annual and semi-annual financial statements must contain the statements of the other company or the other fund. The annual financial statements must also include its balance sheet.

O.C. 660-83, s. 135.

**136.** An incorporated mutual fund or an unincorporated mutual fund is required to include the following information in its annual financial statements or in the notes:

- (1) the commissions paid on portfolio transactions;

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(2) any other remuneration paid to dealers for portfolio transactions, and, if it is an estimate, the method of calculation;

(3) management fees, the method of calculation and the services received;

(4) services received in return for salaries paid;

(5) in the case where the remuneration of the personnel of a management company is assumed by the incorporated mutual fund or the unincorporated mutual fund, the method of calculation used and the justification for it;

(6) the method of calculating income tax and explanations of the tax position of the company or the fund;

(7) explanations of any unusual variations in expenses compared to those of the preceding year, in the case where such a variation does not result solely from a change in assets.

The information required by subparagraphs 3 to 7 is also required in the semi-annual statements.

**NOT IN FORCE – Will be in force on October 27, 2006**  
**Repealing (M.O. 2005-04, s. 15)**

**136.** (Repealed).

O.C. 660-83, s. 136.

**137.** The financial statements of a company that has not yet reached the stage of normal operations must contain a statement of the variation of deferred expenses for the period, presenting separately a detailed analysis of exploration, development and administrative expenses directly related to exploration activities.

**NOT IN FORCE – Will be in force on October 27, 2006**  
**Repealing (M.O. 2005-04, s. 15)**

**137.** (Repealed).

O.C. 660-83, s. 137; O.C. 977-88, s. 6; O.C. 30-96, s. 3.

**138.** In the case of an investment contract, a limited partnership or a joint venture, the annual financial statements of the business or of the partnership must include detailed statements of the use of funds invested and the distribution of income.

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*The first of these statements must be drawn up in a form comparable to that of the budget presented in the prospectus or otherwise transmitted to the holders. It must indicate, where applicable, the funds to be invested to complete the project. Any significant discrepancy between the funds invested and the budget estimates must be explained.*

*The second statement must indicate the distribution of income between the holders of each class, the promoter and the management. It must also indicate the balance of the funds to be reimbursed to the holders as a group and the amount to be paid for each unit issued.*

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O.C. 660-83, s. 138.

**139.** (Revoked).

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O.C. 660-83, s. 139; O.C. 30-96, s. 5.

**140.** *An issuer of securities to which is attached a fiscal benefit is required to furnish holders the information that they will need to claim in their tax return this fiscal benefit.*

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O.C. 660-83, s. 140; O.C. 1263-85, s. 34.1; O.C. 697-87, s. 13; M.O. 2005-22, s. 9.

### **CHAPTER II SOLICITATION OF PROXIES**

#### **DIVISION I PROXY FORM**

**141.** *A proxy form must identify the meeting for which the proxy is solicited. It must indicate in bold type whether the proxy is solicited on behalf of the management of the reporting issuer, and must contain a space for entering the date on which it is signed.*

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O.C. 660-83, s. 141.

**142.** *The proxy form or the circular must mention the right of the holder to designate as agent a person other than the one whose name appears on the form, and must also indicate the entries that the holder must make on the form to avail himself of that right.*

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O.C. 660-83, s. 142.

**143.** *The provisions of section 142 apply only to solicitation by the management of the company.*

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O.C. 660-83, s. 143.

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**144.** A proxy form must be so designed as to enable a holder to:

(1) state whether or not he intends that his agent vote on the appointment of an auditor or in the election of directors;

(2) indicate the way in which the agent must vote on any other question defined on the form, in the notice of meeting or in the circular.

O.C. 660-83, s. 144.

**145.** However, provision may be made for the agent to exercise the right to vote in the absence of any indication by the mandator, on condition that the form or a circular indicate in bold type the way in which the person who solicits the proxy will vote on each question.

O.C. 660-83, s. 145.

**146.** The form or the circular must contain a commitment on the part of the person who solicits the proxy to respect the holder's instructions.

O.C. 660-83, s. 146.

**147.** The proxy on the form may leave to the agent the decision to vote in the way he considers advisable on amendments and on new points brought before the meeting, in so far as the person who solicits the proxy does not know them or cannot foresee them at the time of solicitation.

O.C. 660-83, s. 147.

**148.** A proxy is valid only for the meeting for which it applies, including any continuation if the meeting is adjourned.

O.C. 660-83, s. 148.

**149.** A proxy authorizes voting for the election of a director only where the candidate is named on the form or in the circular.

O.C. 660-83, s. 149.

### **DIVISION II THE CIRCULAR**

**150.** The circular prescribed in section 82 of the Act presents the information prescribed by Schedule VIII.

O.C. 660-83, s. 150.

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*151. The information presented in the circular must be given as at a date less than 30 days before the sending date except information concerning a senior executive's remuneration given in accordance with the requirements of subparagraph 6 of Schedule VIII.*

O.C. 660-83, s. 151.

*152. The circular may omit information that could not be obtained, provided that such omission is explained.*

O.C. 660-83, s. 152.

*153. Any information contained in another circular, in a notice of meeting or in a proxy form relating to the same meeting and already sent may also be omitted, provided that the circular refers to the other document.*

O.C. 660-83, s. 140.

*154. A person who sends a circular or a proxy form for a meeting must immediately file with the Commission 2 copies of all the documents sent.*

O.C. 660-83, s. 154.

*155. A circular drawn up on behalf of the management of a reporting issuer must be signed by a senior executive authorized to do so. The signature may be manual or facsimile.*

O.C. 660-83, s. 155.

*156. The person responsible for filing the documents mentioned in section 154 must inform the Commission that they have been sent to the holders.*

**NOT IN FORCE – Will be in force on October 27, 2006  
Repealing (M.O. 2005-04, s. 15)**

*156. (Repealed).*

O.C. 660-83, s. 156.

*157. The proxy form prescribed in section 81 of the Act or the circular prescribed in section 82 of the Act may be replaced by any corresponding document established in accordance with the Act incorporating the reporting issuer the content of which is equivalent to that prescribed by this Regulation.*

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*However, in the case of executive officers' remuneration, the information prescribed may be substituted by a more detailed information, presented in accordance with the requirements of foreign rules recognized by the Commission.*

### **NOT IN FORCE – Will be in force on October 27, 2006 Deleting second paragraph (M.O. 2005-04, s. 15)**

*157. The proxy form prescribed in section 81 of the Act or the circular prescribed in section 82 of the Act may be replaced by any corresponding document established in accordance with the Act incorporating the reporting issuer the content of which is equivalent to that prescribed by this Regulation.*

~~*However, in the case of executive officers' remuneration, the information prescribed may be substituted by a more detailed information, presented in accordance with the requirements of foreign rules recognized by the Commission.*~~

O.C. 660-83, s. 157; O.C. 1263-85, s. 35.

*158. The notice of the meeting and the proxy form prescribed by section 81 of the Act as well as the circular prescribed by section 82 of the Act must be sent to securities holders by the management of the reporting issuer at least 21 days before the date of the meeting for which they were prepared. These documents may not however be sent to securities holders more than 50 days before the meeting.*

### **NOT IN FORCE – Will be in force on October 27, 2006 Repealing (M.O. 2005-04, s. 15)**

*158. (Repealed).*

O.C. 660-83, s. 158.

## **CHAPTER III PERMANENT INFORMATION RECORD**

*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 by regulation and required from issuers that may avail themselves of the simplified prospectus system.*

O.C. 660-83, s. 159; O.C. 1263-85, s. 36; O.C. 1622-90, s. 15; M.O. 2003-01, s. 55.

*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*

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*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.*

O.C. 660-83, s. 160; O.C. 1263-85, s. 37; O.C. 1622-90, s. 15.

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

O.C. 660-83, s. 161; O.C. 1263-85, s. 37.1; O.C. 1622-90, s. 15.

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

O.C. 660-83, s. 162; O.C. 1263-85, s. 38; O.C. 1622-90, s. 15.

**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 reporting 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 \$. It remains subsequently subject to that requirement without regards to the variations in the shareholders' equity and the revenues, unless the Commission decides otherwise.*

**NOT IN FORCE – Will be in force on October 27, 2006**  
**Repealing (M.O. 2005-04, s. 15)**

**163.** *(Repealed).*

O.C. 660-83, s. 163; O.C. 1622-90, s. 15; O.C. 226-93, s. 13.

**163.1.** *An issuer that is a registrant with the Securities and Exchange Commission ("SEC") of the United States of America may satisfy the requirements of section 159 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 Exchange Act of 1934.*

*A foreign issuer utilizing this exemption shall file within the time periods required by the Commission and the SEC. A Canadian issuer utilizing this exemption shall file within the earlier of the time periods required by the Commission and the SEC.*

*A foreign issuer that is not a SEC registrant is exempted from the information requirements prescribed by section 159.*

*In this section, foreign issuer has the meaning defined in section 119.2.*



**NOT IN FORCE – Will be in force on October 27, 2006**  
**Repealing (M.O. 2005-04, s. 15)**

**163.1. (Repealed).**

O.C. 1622-90, s. 15; O.C. 226-93, s. 14.

**164. (Repealed).**

O.C. 660-83, s. 164; O.C. 1622-90, s. 15; M.O. 2003-01, s. 56.

**165. (Repealed).**

O.C. 660-83, s. 165; O.C. 1622-90, s. 15; M.O. 2003-01, s. 56.

**166. (Repealed).**

O.C. 660-83, s. 166; O.C. 1263-85, s. 39; O.C. 697-87, s. 14; O.C. 1622-90, s. 15; M.O. 2003-01, s. 56.

**167. (Repealed).**

O.C. 660-83, s. 167; O.C. 1263-85, s. 40; O.C. 1622-90, s. 15; M.O. 2003-01, s. 56.

**168. (Repealed).**

O.C. 660-83, s. 168; O.C. 1263-85, s. 41; O.C. 1622-90, s. 15; M.O. 2003-01, s. 56.

**169. (Repealed).**

O.C. 660-83, s. 169; O.C. 1622-90, s. 15; M.O. 2003-01, s. 56.

**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.*

O.C. 1622-90, s. 15.

**169.2.** *The issuer which is a wholly owned subsidiary of a reporting issuer and which does not have securities outstanding other than the shares held by the parent company or preferred shares is exempted from the obligation to prepare the annual information*

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form prescribed in section 159 and from the obligation to file with the Commission and send to its security holders the annual report prescribed in section 77 of the Act.

**NOT IN FORCE – Will be in force on October 27, 2006**  
**Repealing (M.O. 2005-04, s. 15)**

**169.2. (Repealed).**

O.C. 226-93, s. 15.

**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 audited annual financial statements;
- (3) the interim financial statements;
- (4) the annual information form prescribed by regulation;
- (5) the most recent annual management report of fund performance prescribed by regulation.

O.C. 660-83, s. 170; O.C. 1263-85, s. 42; O.C. 1622-90, s. 15; M.O. 2003-01, s. 57; M.O. 2005-04, s. 16.

**170.1. (Repealed).**

O.C. 1263-85, s. 43; O.C. 1622-90, s. 15; M.O. 2003-01, s. 58.

### **CHAPTER IV** **INSIDER REPORTS**

**171.** In accordance with section 96 of the Act, a person who becomes an insider shall disclose to the Commission his control over the securities of the issuer within 10 days thereafter.

O.C. 660-83, s. 140; O.C. 697-87, s. 15; O.C. 1247-2001, s. 3; M.O. 2003-01, s. 59.

**171.1.** In accordance with section 98 of the Act, a senior executive deemed to be an insider shall file the required report within the first 10 days of the month following the start of the presumption.

M.O. 2003-01, s. 59.

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**172.** *The report prescribed by section 102 of the Act must be filed not later than the tenth day following the date of the registration of the securities in the name of a third party.*

O.C. 660-83, s. 172.

**173.** *Where a person declares, in accordance with sections 96 to 100 of the Act, that he exercises control; or that there is a change in his control over the securities owned by a company controlled by it or an affiliate, such declaration replaces the one that the company would have been required to make.*

O.C. 660-83, s. 173.

**174.** *The insider of a reporting issuer must report, within 10 days of the event, any change in his holding.*

O.C. 660-83, s. 174; O.C. 977-88, s. 7.

**174.1.** *(Repealed).*

O.C. 977-88, s. 8; O.C. 1622-90, s. 16; M.O. 2003-01, s. 60.

**175.** *(Repealed).*

O.C. 660-83, s. 175; O.C. 1263-85, s. 44; O.C. 977-88, s. 9; O.C. 1622-90, s. 17; M.O. 2003-01, s. 60.

### **TITLE IV TAKE-OVER BIDS AND ISSUER BIDS**

**176.** *The circular prescribed by section 128 of the Act must present the information prescribed in Schedule XI.*

O.C. 660-83, s. 176; O.C. 697-87, s. 16.

**176.1.** *The offeror referred to in section 129.1 of the Act shall publish a brief summary of the bid by way of an advertisement in a daily French newspaper in general circulation in Québec.*

M.O. 2003-01, s. 61.

**176.2.** *The offeror shall send the documents required in section 128 of the Act to the offeree company no later than the day of publication and shall file these documents with the Commission together with a copy of the published advertisement.*

M.O. 2003-01, s. 61.

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**176.3.** Not later than the day of publication, the offeror or his representative shall request that the offeree company provide a list of holders of the securities mentioned in section 128 of the Act.

M.O. 2003-01, s. 61.

**176.4.** The documents prescribed in section 129.1 of the Act shall be sent within 2 business days of receiving the list of securities holders from the offeree company.

M.O. 2003-01, s. 61.

**176.5.** The offeror may, by way of a new advertisement, amend the bid provided he initially complied with the requirements set forth in sections 176.1 to 176.3 and provided he has not sent documents in accordance with section 176.4.

In the case set forth in the previous paragraph, the terms and conditions prescribed in sections 176.1, 176.2 and 176.4 shall apply, mutatis mutandis, to the amended bid.

M.O. 2003-01, s. 61.

**176.6.** The publication of an amendment prescribed in section 176.5 shall not change the date the take-over bid is made.

M.O. 2003-01, s. 61.

**177.** The circular of the board of directors of the company referred to must present the information prescribed by Schedule XII.

O.C. 660-83, s. 177.

**177.1.** Within 15 days following the date of the bid, the board of directors of the offeree company shall send the circular referred to in section 134 of the Act.

M.O. 2003-01, s. 62.

**177.2.** Within 7 days preceding the expiry of the bid, the board of directors of the offeree company shall send the recommendation prescribed in section 136 of the Act.

M.O. 2003-01, s. 62.

**177.3.** Within 5 days following the amendment of the bid, the board of directors of the offeree company shall send an update of the initial circular referred to in section 138 of the Act.

M.O. 2003-01, s. 62.

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**178.** *The notice of a senior executive of the company concerned must present the information prescribed by Schedule XIII.*

*O.C. 660-83, s. 178.*

**179.** *A circular relating to an issuer bid must present the information prescribed by Schedule XIV.*

*O.C. 660-83, s. 179.*

**180.** *Three copies of the documents sent to securities holders at the time of a take-over bid must be filed with the Commission.*

*The take-over bid circular and any notice of amendment or of change must be delivered at the principal office of the offeree company on the same day as the notice or the circular is sent to security holders of the offeree company.*

*O.C. 660-83, s. 180; O.C. 1263-85, s. 45; O.C. 697-87, s. 17.*

**181.** *The take-over or issuer bid circular, the circular of the board of director, 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 the 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, a 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.”*

*O.C. 660-83, s. 181; O.C. 697-87, s. 18; O.C. 1622-90, s. 18.*

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**182.** *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 certificate:*

*“The present take-over bid circular (or issuer bid circular, circular of the board of directors, notice of a senior executive or any notice of variation or change, as the case may be) does not contain any misrepresentation likely to affect the value or the market price of the securities subject to the bid.”*

*Where the bid is made by a legal person or on its behalf, the certificate is signed by the chief executive officer of the offeror, by the chief financial officer and by 2 other persons selected from among the directors and authorized to sign.*

*Where the legal person has fewer than 4 senior executives, they must all sign.*

*Where the bid is made by a natural person or on his behalf, he alone signs the take-over or issuer bids circular.*

*The circular of the board of directors is signed by 2 directors duly authorized to sign on behalf of the board.*

*The notice of a senior executive is signed by its author.*

O.C. 660-83, s. 182; Errata, 1985 G.O. 2, 1121; O.C. 697-87, s. 18.

**183.** *(Repealed).*

O.C. 660-83, s. 183; O.C. 1263-85, s. 47; O.C. 697-87, s. 18; O.C. 977-88, s. 10; O.C. 1622-90, s. 19; M.O. 2003-01, s. 63.

**184.** *(Repealed).*

O.C. 660-83, s. 184; M.O. 2003-01, s. 63.

**185.** *(Repealed).*

O.C. 660-83, s. 185; M.O. 2003-01, s. 63.

**186.** *(Repealed).*

O.C. 660-83, s. 186; M.O. 2003-01, s. 63.

**186.1.** *Whenever a take-over or issuer bid circular, a circular of the board of directors, a notice of a senior executive or any notice of variation or change mentions the name of a person, by reason of the standing connected with his profession, in particular a lawyer, a*

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*notary, an accountant, an engineer, a geologist or an appraiser who has drafted or certified part of any of these documents or has made an appraisal or valuation or drawn up a report used in preparing of any of these documents, the written consent of that person and the appraisal or valuation or report must be filed with the Commission together with these documents.*

*O.C. 697-87, s. 19.*

**187.** *In the case of a take-over or issuer bid by way of an exchange of securities, the circular must present in addition to the information prescribed by Schedule XI or XIV, the information and the financial statements required by regulation for a prospectus of the issuer whose securities are offered in exchange.*

*For the prospectus information, the issuer which meets the conditions prescribed by regulation may avail itself of the simplified prospectus system.*

*However, even for the issuer that avails itself of the simplified prospectus system, the circular must present the pro forma financial statements in the form and accompanied by the auditor's report prescribed by regulation.*

*O.C. 660-83, s. 187; O.C. 1263-85, s. 47; O.C. 697-87, s. 20; O.C. 1622-90, s. 20; O.C. 226-93, s. 16; M.O. 2003-01, s. 64.*

**188.** *(Revoked).*

*O.C. 660-83, s. 188; O.C. 1263-85, s. 48; O.C. 697-87, s. 20; O.C. 30-96, s. 6.*

**189.** *The average market price, prescribed by sections 123, 126 and 147.21 of the Act, used to establish the margin of variation, is obtained by averaging the closing prices for the 20 days of market activity preceding the date of the transaction, or, if the market only gives the highest and the lowest prices, the average of the daily averages between the highest and lowest prices over the same period.*

*Where there is an organized market and the securities have been traded fewer than 10 days of the 20 days of market activity preceding the date of the transaction, the average market price is obtained by averaging the following prices determined for each of those 20 days:*

*1° the closing price or, if the closing price is not published, the average between the highest and the lowest prices, for each day that there has been trading;*

*2° the average of the bid and ask prices for each day on which there was no trading.*

*Where there is no organized market, the price arrived at and the method to obtain it require the approval of the Commission.*

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*The price paid for the securities includes brokerage fees and commissions.*

*Where the exercise of an option to purchase securities would trigger the take-over bid provisions, the margin of variation is comprised of the excess of the cost of the option and the exercise price of the option over the average market price.*

*O.C. 660-83, s. 189; O.C. 697-87, s. 20; O.C. 977-88, s. 11; M.O. 2003-01, s. 65.*

**189.1.** *When a security is traded on more than one market and one such market is within Canada, the prices, for the purposes of section 189, are determined by reference to that market.*

*However, when a security is traded on more than one market within Canada or only outside Canada, the prices are determined by reference to the market on which the greatest volume of trading of that security occurred during the preceding 20 days of market activity.*

*O.C. 697-87, s. 20.*

**189.1.1.** *An offeror who makes a take-over bid or an issuer bid shall file, with the Commission, when filing the offer and the take-over bid circular or issuer bid circular, a report containing the information prescribed by section 189.1.3.*

*O.C. 1346-93, s. 1.*

**189.1.2.** *A person who makes a bid in reliance on an exemption from take-over bid and issuer bid rules set out in sections 119, 120, 123 or 126 of the Act in the case of a take-over bid or an issuer bid or in section 147.21(2) of the Act in the case of an issuer bid, or in reliance on an exemption granted by the Commission under section 263 of the Act shall file with the Commission, within 10 days after making the bid, a report containing the information prescribed by section 189.1.3.*

*However, in the case of a take-over bid made in reliance on the exemption set out in section 120 of the Act, the 10-day period starts from the first acquisition made in reliance on this exemption during a calendar year and in the case of an issuer bid made in reliance on the exemption set out in section 120 of the Act or in section 147.21(2) of the Act, it starts from the filing of the notice of intention with the exchange or the Commission.*

*O.C. 1346-93, s. 1.*

**189.1.3.** *The report prescribed by section 189.1.1 or 189.1.2 contains the following information:*

- (1) *the name and address of the offeree company;*



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- (2) *the name and address of the offeror;*
- (3) *the designation of the securities that are subject to the bid;*
- (4) *the date of the bid;*
- (5) *the maximum number of securities of the class subject to the bid which are sought by the offeror;*
- (6) *the value, in Canadian dollars, of the consideration offered per security;*
- (7) *the fee payable in respect of the bid, as calculated under section 271.4(1).*

*However, in the cases provided for in the second paragraph of section 189.1.2, the date of the bid is replaced by the date of the first acquisition in the calendar year for a take-over bid or by the date of the notice of intention for an issuer bid; in both cases, the value of the consideration offered is replaced by the closing price on the day preceding the filing of the report.*

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*O.C. 1346-93, s. 1.*

**189.2.** *The notice to security holders prescribed by section 130 of the Act must present the following information:*

- (1) *a detailed description of the change in the initial terms or of the change in the facts on which the take-over or issuer bid circular is based;*
- (2) *where applicable, the new expiry date for withdrawal, the new date up to which securities may be deposited, and the new date by which securities deposited on that new bid expiry date must be taken up and paid for;*
- (3) *the date of the amendment or of the change;*
- (4) *the certificate and the signatures in accordance with the provisions of section 182.*

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*O.C. 697-87, s. 20.*

**189.3.** *The notice of change in the facts on which the circular of the board of directors or the notice of a senior executive is based must present a detailed description of the change, the statement prescribed by section 181 and must include the certificate and the signatures in accordance with the provisions of section 182.*

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*O.C. 697-87, s. 20.*

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**189.4.** *The press release prescribed by section 142 of the Act must present the following information:*

- (1) the name of the purchaser;*
- (2) the designation of the securities purchased;*
- (3) the date of the transaction;*
- (4) the number of securities purchased on that day;*
- (5) the highest price paid for the securities on that day;*
- (6) the aggregate number of securities purchased through the facilities of the stock exchange since the commencement of the bid and the average price paid;*
- (7) the resultant extent of the interest of the purchaser, showing separately the securities subject to the bid and those convertible into such securities.*

*If the purchase has been made by a person other than the offeror, the press release must indicate the relation of the purchaser with the offeror.*

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*O.C. 697-87, s. 20.*

**189.5.** *(Repealed).*

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*O.C. 697-87, s. 20; O.C. 1622-90, s. 21; M.O. 2003-01, s. 66.*

**189.6.** *The report prescribed by section 147.11 or 147.12 of the Act must present the information prescribed by regulation and be signed by the purchaser.*

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*O.C. 697-87, s. 20; O.C. 1622-90, s. 22; M.O. 2003-01, s. 67.*

**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;*

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(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.

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O.C. 697-87, s. 20; O.C. 1622-90, s. 23.

**189.8.** The notice prescribed by section 147.21 of the Act must be filed with the Commission and published in a press release at least 5 days prior to the date of the issuer bid and must present the following information:

(1) the name of the issuer;

(2) the class and number of shares or, in the case of debt securities, the principal amount of securities sought;

(3) where known, the dates on which the issuer bid will commence and close;

(4) the method of acquisition;

(5) the consideration to be offered;

(6) the particulars of the method and time of payment of the consideration;

(7) the purpose and business reasons for the issuer bid;

(8) where known, the name of those who propose to tender or accept the issuer bid amongst the following persons: senior executives of the issuer, associates or affiliates of the issuer, insiders of the issuer and their associates;

(9) the benefit to any of the persons named in paragraph 8 of accepting or refusing to accept the issuer bid;

(10) the particulars of any plans or proposals for material changes in the affairs of the issuer, in particular, any contract or agreement under negotiation, any proposal to liquidate the issuer, to sell, lease or exchange all or a substantial part of its assets, to amalgamate it with any other business organization or to make any material changes in its business, corporate structure, management or personnel;

(11) the date of the notice.

The notice must be signed by a senior executive, duly authorized by the issuer's board of directors.

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O.C. 697-87, s. 20; O.C. 977-88, s. 12; O.C. 1622-90, s. 24.

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**189.9.** *In accordance with section 147.3 of the Act, the minimum time for deposit under the bid is 35 days following the date of the bid.*

*O.C. 977-88, s. 13; O.C. 1622-90, s. 25; M.O. 2003-01, s. 68.*

**189.10.** *In accordance with section 147.4 of the Act, the offeror is prohibited from purchasing securities deposited in response to the bid during the 35 days following the date of this bid.*

*M.O. 2003-01, s. 68.*

**189.11.** *In accordance with section 147.5 of the Act, securities deposited in response to a bid may be withdrawn by giving notice in writing to the depository before the offeror has taken up the securities, before the expiry of 10 days from the notification of change or, if the securities were not paid for, within 3 business days after they were taken up.*

*M.O. 2003-01, s. 68.*

**189.12.** *Securities may not be withdrawn in the manner set forth in section 189.11 in response to a variation in the terms of a bid in the cases prescribed in section 130 of the Act if the offeror took up the securities before the variation. The variation must be limited to an increase in the consideration with an extension of no more than 10 days or to a waiver of one of the terms where the consideration consists solely of cash.*

*M.O. 2003-01, s. 68.*

**189.13.** *For the purposes of section 147.6 of the Act, the offeror shall take delivery of the securities within 10 days from the expiry of the bid and shall pay for them within 3 business days after they have been taken up.*

*M.O. 2003-01, s. 68.*

**189.14.** *In the case provided for in section 147.7 of the Act, the securities shall be taken up and paid for within 10 days of their deposit.*

*M.O. 2003-01, s. 68.*

**189.15.** *For the purposes of section 147.8 of the Act, the bid shall not expire before 10 days after the date the notice of variation has been delivered.*

*M.O. 2003-01, s. 68.*

**TITLE V**  
**SECURITIES DEALERS AND ADVISERS**

**CHAPTER I**  
**REGISTRATION CATEGORIES**

**190.** *Persons required to register as securities dealers or advisers apply to be registered in one of the categories prescribed by the following sections.*

                      
O.C. 660-83, s. 190.

**191.** *A person who intends to practise as a dealer must apply for registration for unrestricted practice, unless he intends to limit his activity to forms of investment or types of transactions calling for registration for restricted practice.*

                      
O.C. 660-83, s. 191.

**191.1.** *The introducing broker who solicits orders from his clients in order to have those orders executed on a stock exchange or on the over-the-counter market by a carrying broker shall apply for registration as a dealer with an unrestricted practice.*

                      
O.C. 30-96, s. 8.

**191.2.** *A person who intends to limit his activity as a dealer to that which is permitted at an International Financial Centre as prescribed by the Regulation respecting the Taxation Act (R.R.Q., 1981, c. I-3, r. 1) shall apply for registration as a dealer with an unrestricted practice.*

                      
O.C. 30-96, s. 8.

**191.3.** *Any person who intends to act as an intermediary in the trading of securities without giving advice on the purchase or sale of securities shall apply for registration as a discount broker.*

                      
O.C. 627-2000, s. 1.

**192.** *The categories of registration as a dealer with a restricted practice are the following:*

- (1) *(paragraph repealed);*
- (2) *(paragraph repealed);*
- (3) *(paragraph repealed);*
- (4) *(paragraph repealed);*

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(5) *(paragraph repealed);*

(6) *security issuer, for the issuer which intends to limit its activity to the distribution, without a prospectus exemption, of a security issued by it;*

(7) *independent trader, for the member of a recognized stock exchange or the holder of a restricted trading licence issued by such an exchange and who carries out transactions on his own behalf or on behalf of a dealer;*

(7.1) *dealer distributing Québec business investment company (QBIC) shares, for persons who intend to limit their activity to distributing QBIC shares;*

(7.2) *debt security dealer, for persons who intend to limit their activity to the distribution or sale of the securities described in paragraphs 1 and 2 of section 41 of the Act;*

(8) *any other category designated by the Commission.*

*The dealer with a restricted practice, except for the ones in the categories provided for in subparagraphs 6 and 7, must always present himself using the specific designation of the category to which he belongs, in particular in printed documents and in advertising.*

*O.C. 660-83, s. 192; O.C. 697-87, s. 21; O.C. 977-88, s. 14; O.C. 1622-90, s. 26; O.C. 30-66, s. 9; O.C. 627-2000, s. 2.*

**192.0.1.** *Only representatives of registered unrestricted practice dealers or registered discount brokers may register under the following categories:*

(1) *group savings representatives, for representatives who intend to distribute shares in unincorporated mutual funds or units in mutual funds;*

(2) *investment contract representatives, for representatives who intend to distribute investment contracts;*

(3) *scholarship plan representatives, for representatives who intend to distribute units in scholarship plans.*

*O.C. 627-2000, s. 3*

**192.1.** *A person, who intends to carry out transactions on options on commodities or currencies exclusively for the account of hedgers, is exempted from registration as a dealer if it fulfills the following conditions:*

(1) *he is a member or an associate member of the Montréal Exchange;*

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(2) *he is subject to the regulations and the rules of operation of the Montréal Exchange with respect to those options;*

(3) *the person responsible for the trading of those options must meet the professional training required by the Montréal Exchange.*

*“Hedger” means: a person who normally carries on a professional activity which exposes him to a price risk and who offsets that risk through transactions on markets where are traded options or commodities suited to protect him against that risk.*

O.C. 1263-85, s. 49.

**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.*

O.C. 660-83, s. 193; O.C. 1622-90, s. 27.

**193.1.** *A person who intends to limit his activity as adviser to that which is permitted at an International Financial Centre as prescribed by the Regulation respecting the Taxation Act (R.R.Q., 198 1, c. I-3, r. 1) must apply for registration as an unrestricted practice adviser.*

O.C. 30-66, s. 10.

**194.** *A dealer with an unrestricted practice who intends to offer portfolio management services is exempted from registration as a securities adviser if it fulfills the following conditions:*

(1) *the natural persons who perform the management are registered as dealer's representatives;*

(2) *it draws up suitable operating rules to protect its clients' interests;*

(3) *it respects the rules prescribed in section 190 of the Act and paragraphs 2, 3 and 4 of section 224 and sections 240 and 249 of this Regulation;*

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

O.C. 660-83, s. 194; O.C. 697-87, s. 22; O.C. 1622-90, s. 28.

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

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(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.*

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M.O. 2005-22, s. 10.

**194.2.** *Registration as an adviser is not required for a person that acts as an adviser only to accredited investors referred to in paragraph a, b, c, d, f, g, i, p, in subparagraph i of paragraph q or in paragraph v of the definition of “accredited investor” provided for in section 1.1 of Regulation 45-106 respecting Prospectus and Registration Exemptions approved by Ministerial Order No. 2005-20 dated August 12, 2005 and in respect of whom the exemption provided for in section 2.3 thereof applies.*

*The first paragraph does not apply to a person that carries on business in respect of a trust company or trust corporation registered or authorized to carry on business in a foreign jurisdiction referred to in paragraph p of the definition of “accredited investor” or in respect of a person registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a foreign jurisdiction referred to in subparagraph i of paragraph q of this definition.*

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M.O. 2005-22, s. 10.

### **CHAPTER II REGISTRATION PROCEDURES**

**195.** *An applicant for registration as a securities dealer or adviser must submit his application on Form 2.*

*Except in the case of an security issuer, an application for registration must be accompanied by financial statements and an auditor's report.*

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O.C. 660-83, s. 195; O.C. 697-87, s. 23.

**196.** *An applicant for registration as a securities dealer or adviser must produce proof of insurance or bonding providing the coverage required in section 213, at the time of his application.*



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*The Commission may grant an exemption, on the conditions that it determines, to certain dealers with restricted practice.*

O.C. 660-83, s. 196.

**197.** *An applicant for registration as representative of a securities dealer or adviser must submit his application on Form 3.*

O.C. 660-83, s. 197.

**197.1.** *Representatives who act as discount brokers, group savings representatives, investment contract representatives or scholarship plan representatives shall always describe themselves as representatives and indicate the category to which they belong.*

O.C. 30-66, s. 11; O.C. 627-2000, s. 4.

**198.** *An applicant for registration as a securities dealer or advisor must include with his application for registration the fees prescribed by Chapter II of Title VI.*

O.C. 660-83, s. 198.

### **CHAPTER III EFFECTS OF REGISTRATION**

**199.** *Registration is valid until it is cancelled. It requires the annual payment of fees prescribed by Chapter II of Title VI.*

O.C. 660-83, s. 199.

**200.** *The rights conferred by the registration are automatically suspended, unless the Commission decides otherwise, if the fees prescribed by section 271.5 have not been paid on the 30th day from the date they became due. At least 10 days before the end of that delay, the Commission sends the registered person in default a notice reminding that person of its obligation to pay the fees and of the consequences of a non-payment.*

*The suspension is lifted when the fees are paid to the Commission.*

O.C. 660-83, s. 200; O.C. 1622-90, s. 29; O.C. 226-93, s. 17; O.C. 30-96, s. 12.

**201.** *The rights conferred on an security issuer by registration are suspended when the distribution is interrupted or terminated.*

*The suspension is lifted when the security issuer resumes the distribution or commences the distribution of another security.*

O.C. 660-83, s. 201; O.C. 697-87, s. 24; O.C. 30-96, s. 13.

**201.1.** *The Commission may automatically cancel a registration of a dealer or an adviser when the period of suspension exceeds one year.*

*O.C. 30-96, s. 14.*

**202.** *The representative of a securities dealer or adviser must cease his activity in the following cases:*

*(1) he ceases to represent the securities dealer or adviser that he said he represented at the time of registration;*

*(2) the securities dealer or adviser that he represents has had his registration suspended or cancelled.*

*He may resume his activity when another dealer or adviser informs the Commission that it has engaged him as a representative or when the suspension against the dealer or adviser has been lifted.*

*However, the representative of a dealer with a restricted practice who moves to a dealer with an unrestricted practice, to a discount broker or to a dealer with a restricted practice of another category may resume his activity only with a decision from the Commission, once it has verified if the representative has an adequate professional training.*

*The third paragraph also applies to the representative of a discount broker who moves to an unrestricted practice dealer or to a restricted practice dealer.*

*The Commission may however automatically cancel the registration of the representative when he has ceased his activity for more than 6 months.*

*O.C. 660-83, s. 140; O.C. 977-88, s. 15; O.C. 627-2000, s. 5.*

#### **CHAPTER IV CONDITIONS TO BE MET**

**203.** *A securities dealer or adviser must have a principal establishment in Québec, under the direction of a person who is an officer residing in Québec. The securities dealer or adviser must keep at this establishment clear identification and a separate telephone line.*

*The Commission may, however, exempt a securities adviser from those requirements on terms set by it.*

*O.C. 660-83, s. 203; M.O. 2003-01, s. 69.*

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**204.** *An applicant who applies for registration as a representative of a dealer or an adviser must be at least 18 years old and must be resident in Québec.*

O.C. 660-83, s. 204.

**205.** *An applicant for registration as a representative of a dealer or an adviser must have successfully completed the courses that would in the opinion of the Commission give him an adequate professional training.*

*In addition, a person who wishes to carry out the duties of a senior executive must possess the knowledge and experience which, in the opinion of the Commission, would adequately prepare him for his duties.*

O.C. 660-83, s. 205; O.C. 30-96, s. 15; M.O. 2003-01, s. 70.

**206.** *A natural person who applies for registration as a securities dealer or adviser must possess the experience and knowledge required of a senior executive.*

*This rule does not apply to an independent trader.*

O.C. 660-83, s. 206; O.C. 1263-85, s. 50.

**207.** *A dealer with an unrestricted practice, or a discount broker must possess a minimum capital of \$250 000.*

*An introducing broker must possess a minimum capital of \$75 000.*

*A dealer with an unrestricted practice or a discount broker must possess a risk adjusted capital, which is not less than zero, calculated according to the method prescribed by The Montreal Exchange. The deductible under the insurance policy or the bonding prescribed by section 213 must be included.*

O.C. 660-83, s. 207; O.C. 1263-85, s. 51; O.C. 1622-90, s. 30; O.C. 30-96, s. 16.

**208.** *A dealer with a restricted practice, with the exception of a security issuer or an independent trader 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.*

*The method of calculating the net free capital is prescribed by regulation.*

O.C. 660-83, s. 208; O.C. 977-88, s. 16; O.C. 1622-90, s. 31; O.C. 30-96, s. 17; O.C. 627-2000, s. 6; M.O. 2003-01, s. 71.

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**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 \$.*

O.C. 660-83, s. 209; O.C. 1622-90, s. 32.

**210.** *The Commission may increase or reduce the amount of net free or working capital in cases where it considers that the nature of the activity carried on requires greater liquidity or that the protection of the investors is adequately provided for.*

O.C. 660-83, s. 210; M.O. 2003-01, s. 72.

**211.** *A securities dealer or an adviser must inform the Commission immediately when it does not have the net free or working capital required by sections 207 to 209.*

O.C. 660-83, s. 211.

**212.** *A dealer or an adviser may, with the authorization of the Commission, borrow funds that will be included in its risk adjusted capital, its net free capital or its working capital, provided that their repayment is subordinated to the repayment of other creditors, and fills in the form prescribed by regulation.*

O.C. 660-83, s. 212; O.C. 30-66, s. 18; M.O. 2003-01, s. 73.

**213.** *A dealer in any category or an adviser with an unrestricted practice must subscribe for insurance or bonding giving it a coverage considered adequate by the Commission. The insurance coverage and bonding must meet the requirements prescribed by the rules of a self-regulatory organization of which it is a member.*

*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 financial institution bond for a dealer with an unrestricted practice or for a discount broker;

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

(3) 100 000 \$, plus 50 000 \$ for each employee, for a debt security dealer or a dealer distributing QBIC shares;

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

O.C. 660-83, s. 213; O.C. 697-87, s. 25; O.C. 1622-90, s. 33; O.C. 627-2000, s. 7; M.O. 2003-01, s. 74.

**214.** A dealer in any category or an adviser with an unrestricted practice must inform the Commission of any change or any call on the insurance or bonding required according to section 213.

O.C. 660-83, s. 214.

**215.** A dealer with an unrestricted practice or a discount broker must be a member of a self-regulatory organization and must participate in a contingency fund deemed acceptable by the Commission.

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.

O.C. 660-83, s. 215; O.C. 1622-90, s. 34; M.O. 2003-01, s. 75.

**216.** A dealer who keeps, on behalf of a customer, fully paid securities not assigned as security must separate them from other securities. On statements of account and in its registers, it must indicate clearly that such securities are on deposit.

A dealer is not required to use a separate certificate in the customer's name.

O.C. 660-83, s. 216.

**217.** A dealer may use free credit balances on the following conditions:

(1) the statement of account sent to the customer must indicate that the funds are being used to finance the dealer's working capital and are payable on demand;

(2) it pays a reasonable interest;

(3) it may keep such funds only temporarily, with a view to investing them in securities.

However, the Commission may, on the conditions it may determine, authorize a departure from the rule prescribed by paragraph 3, in the case of a dealer which offers an account allowing the issuance of cheques and credit card transactions.

O.C. 660-83, s. 217; O.C. 1263-85, s. 52.

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**218.** *An adviser with an unrestricted practice must keep in a trust account, separate from his assets, sums received as subscriptions or advance payments, until the time to use them in accordance with their intended purpose.*

*O.C. 660-83, s. 218.*

**218.1.** *The adviser who receives a remuneration or subscription fees for services not yet rendered must keep in a trust account sums received in advance until the services have been rendered, unless the remuneration or subscription fees received in advance cover a period not exceeding three months.*

*O.C. 977-88, s. 17.*

**219.** *A dealer is required to make an inventory of the securities kept on behalf of its customers, or to obtain a confirmation in the case of securities kept by a co-contractant or deposited in a current account with a clearing agency, and to reconcile the results with the entries in its books and registers:*

- (1) semi-annually in the case of securities referred to in section 216;*
- (2) monthly in the case of the other securities.*

*O.C. 660-83, s. 219.*

**219.1.** *A dealer distributing QBIC shares may not underwrite the distribution of those securities and the dealer shall immediately deposit any funds received into a trust account controlled by the issuer's trustee.*

*O.C. 627-2000, s. 8.*

### **CHAPTER V ACCOUNTING DOCUMENTS**

**220.** *A dealer or adviser must keep the accounting books and registers necessary for its activities and must retain them for a period of at least 5 years, except for the opening of account form which must be retained for a period of at least 5 years from the closing of the account.*

*Such books and registers may be kept by means of data processing or mechanical systems, on condition that:*

- (1) adequate precautions are taken to minimize the risks of falsification of the data;*

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(2) *it is possible to furnish the information, within a reasonable time and in a precise and comprehensible form, to any person authorized by law to audit it.*

*O.C. 660-83, s. 220; O.C. 1263-85, s. 53; O.C. 30-96, s. 19.*

**221.** *The accounting books and registers that a dealer or adviser must keep in Québec must be kept in the principal establishment that it is required to keep in Québec.*

*O.C. 660-83, s. 221; O.C. 1263-85, s. 54.*

**222.** *The accounting books and registers that a dealer with its head office in Québec must keep include:*

(1) *a register for primary registration in which are entered in chronological order purchases and sales of securities allocated according to the markets on which the transactions were effected, securities received and delivered, cash receipts and disbursements;*

(2) *a customers' ledger in which, for each separate account, are entered the buy and sell transactions, the securities received and delivered, and all the other transactions entered as debits or credits in the account;*

(3) *the books in which are entered:*

(a) *the securities being transferred;*

(b) *dividends and interest received;*

(c) *securities borrowed or loaned;*

(d) *sums borrowed or loaned, with identification of the security attached;*

(e) *securities not received or not delivered by settlement date;*

(f) *long and short positions for each security, both in customers' accounts and in those of the registered person, with identification of the account and the place in which the securities are kept or the position taken in compensation for the securities sold short;*

(4) *a register of buy and sell orders and the related instructions, in which are entered:*

(a) *the description of the order;*

(b) *the account to which it refers;*

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(c) the name of the person who placed the order, where it is not the same as that in paragraph b;

(d) the date and the time of the order;

(e) where applicable, the fact that the order was placed under a management contract;

(f) the price at which the order was executed;

(g) the date;

(5) a register containing the copies of the confirmation slips and the statements sent to customers;

(6) a file for each customer containing:

(a) the name and address of the account holder and, where applicable, of his guarantor;

(b) any proxy by which the account holder grants to another person power to place orders for him, with the address of that person;

(c) in the case of a joint account or an account opened in the name of a company, the name and address of the person authorized to place orders, with the document granting him such power;

(d) where appropriate, a contract for a margin account, signed by the holder of the account, and, where applicable, by his guarantor;

(e) the opening account form and its updates;

(f) the document required at the time of the opening of an account by a dealer authorized to act as a financial planner;

(g) the form "Declaration of Funds" used for important cash transactions;

(7) a register in which are entered the options bought, sold or underwritten by the dealer, with the value and number of the securities to which those options refer;

(8) books and registers showing in detail all the assets and liabilities, proceeds and expenses as well as capital;

(9) a monthly trial balance and a monthly computation of the risk adjusted capital or net free capital;



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(10) a register in which are entered details of the daily commissions of the representatives;

(11) a register of commission sharing where the following information is recorded with respect to each share: the identity of those sharing the commission with their address and industry segment, the object and date of the transaction, the identity of the persons who are parties thereto, the percentage of the commission or its amount and the way it is allocated between those sharing it.

O.C. 660-83, s. 222; O.C. 30-66, s. 20.

**223.** The books and registers, concerning transactions executed in Québec or for residents of Québec, that a dealer whose head office is not in Québec must keep include:

(1) copies of the primary registration registers in which are entered in chronological order the purchases and sales of securities allocated according to the markets on which the transactions were effected;

(2) copies of the customers' statements in which are entered for each separate account buy and sell transactions, securities received and delivered and any other transactions charged as debits or credits to the account;

(3) the registers prescribed by paragraphs 4, 5, 6 and 10 of section 222.

O.C. 660-83, s. 223.

**224.** The books and registers that an adviser with an unrestricted practice must keep include:

(1) a journal in which are entered in chronological order receipts and disbursements, and any other book for primary entry of transactions transferred to another book;

(2) a ledger of accounts managed under a management contract;

(3) a file for each customer containing:

(a) the opening account form;

(b) management contracts made with its customers;

(c) the document required at the time of the opening of an account by a dealer authorized to act as a financial planner.

(d) the form "Declaration of Funds" used for important cash transactions;

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(e) *options or futures trading agreement.*

(4) *a register in which are entered, for each customer, the buy and sell transactions, with the date of the transaction, the number of securities bought or sold and the price;*

(5) *a register in which is entered, for each security, the number of securities belonging to each customer;*

(6) *books and registers showing in detail all the assets and liabilities, proceeds and expenses as well as capital;*

(7) *a monthly trial balance and a monthly computation of working capital.*

O.C. 660-83, s. 224; O.C. 30-96, s. 21.

**224.1.** *The dealer or the adviser keeps a complaints register which includes the following information:*

(1) *the date of the complaint;*

(2) *the plaintiff's name;*

(3) *the name of the person who is the object of the complaint;*

(4) *the security or services which are the object of the complaint;*

(5) *the date and conclusions of the decision rendered in connection with the complaint.*

O.C. 30-96, s. 22.

**224.2.** *The dealer or the adviser shall establish in writing rules of internal control allowing the senior executive in charge of the principal place of business in Québec to:*

(1) *oversee the opening and management of clients' accounts;*

(2) *supervise representatives and office staff;*

(3) *ensure compliance with the Act, a regulation and the rules of the self-regulatory organization of which it is a member.*

O.C. 30-96, s. 22; M.O. 2003-01, s. 76.

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**224.3.** *The introducing broker with a head office in Québec is exempted from the obligations under paragraphs 1, 2, 3, 5 and 7 of section 222, which are incumbent upon the carrying broker.*

O.C. 30-96, s. 22.

**224.4.** *The introducing broker with a head office outside Québec is exempted from the obligations under paragraph 5 of section 222 and paragraphs 1 and 2 of section 223, which are incumbent upon the carrying broker.*

O.C. 30-96, s. 22.

### **CHAPTER VI NOTICES TO THE COMMISSION**

**225.** *A dealer or an adviser must inform the Commission within ten days of:*

- (1) *a change of address of any of its establishments;*
- (2) *the end of the term of office of a director;*
- (3) *the termination of employment of a representative and the reason therefor;*
- (4) *the termination of duties of a senior executive;*
- (5) *change in the ending date of a financial year.*

O.C. 660-83, s. 225; O.C. 1263-85, s. 55; O.C. 30-96, s. 23.

**226.** *In addition, a dealer must inform the Commission within 10 days of:*

- (1) *the opening or closing of an establishment located in Québec;*
- (2) *the appointment of a representative to be in charge of an establishment.*

O.C. 660-83, s. 226.

**227.** *A representative or an officer must inform the Commission within 10 days of:*

- (1) *any change of address;*
- (2) *the termination of his employment;*
- (3) *a petition in bankruptcy or a declaration in bankruptcy;*
- (4) *an assignment of its property;*

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(5) *an indictment regarding a criminal or an infraction to a fiscal law, and the judgement rendered with regards to that indictment or the guilty plea in response to that indictment;*

(6) *one or many civil proceedings instituted against him for an aggregate amount greater than 50 000 \$;*

(7) *disciplinary measures instituted against him or a penalty imposed by a self-regulatory organization or a securities regulatory authority.*

*O.C. 660-83, s. 227; O.C. 1622-90, s. 35; O.C. 30-96, s. 24; M.O. 2003-01, s. 77.*

**228.** *A dealer or adviser must give notice to the Commission of the following changes which are subject to its approval as prescribed by the second paragraph of section 159 of the Act:*

(1) *the appointment of an officer;*

(2.1) *the appointment of a new officer responsible for the principal establishment in Québec, as required by section 203;*

(2) *the appointment of a director;*

(3) *a change affecting the volume or the conditions of the subordinated loans described in section 212;*

(4) *the taking or strengthening of a material position;*

(5) *the end of office of a senior executive in charge of the principal office in Québec;*

(6) *the carrying on of another function.*

*A major position is defined as holding by one person of more than 10 % of the voting rights attached to the securities issued by the dealer or the person controlling it. In calculating the percentage of voting rights held by a person, the voting rights controlled by that person and his joint actors must be added to those that belong to that person and his joint actors, in particular due to the fact that they can exercise the voting rights attached to these securities.*

*Are deemed to be joint actors of a person, the affiliates and the associates of that person.*

*O.C. 660-83, s. 228; O.C. 1263-85, s. 56; O.C. 697-87, s. 26; O.C. 226-93, s. 19.*

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**228.1.** *In the case of the appointment as director or as officer of a person who is not yet approved as a senior executive, the notice prescribed by section 228 is given by submitting Form 3.*

*In the case of a person already approved as a director who is appointed officer or in the case of a senior executive already approved who is appointed senior executive of a dealer of a different category, Form 3 is substituted by a notice.*

*Notwithstanding section 228, the other appointments need not be approved by the Commission; only a notice is sent to the Commission within 10 days of the appointment.*

O.C. 1263-85, s. 56.

**229.** *Paragraph 3 of section 228 does not apply to members of a self-regulatory organization recognized by the Commission.*

O.C. 660-83, s. 229; O.C. 697-87, s. 27.

**230.** *Security issuers are exempted from the application of paragraphs 1 and 2 of section 225, and of sections 226 and 228.*

O.C. 660-83, s. 230; O.C. 697-87, s. 28.

### CHAPTER VII

#### OPENING OF ACCOUNTS AND OBLIGATIONS TOWARD CUSTOMERS

**230.1.** *In this Chapter:*

*“connected issuer”:* a connected issuer within the meaning of Regulation 33-105 respecting Underwriting Conflicts approved by Ministerial Order 2005-14 dated 2 August 2005 ;

*“related issuer”:* a related issuer within the meaning of Regulation 33-105 respecting Underwriting Conflicts;

*“networking arrangement” means, an arrangement between a dealer or an adviser and a financial institution (whether or not registered) under which the dealer or the adviser:*

(1) *offers to the public a combination of securities and goods or services, a portion of which consists of securities, goods or services issued or provided by the financial institution,*

(2) *cooperates with the financial institution in the joint offering to the public of securities and goods or services, in particular by paying the financial institution or its employees a commission for referring to the dealer a client to whom the dealer sells securities or services,*

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*but does not include transactions in securities of the financial institution if they are made on the same basis as other transactions in securities of other issuers.*

O.C. 977-88, s. 18; M.O. 2005-17, s. 2.

**230.2.** (Repealed).

O.C. 977-88, s. 18; M.O. 2005-17, s. 3.

**230.3.** *For the purposes of the definitions of “connected issuer” and “related issuer”, an issuer is not a connected or a related issuer of a dealer only by reason of the fact that the dealer, acting as an underwriter, owns securities of the issuer in the course of a distribution and in the ordinary course of business of the dealer.*

O.C. 977-88, s. 18.

**230.4.** (Repealed)

O.C. 977-88, s. 18; M.O. 2005-17, s. 3.

**230.5.** *The Commission may designate a person as a related issue of a dealer or an adviser where it deems it appropriate because of the business relations between the person and the dealer or adviser or any related issuer of the dealer or adviser.*

*Before rendering a decision, the Commission must give the dealer or adviser and the person an opportunity to be heard.*

O.C. 977-88, s. 18.

**231.** *A dealer in any category or an adviser with an unrestricted practice must entrust to a senior executive who is a resident of Québec responsibility for the opening of accounts.*

*However, the Commission may, on the conditions it determines, authorize the person in charge of an establishment to authorize the opening of accounts.*

O.C. 660-83, s. 231; O.C. 697-87, s. 29.

**232.** *When an account is opened, a dealer in any category or an adviser with an unrestricted practice must complete a form containing the information prescribed by regulation of the Commission.*

*Where it applies, he must attach to the form the proxy by which the account holder authorizes a third party to place orders on his behalf.*

O.C. 660-83, s. 232; O.C. 30-96, s. 25; M.O. 2003-01, s. 78.

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**233.** Any transaction effected under a management contract must be approved in advance by a senior executive of the dealer or the adviser.

O.C. 660-83, s. 233; O.C. 1263-85, s. 57.

**234.** An adviser may not have securities or cash belonging to his customers in his possession or safekeeping, subject to section 218.

O.C. 660-83, s. 234; O.C. 1263-85, s. 58.

**234.1.** (Repealed).

O.C. 977-88, s. 19; M.O. 2003-01, s. 79.

**234.2.** The dealer or adviser shall file with the Commission a statement of policies that contains:

(1) a complete statement of the policies regarding the activities in which the dealer or adviser is prepared to engage as dealer or adviser in respect of its own securities and those of related issuers and, in the course of a distribution, of securities of connected issuers;

(2) a list of the related issuers that are reporting issuers or that have distributed securities outside Québec on a basis that would have made them reporting issuers in Québec;

(3) a concise statement of the relationship between the dealer or adviser and each of the related issuers referred to in paragraph 2;

(4) the following note, or an expanded version of it, in a conspicuous position and in bold face type of a size at least equivalent to that of the text:

*“The securities legislation of certain jurisdictions in Canada requires securities dealers and advisers, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure or other rules. In certain provinces or territories, these rules require dealers and advisers to inform their clients of the relevant relationship and connections with the issuer of the securities prior to trading with them. Clients should refer to the applicable provisions of these securities legislations for the particulars of these rules and their rights or consult with a legal adviser.”*

O.C. 977-88, s. 19.

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**234.3.** *The dealer or adviser who acts as principal, solicits a client in order to make a transaction or makes a recommendation shall provide to a client, free of charge, a copy of its statement of policies before the settlement of a transaction, unless he has already been provided with a copy. The dealer or adviser shall also provide a copy to a client requesting it.*

O.C. 977-88, s. 19.

**234.4.** *In the event of a material change in the information contained in the statement of principles, the dealer or adviser shall:*

(1) *file with the Commission a revised version or an amendment to the statement of policies;*

(2) *provide to each of its clients who have received the initial statement a copy of the revised version or of the amendment as soon as a transaction is made for a client or advice is given, but without exceeding a delay of 45 days from the filing with the Commission.*

*However, it is not required to provide a copy of the revised version or of the amendment to a client whose account has been inactive for 2 years. A copy will however have to be provided to him as soon as he makes a transaction.*

O.C. 977-88, s. 19.

**235.** *In his relations with his customers and in the execution of the mandate received from them, a registered person is required to use the care that one might expect of an informed professional placed in the same circumstances. Particularly, the registered person must see that orders are executed at the best price available on canadian exchanges, unless he is instructed otherwise.*

O.C. 660-83, s. 235; O.C. 1263-85, s. 59.

**236.** *A registered person acting under a management contract must avoid any transactions on behalf of a customer where his own interest might distort his judgment.*

*More particularly, he must refrain from subscribing or buying, on behalf of a client securities he or an affiliate owns, securities he or an affiliate is underwriting or securities issued by a company having as senior executive, a senior executive or a representative of the dealer or adviser, unless he obtains the consent of the client after having informed him of that fact.*



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*For the application of the present rule, the portfolios managed by persons which are affiliates of the registered person are considered as portfolios managed by the registered person.*

O.C. 660-83, s. 238; O.C. 1263-85, s. 60.

**236.1.** *(Repealed).*

O.C. 1263-85, s. 61; O.C. 977-88, s. 20; M.O. 2005-17, s. 3.

**236.2.** *(Repealed).*

O.C. 1263-85, s. 61; O.C. 697-87, s. 30; O.C. 977-88, s. 20; M.O. 2005-17, s. 3.

**236.3.** *A dealer or adviser that proposes to enter a networking arrangement shall advise the Commission, at least 30 days before entering the arrangement, and give with the notice all the necessary information to determine:*

- (1) if the proposed arrangement makes use of methods for selling securities, goods or services, that are prejudicial to the public interest;*
- (2) if it is likely to give rise to conflicts of interests;*
- (3) if it is likely to hinder him complying with the conditions of registration applicable to him.*

*The arrangement may be signed after approval by the Commission or, if the Commission does not raise any objection, after the expiry of the 30 days delay.*

O.C. 1263-85, s. 61; O.C. 977-88, s. 20.

**236.4.** *Any portfolio management agreement entered into between a client and a dealer or adviser with an unrestricted practice:*

- (1) shall contain a clause stipulating that the client retains the right to cancel the agreement at any time;*
- (2) shall indicate the name of the custodian responsible for the safekeeping of securities and cash belonging to the client and, in the case of a third party, the address.*

O.C. 30-96, s. 26

**237.** *A registered person who makes a written recommendation to his customer to buy shares must explain to him the voting rights or the absence of such rights attached to the securities offered or proposed.*

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*This prohibition does not apply, to recommendations made by a firm underwriter or a principal best effort underwriter when the provisions of sections 236.1 or 236.2 are otherwise respected.*

*O.C. 660-83, s. 237; O.C. 30-96, s. 27.*

**237.1.** *A dealer or adviser shall not in any medium of communication recommend the purchase, the sale or the holding of its own securities, securities of a related issuer or, in the course of a distribution securities of a connected issuer. He shall not cooperate with another person in the making of such a recommendation.*

*This prohibition does not apply to recommendations made in a circular, pamphlet or similar publication that is published or distributed by the registrant with regularity in the ordinary course of its business, provided that the publication includes in a conspicuous position, in type of a size at least equivalent to that of the rest of the text, a complete statement of the relationship or connection between the dealer or adviser and the issuer.*

*This prohibition does not apply, to recommendations made by a firm underwriter or a principal best effort underwriter when the provisions of Regulation 33-105 respecting Underwriting Conflicts are otherwise respected.*

*O.C. 977-88, s. 21; O.C. 226-93, s. 20; O.C. 30-96, s. 27; M.O. 2005-17, s. 4.*

**237.2.** *The dealer or adviser shall not publish or send an advertisement, notice or other similar publication in respect of securities of a related issuer or, in the course of a distribution, in respect of securities of a connected issuer, unless the publication states, in a conspicuous position, in bold face, at least 12 points type and, as the case may be, of such larger type as is required to ensure its prominence in such publication, that the issuer is a related or connected issuer of the dealer or adviser.*

*O.C. 977-88, s. 21.*

**237.3.** *Sections 234.2, 234.3, 237.1 and 237.2 do not apply:*

*(1) to transactions or advices with respect to securities referred to in section 41 of the Act;*

*(2) to the distribution of the securities of an unincorporated or incorporated mutual fund;*

*(3) to a debt security dealer, a dealer distributing QBIC shares or to a security issuer.*

*O.C. 977-88, s. 21; O.C. 627-2000, s. 9; M.O. 2005-17, s. 5.*

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**238.** *(Repealed).*

O.C. 660-83, s. 238; M.O. 2003-01, s. 79.

**239.** *A dealer must send, upon request by a customer, the annual statement of its financial position for the preceding year drawn up in the form prescribed by regulation as well as a list of its senior executives or its partners prepared less than 30 days from the date of the request. The Commission may, on the conditions it determines, exempt a dealer from the obligations imposed by this section.*

O.C. 660-83, s. 239; O.C. 30-96, s. 28; M.O. 2003-01, s. 80.

**240.** *An adviser with an unrestricted practice must describe the method of computing his remuneration when he applies for registration.*

*The remuneration must be computed separately for each account in terms of the value of the portfolio or of its yield, but not on the value or the volume of the transactions.*

O.C. 660-83, s. 240.

**241.** *In the case of an adviser or of a representative of a broker or adviser, the statement prescribed by section 166 of the Act must contain the following information:*

(1) *the number of securities of the investment recommended held by the adviser or the representative;*

(2) *the number of securities of the same issuer, but of another class, held by the adviser or the representative;*

(3) *the options or other rights held by the adviser or the representative in respect of the securities referred to in paragraphs 1 and 2;*

(4) *the remuneration to be received as a result of transactions in the securities recommended.*

O.C. 660-83, s. 241; O.C. 697-87, s. 31.

**242.** *In the case of a securities dealer, the statement prescribed by section 166 of the Act must contain the following information:*

(1) *its participation, during the last 12 months, in the distribution of the securities recommended in the capacity of firm underwriter;*

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(2) *its role as remunerated adviser of the issuer for the distribution of the securities recommended.*

O.C. 660-83, s. 242.

**242.1.** *A registered person who, as an ancillary activity, gives advices through the press must declare, for each security recommended, whether or not he holds a position or whether or not he has the intention to make any transactions. He must also declare whether he is an insider or a senior executive of the company whose securities are recommended. This statement must appear at the beginning or at the end of the article in bold letters or in italics of a size equivalent at least to that of the article.*

O.C. 697-87, s. 32.

**242.2.** *A registered person who, as an ancillary activity, gives advice through a financial letter published by a registered adviser must make the statement prescribed by section 242.1.*

O.C. 697-87, s. 32.

**243.** *The confirmation slip prescribed by section 162 of the Act contains the following information:*

- (1) *identification of the security;*
- (2) *the number of securities;*
- (3) *the unit price;*
- (4) *the gross amount of the transaction;*
- (5) *the commission and other charges;*
- (6) *the net amount of the transaction;*
- (7) *the date of the transaction;*
- (8) *the settlement date;*
- (9) *the name of the representative;*
- (10) *the name of the stock exchange on which the order was executed;*
- (11) *the capacity of agent or principal in which the dealer carried out the transaction;*

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(12) *the method of remuneration of the dealer where he acts as principal;*

(13) *identification of non-voting shares or shares with restricted voting rights. .*

*O.C. 660-83, s. 243*

**244.** *The name of the representative may be indicated in the confirmation slip by means of a code or a symbol provided that:*

(1) *the confirmation slip contains an agreement to supply the name of the representative on request;*

(2) *the dealer maintains an up to date list of codes or symbols used and the representatives so designated, and files a copy of such list with the Commission on request.*

*O.C. 660-83, s. 244.*

**245** *Dealers must send to their customers the statement of account prescribed by section 162 of the Act at least quarterly, where there is a cash balance or a securities balance in the account.*

*In addition, they must send such statement at the end of every month during which the customer effected a transaction or the dealer modified the balance of securities or cash in the customer's account, unless the entries refer to interest or dividends.*

*O.C. 660-83, s. 245.*

**246.** *(Repealed).*

*O.C. 660-83, s. 246; O.C. 1263-85, s. 62; O.C. 627-2000, s. 10.*

**246.1.** *(Repealed).*

*O.C. 1263-85, s. 63; O.C. 627-2000, s. 10.*

**247.** *The monthly or quarterly statement must give the following information:*

(1) *the designation and number of the securities kept on behalf of the customer;*

(2) *the cash balance;*

(3) *where applicable, the statement prescribed by paragraph 13 of section 243.*

*O.C. 660-83, s. 247.*

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**248.** *The monthly statement must also give the following information for each transaction carried out during the month:*

- (1) the designation of the security;*
- (2) the number of securities;*
- (3) the unit price;*
- (4) the amount of the transaction;*
- (5) the balance at the end of the month.*

*O.C. 660-83, s. 248.*

**249.** *An adviser with an unrestricted practice must send to his customers at least quarterly a statement of the clients portfolio that he is managing for them. The statement must contain, where applicable, the identification prescribed by paragraph 13 of section 243.*

*O.C. 660-83, s. 249.*

**249.1.** *(Repealed).*

*O.C. 1263-85, s. 64; O.C. 627-2000, s. 10.*

### **CHAPTER VIII TRANSACTIONS INTENDED TO FIX OR STABILIZE THE MARKET PRICE OF A SECURITY**

**250.** *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 purpose of facilitating the distribution or the secondary distribution, and in accordance with the following conditions:*

- (1) the transaction is made at a market price that is not higher than the bid price of the securities being the object of the distribution or of the secondary distribution;*
- (2) the transaction is made only for the purpose of preventing or retarding a decline in the open market price of a security;*
- (3) the dealer who effects the transaction does not have priority over another person who wishes to buy at the same price;*

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(4) the transaction is not made on a security being distributed during a distribution or a secondary distribution made through the facilities of a recognized stock exchange.

O.C. 660-83, s. 250; O.C. 1263-85, s. 65; O.C. 977-88, s. 22; O.C. 1622-90, s. 36.

**251.** The requirements of section 250 are without application in the case of transactions made on the floor of a stock exchange recognized by the Commission and in accordance with the operating rules of that exchange by a specialist acting within the scope of his function.

O.C. 660-83, s. 251; O.C. 1263-85, s. 65; O.C. 977-88, s. 23.

**252.** A dealer who intends to effect transactions intended to fix or stabilize the market price of a security must make the following declaration in the prospectus:

*“The firm underwriters may over allot or effect transactions intended to fix or stabilize the market price of the security at a higher level than the market price that would exist on a free market. These transactions may be begun or interrupted at any time during the distribution.”*

*In the case of a secondary distribution, the declaration must be made in the information circular, mutatis mutandis.*

O.C. 660-83, s. 252; O.C. 1263-85, s. 65.

**252.1.** Any transaction intended to fix or stabilize the market price of the securities proposed in exchange is prohibited during a take-over bid by way of exchange.

O.C. 1263-85, s. 65.

### **TITLE VI ADMINISTRATION OF THE ACT**

#### **CHAPTER 1 CODE OF ETHICS**

##### **DIVISION I GENERAL RULES**

**253.** The following rules apply to members of the Commission and to members of its personnel. They are forbidden to:

(1) accept remuneration or gratuities, except a gift of modest value, for acting as speaker or as member of a panel, or for drafting a document where it is directly related to their duties;

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- (2) *perform any other paid function;*
- (3) *be senior executives of a company that has made a public offering in Québec or a company registered under the Act;*
- (4) *be shareholders of a company registered in accordance with Title V of the Act, unless the Commission decides otherwise;*
- (5) *execute transactions on futures contracts;*
- (6) *sell securities short;*
- (7) *buy securities on margin;*
- (8) *execute transactions on securities that are being investigated by the Commission;*
- (9) *except in the case of securities eligible for a stock savings plan or a tax abatement programme, or of units of an incorporated mutual fund or an unincorporated mutual fund, buy or subscribe for securities that are distributed within 60 days following receipt of a final prospectus;*
- (10) *buy, subscribe or sell securities in respect of which a document has been filed and is being studied by the Commission or in respect of which an application has been made for a decision prescribed by the Act;*
- (11) *buy, subscribe for or sell securities in respect of which a take-over bid has been made, from the time when that fact is known to the Commission to the time when it is made public by the offeror;*
- (12) *buy a security defined as "speculative" in a prospectus filed with the Commission, except where it is a security referred to in paragraph 9.*

O.C. 660-83, s. 253; Errata, 1985 G.O. 2, 1121.

**254.** *A member of the Commission or a member of its personnel who wishes to execute a transaction on a security has an obligation to make sure that he does not contravene paragraphs 8 to 12 of section 253.*

O.C. 660-83, s. 254.

**255.** *A security bought or subscribed by a member of the Commission or by a member of its personnel must be kept by the acquiror for a minimum of 6 months from the date of the transaction, except for a security obtained under a dividend reinvestment plan or*



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*received in a stock dividend distribution or in the case of the exercise of a warrant or the sale of a warrant acquired with the subscription of another security.*

*O.C. 660-83, s. 255; O.C. 697-87, s. 33.*

**256.** *Within 5 days following the receipt of the confirmation slip, a declaration must be sent to the president of the Commission.*

*O.C. 660-83, s. 256; O.C. 697-87, s. 33.*

**256.1.** *The prohibitions applicable to the members of the Commission are also applicable to transactions they may make through or in the name of associates.*

*O.C. 697-87, s. 33.*

**257.** *The declaration must contain the following information:*

- (1) the name of the intermediary;*
- (2) the description of the security;*
- (3) the number of securities bought or sold;*
- (4) the date of the transaction;*
- (5) the value of the transaction.*

*In the case of securities acquired through a stock savings plan, it is not necessary to give the number of securities.*

*O.C. 660-83, s. 257.*

**258.** *At the time when he assumes his duties, a member of the Commission or a member of its personnel must give the president a statement of his portfolio.*

*The president may require that a member of the Commission or a member of its personnel dispose of certain securities within a set period.*

*O.C. 660-83, s. 258.*

**259.** *A member of the Commission or a member of its personnel must give to the President, at the end of each calendar year, a statement of his portfolio.*

*O.C. 660-83, s. 259.*

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**260.** *The reports prescribed by sections 258 and 259 are confidential, unless the Commission decides otherwise.*

*O.C. 660-83, s. 260; Errata, 1985 G.O. 2, 1121.*

### **DIVISION II RULES APPLYING TO MEMBERS OF THE COMMISSION**

**261.** *A member of the Commission is also forbidden to:*

*(1) solicit or accept for himself or for other persons benefits conferred on him owing to his position;*

*(2) use for personal reasons or for the purpose of obtaining an advantage information which he has obtained in the exercise of his duties.*

*O.C. 660-83, s. 261.*

### **DIVISION III PENALTIES**

**262.** *The only penalties for a breach of a rule by a member of the Commission are a reprimand or a suspension.*

*A suspension imposed under this Regulation may not exceed 2 months.*

*O.C. 660-83, s. 262.*

**263.** *The only penalties for a breach of a rule by a member of the personnel of the Commission are a reprimand, suspension or dismissal.*

*O.C. 660-83, s. 263.*

### **DIVISION IV EXEMPTIONS**

**264.** *Paragraph 2 of section 253 does not apply to a member of the Commission who carries out his duties part time.*

*O.C. 660-83, s. 264.*

**265.** *The Commission may authorize a derogation from the rule referred to in paragraph 2 of section 253.*

*O.C. 660-83, s. 265.*

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**266.** *This Title does not apply to the forms of investment referred to in section 3 of the Act nor to the exercise of a right obtained from a security owned by a member of the Commission or a member of the personnel of the Commission.*

O.C. 660-83, s. 265.

### CHAPTER II FEES

**267.** *The following fees are payable by a person who intends to distribute securities:*

(1) *at the time of filing a draft prospectus or a preliminary prospectus in order to get a receipt in accordance with section 11, 12 or 20 of the Act, \$1 000 or, in the case of a money market mutual fund, 5 000 \$ per issuer and, as the case may be, for the group of holders distributing securities;*

(2) *at the time of filing a preliminary shelf prospectus, \$5 000;*

(3) *at the time of filing a prospectus in its final form or a price fixing supplement to a shelf prospectus, a payment corresponding to the amount by which the following sums exceed the fees paid pursuant to paragraphs 1 or 2:*

(a) *where the distribution takes place only in Québec, 0.04 % of the gross value of the issue;*

(b) *where the distribution takes place in Québec and elsewhere, 0.04 % of 25 % of the gross value of the issue;*

(4) *at the time of filing a report of exempt distribution, 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; in the case of a money market fund, the calculation of the fees is made on the basis of the net distribution, that is, the purchases less the redemptions ;*

(5) *(paragraphe repealed);*

(6) *(paragraphe repealed);*

(7) *(paragraphe repealed);*

(8) *at the time of filing an amendment to a prospectus, \$250 and, where there is an increase in the number or value of the securities to be distributed, a payment corresponding to the surplus over \$250 of the following sums:*

(a) *where the distribution takes place only in Québec, 0.04 % of the gross value of the issue;*

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(b) where the distribution takes place in Québec and elsewhere, 0.04 % of 25 % of the gross value of the issue;

(9) at the time of filing a geological report, \$125 or, if the report concerns more than 2 properties, \$50 per property;

(10) at the time of filing the information required in compliance with the second paragraph of section 12 of the Act, \$100;

(11) at the time of filing an escrow agreement, \$500.

If the funds to be raised in the course of a distribution allow for a minimum and a maximum, the fees required at the time of filing the prospectus in its final version or an amendment to the prospectus must be calculated on the maximum.

O.C. 660-83, s. 267; O.C. 1263-85, s. 66; O.C. 977-88, a. 24; O.C. 1622-90, s. 37; O.C. 680-92, s. 1; O.C. 1346-93, s. 2; O.C. 30-96, s. 29; O.C. 748-2005, s. 3.

**267.1.** (Repealed).

O.C. 977-88, a. 24; O.C. 680-92, s. 1.

**267.2.** (Repealed).

O.C. 977-88, a. 24; O.C. 680-92, s. 1.

**267.3.** (Repealed).

O.C. 1493-89, s. 1; O.C. 680-92, s. 1.

**267.4.** (Repealed).

O.C. 1622-90, s. 38; O.C. 680-92, s. 1.

**268.** As a departure from the requirements of paragraph 3 of section 267:

(1) in the case of a continuous distribution, except in the case of the distribution of medium term notes, the fee to be paid at the time of filing the prospectus in its final form is equal to the amount by which 0.04 % of the gross value of the securities distributed in Québec during the last financial year exceeds \$1 000 or \$5 000 in the case of a money-market fund.

However, 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.

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*In the case where an issuer decides not to file a new prospectus, the fees payable with respect to securities distributed during the last financial year are paid at the time of filing the report prescribed in section 98.*

(2) *in the case of a medium term notes program distribution, the fee is equal to 0.04 % of the value of the notes distributed where the distribution takes place only in Québec and in other cases to 0.04 % of 25 % of the value of the notes distributed in Canada.*

*The fees shall be paid at the time of filing the report prescribed in section 98.1.*

*The total fees paid shall be equal to the amount exceeding the \$5 000 paid at the time of filing the preliminary shelf prospectus.*

O.C. 660-83, s. 268; O.C. 1263-85, s. 67; O.C. 977-88, s. 24; O.C. 1622-90, s. 39; O.C. 680-92, s. 1; O.C. 30-96, s. 30.

**268.1.** *As a departure from the requirements of paragraph 3 of section 267, in the case of a distribution of units comprised of securities that give the right to receive distributions and to benefit from all other attributes of ownership of an underlying security and securities that give the right to benefit from the potential capital appreciation of an underlying security, the fee to be paid at the time of filing the report prescribed by section 94 is equal to the amount by which 0.004 % of the value of the securities distributed in Québec exceeds \$1 000.*

O.C. 30-96, s. 31.

**269.** *(Repealed).*

O.C. 660-83, s. 269; O.C. 1263-85, s. 68; O.C. 977-88, s. 24; O.C. 1622-90, s. 40; O.C. 680-92, s. 1; O.C. 748-2005, s. 4.

**270.** *The fees payable under paragraphs 1, 3 and 8 of section 267 with respect to the issuing by a savings and credit union of permanent shares referred to in section 73 of the Savings and Credit Unions Act (R.S.Q., c. C-4.1) shall be determined on the following basis:*

(1) *distributions of permanent shares or, as the case may be, amendments to prospectuses, are deemed to constitute a single distribution or, as the case may be, a single amendment, if carried out simultaneously or within the context of a similar operation during a period not exceeding 12 months by savings and credit unions affiliated with a federation belonging to a confederation;*

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(2) the confederation is deemed to be the person intending to carry out the distribution of the aggregate value of the shares thereby distributed by these savings and credit unions.

O.C. 660-83, s. 270; O.C. 1263-85, s. 69; O.C. 977-88, s. 24; O.C. 1622-90, s. 41; O.C. 680-92, s. 1; O.C. 226-93, s. 21; O.C. 30-96, s. 32; O.C. 748-2005, s. 5.

**271.** 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 by the limited partnership in accordance with the provisions of paragraph 3 of section 267.

O.C. 660-83, s. 271; O.C. 1263-85, s. 70; O.C. 977-88, s. 24; O.C. 680-92, s. 1.

**271.1.** In the case of a distribution of an issue in which a determined tranche is to be distributed outside of Canada subject only to transfers among underwriters for the purpose of ensuring orderly marketing, the fees payable pursuant to paragraphs 3 or 8 of section 267 are calculated on the gross value of the securities to be distributed in Canada.

O.C. 680-92, s. 1; O.C. 30-96, s. 33; O.C. 748-2005, s. 6.

**271.2.** The following fees are payable by an issuer:

(1) at the time of filing the annual financial statements by the issuer which may avail itself of the simplified prospectus regime, \$2 000;

(2) at the time of filing the annual financial statements by an issuer other than the issuer mentioned in paragraph 1, but one which has a security listed on a Canadian stock exchange, \$1 000;

(3) at the time of filing the annual financial statements by the issuer not mentioned in paragraph 1 or 2, \$500;

(4) at the time of filing the annual financial statements by an incorporated and an unincorporated mutual fund, \$500;

(5) (paragraphed deleted);

(6) at the time of filing annual financial statements by an issuer not mentioned in paragraphs 1 to 4, \$500;

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(7) at the time of filing an application prescribed by section 69 of the Act to revoke the issuer's status as a reporting issuer or to release the issuer from all or part of its continuous disclosure obligations, \$100;

(8) at the time of filing an application prescribed by section 79 of the Act to exempt it from presenting in the financial statements any disclosure that should normally be made there, \$500;

(9) at the time of filing a statement of material change pursuant to section 73 of the Act, \$100.

O.C. 680-92, s. 1; O.C. 1346-93, s. 3; O.C. 30-96, s. 34; D. 630-2003, s. 1; O.C. 748-2005, s. 7.

**271.3.** Notwithstanding section 271.2, a fee of \$350 is payable by a savings and credit union at the time of filing the annual report.

O.C. 680-92, s. 1.

**271.4.** The following fees are payable by the offeror in a take-over or issuer bid or, in the case of a person who makes a bid in reliance on an exemption from take-over bid and issuer bid rules:

(1) at the time of filing the bid and the take-over or issuer bid circular prescribed by section 128 of the Act or, as the case may be, of the report required by section 189.1.2:

(a) where the bid is made only in Québec, 0.02 % of the consideration offered for the securities which are the subject of the bid,

(b) where the bid is made in Québec and elsewhere, 0.02 % of 25 % of the consideration offered in Canada for the securities which are the subject of the bid, subject to a minimum of \$1 000;

however, in the cases provided for in paragraph (2) of section 189.1.2, the value of the consideration offered is established on the basis of the closing price on the day preceding the filing of the report and of the maximum number of securities indicated in this report

(2) at the time of filing the notice prescribed by section 130 or 132 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, 500 \$ and, as the case may be, the surplus over 500 \$ of 0.02 % of the additional consideration added by the amendment, on the basis given in paragraph 1.

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The offeree company pays a fee of 500 \$ when filing the circular of the board of directors.

O.C. 680-92, s. 1; O.C. 226-93, s. 22; O.C. 1346-93, s. 4; O.C. 30-96, s. 35.

**271.4.1.** A fee of \$ 1 000 is payable by the offeror at the time of filing the documents prescribed in subparagraph 3 of the first paragraph of section 121 of the Act.

O.C. 30-96, s. 36.

**271.5.** The following fees are payable by a dealer, an adviser or a representative:

(1) at the time of an application for registration as a dealer or as an adviser, \$1 500, except in the case of an independent trader;

(2) at the time of an application for registration as a representative:

(a) of a dealer which is a member of a self-regulatory organization to which the Commission has delegated the provisions concerning the registration of representatives, \$150;

(b) of a dealer with an unrestricted practice or of a discount broker if they are not a member of such self-regulatory organization, or of an adviser, \$375;

(c) of a dealer with a restricted practice except a discount broker, \$300;

(3) on December 31 of each year, in the case of a dealer with an unrestricted practice or of a discount broker:

(a) \$1 500;

(b) \$375 for each representative registered on December 31 excluding the representatives who ceased their activity, except that this fee is reduced to \$175 in the case of a dealer which is a member of a self-regulatory organization to which the Commission has delegated the provisions concerning the registration of representatives;

(c) \$75 for each establishment, an establishment being a location where registered dealer carries on its activities.

(3.1) 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, the amount exceeding 0.14% of the capital employed in the province and the fee prescribed in clause a of subparagraph 3;

(4) on December 31 of each year, in the case of a dealer with a restricted practice with the exception of a discount broker and of an independent trader:



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- (a) \$1 500;
- (b) \$300 for each representative registered on December 31 excluding the representatives who ceased their activity;
- (c) \$75 for each establishment, an establishment being a location where a registered dealer carries on its activities.
- (5) on December 31 of each year, in the case of a securities adviser:
- (a) \$1 500;
- (b) \$375 for each representative registered on December 31 excluding the representatives who ceased their activity;
- (6) at the time of filing a notice prescribed by paragraphs 1 and 2 of section 228 concerning the approval of an officer or a director,
- (a) 375 \$ in the case of an officer or a director of a dealer with an unrestricted practice or of a discount broker, except if the dealer or broker is a member of a self-regulatory organization to which the Commission has delegated the provisions concerning the approval of officers and directors;
- (b) 300 \$ in the case of an officer or a director of a dealer with a restricted practice, except if the dealer is a discount broker;
- (c) 375 \$ in the case of an officer or a director of an adviser;
- except in the case of a member of a self-regulatory organization to which the Commission has delegated the provisions concerning the approval of an officer or a director;
- (7) at the time of filing a notice prescribed by paragraphs 3 and 6 of section 228 relating to a change in the disclosure made at the time of registration, \$200;
- (8) with respect to the preparation of an inspection, the, inspection itself and the follow-up of the recommendations, \$85 per hour per inspector within 30 days from the date of the statement of fees;
- (9) at the time of filing the notice, prescribed in section 202, by a dealer which is not a member of a self-regulatory organization to which the Commission has delegated the provisions concerning the registration of representatives, or by an adviser, to the effect that it has hired a representative, \$50;

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(10) at the time of filing, by a representative of a dealer with a restricted practice, an application pursuant to section 202 to move to a dealer with an unrestricted practice or to a dealer with a restricted practice of another category, \$125;

(11) at the time of filing the notice prescribed by paragraph 4 of section 228, \$500.

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:

$$\text{total capital} \times \frac{\frac{\text{salaries and wages paid in the province}}{\text{total salaries and wages}} + \frac{\text{revenue earned in the province}}{\text{Total revenue earned}}}{2}$$

The total capital represents the aggregate of the amounts shown in line total capital of Statement A, and in line standby subordinated loan of Statement B of the Joint Regulatory Financial Questionnaire and Report adopted by self-regulatory organizations.

O.C. 680-92, s. 1; O.C. 1346-93, s. 5; O.C. 30-96, s. 37; O.C. 1132-2004, s. 1.

**271.5.1.** A fee of \$85 per hour per inspector is payable by any investment fund incorporated or organized under an Act that provides for an inspection by the Commission, within 30 days of the date of the statement of fees regarding the preparation of the inspection, the inspection itself and the follow-up of the recommendations.

O.C. 30-96, s. 38.

**271.6.** The following fees are payable by the person making an application:

(1) at the time of an application for an exemption from a requirement prescribed by the Act or a regulation, \$500, except in the case of an application for an exemption from the requirement prescribed by section 145 of the Act, giving rise to a hearing and in the case of an application for an exemption from the valuation report required by regulation, where the fee is \$1 000;

(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; in the case of a money market fund, the calculation of the fees is made on the basis of the net distribution, that is, the purchases less the redemptions;

(1.2) at the time of an application to designate an accredited investor, \$500;

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(2) at the time of an application to regularize a previous issue of securities, prescribed by section 338.1 of the Act, \$250;

(3) at the time of an application for the certificate prescribed by section 71 of the Act respecting the position of a reporting issuer, \$150;

(4) at the time of an application prescribed by section 68 or 68.1 of the Act, \$250;

(5) at the time of the filing of a valuation report required by regulation, 500 \$;

(6) at the time of the filing of a networking arrangement required under section 236.3, 500 \$.

O.C. 680-92, s. 1; O.C. 1346-93, s. 6; O.C. 630-2003, s. 2; O.C. 748-2005, s. 8.

**271.7.** (Repealed).

O.C. 980-92, s. 1; O.C. 30-96, s. 39; O.C. 871-2001, s. 1.

**271.8.** (Repealed).

O.C. 980-92, s. 1; O.C. 30-96, s. 40; O.C. 871-2001, s. 1.

**271.9.** (Repealed).

O.C. 30-96, s. 41; O.C. 871-2001, s. 1.

**271.10.** (Repealed).

O.C. 30-96, s. 41; O.C. 871-2001, s. 1.

**271.11.** An unincorporated mutual fund managed within the scope of an instructional program established by an educational institution at the university level within the meaning of the Act respecting educational institutions at the university level (R.S.Q., c. E-14.1) is exempt from the payment of the fees provided for in this Chapter.

The exemption shall also apply to an adviser acting as adviser with the fund, so long as his activities are restricted to that function.

O.C. 566-97, s. 1.

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**271.12.** *The fees payable under this chapter are reduced by 15% for the period of March 1, 2003 to February 28, 2006.*

O.C. 52-2003, s. 1.

### **CHAPTER III ADMINISTRATIVE MONETARY PENALTIES**

**271.13.** *Any reporting issuer who contravenes a provision of Division II of Chapter II or Chapter III of Title III of the Act for failure to file a disclosed document is liable to an administrative monetary penalty of \$100 per document for each business day during which such failure occurs, to a maximum amount of \$5,000 during any given fiscal year of the Authority.*

O.C. 1183-2005, s. 1.

**271.14.** *Any insider or senior executive deemed to be an insider who contravenes a provision of any of sections 96 to 98 or 102 of the Act for failure to disclose control or a change in control over securities is liable to an administrative monetary penalty of \$100 for each day during which such failure to report occurs, to a maximum amount of \$5,000.*

O.C. 1183-2005, s. 1.

**271.15.** *An administrative monetary penalty is payable as of the time the Authority sends a notice thereof.*

O.C. 1183-2005, s. 1.

### **TITLE VII (REPEALED)**

O.C. 660-83, Title VII; M.O. 2005-17, s. 6.

### **CHAPTER I RIGHT OF CANCELLATION**

**272.** *(Repealed)*

O.C. 660-83, s. 272; O.C. 1263-85, s. 71; O.C. 627-2000, s. 11; M.O. 2005-17, s. 6.

**273.** *(Repealed).*

O.C. 660-83, s. 273; M.O. 2005-17, s. 6.

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**274.** (Repealed).

O.C. 660-83, s. 274; M.O. 2005-17, s. 6.

**275.** (Repealed).

O.C. 660-83, s. 275; M.O. 2005-17, s. 6.

**276.** (Repealed).

O.C. 660-83, s. 276; M.O. 2005-17, s. 6.

**CHAPTER II**

**RULES OF OPERATION RESPECTING THE MANAGEMENT, KEEPING AND COMPOSITION OF ASSETS OF INCORPORATED MUTUAL FUNDS AND UNINCORPORATED MUTUAL FUNDS**

**277.** (Repealed).

O.C. 660-83, s. 277; M.O. 2005-17, s. 6.

**278.** (Repealed).

O.C. 660-83, s. 278; M.O. 2005-17, s. 6.

**279.** (Repealed).

O.C. 660-83, s. 279; L.Q. 1987, c. 95, s. 402; M.O. 2003-01, s. 81; M.O. 2005-17, s. 6.

**280.** (Repealed).

O.C. 660-83, s. 280; O.C. 977-88, s. 25; M.O. 2005-17, s. 6.

**281.** (Repealed).

O.C. 660-83, s. 281; M.O. 2005-17, s. 6.

**282.** (Repealed).

O.C. 660-83, s. 282; M.O. 2005-17, s. 6.

**283.** (Repealed).

O.C. 660-83, s. 283; O.C. 977-88, s. 26; O.C. 30-96, s. 42; M.O. 2005-17, s. 6.

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**284.** (Repealed).

O.C. 660-83, s. 284; Errata, 1985 G.O. 2, 1121; M.O. 2005-17, s. 6.

**285.** (Repealed).

O.C. 660-83, s. 285; Errata, 1985 G.O. 2, 1121; M.O. 2005-17, s. 6.

**286.** (Repealed).

O.C. 660-83, s. 286; M.O. 2005-17, s. 6.

**287.** (Repealed).

O.C. 660-83, s. 287; M.O. 2005-17, s. 6.

**288.** (Repealed).

O.C. 660-83, s. 288; M.O. 2005-17, s. 6.

**289.** (Repealed).

O.C. 660-83, s. 289; Errata, 1985 G.O. 2, 1121; M.O. 2005-17, s. 6.

**290.** (Repealed).

O.C. 660-83, s. 290; O.C. 1263-85, s. 72; M.O. 2005-17, s. 6.

**TITLE VIII  
RULES FOR THE OYER-THE-COUNTER MARKET**

**291.** (Repealed).

O.C. 660-83, s. 291; O.C. 1263-85, s. 73; M.O. 2005-17, s. 6.

**292.** (Repealed).

O.C. 660-83, s. 292; O.C. 1263-85, s. 73; O.C. 977-88, s. 27; M.O. 2005-17, s. 6.

**293.** (Repealed).

O.C. 660-83, s. 293; O.C. 1263-85, s. 73; M.O. 2005-17, s. 6.

**294.** (Repealed).

O.C. 660-83, s. 294; O.C. 1263-85, s. 73.

**295.** *(paragraph revoked).*

O.C. 660-83, s. 295; O.C. 1263-85, s. 73.

**TITLE VIII  
ADDITIONAL EXEMPTION**

O.C. 660-83, Title IX; O.C. 697-87, s. 34.

**296.** *A limited partnership or an unincorporated issuer, other than an unincorporated mutual fund, is exempted from the obligations prescribed by sections 76 and 78 of the Act in the case of the first and third quarters to file with the Commission and to send its security holders the annual management's discussion and analysis and the interim management's discussion and analysis prescribed by regulation inasmuch as its securities are not traded on an organized market.*

*In the present section the term "organized market" means a market where are traded securities whose quotations are published regularly in the press.*

O.C. 660-83, s. 296; O.C. 1263-85, s. 74; O.C. 1622-90, s. 42; O.C. 226-93, s. 23; M.O. 2005-04, s. 17.

**297.** *(Omitted).*

O.C. 660-83, s. 297; Errata, 1985 G.O. 2, 1121.

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**SCHEDULE I  
(REPEALED)**

*O.C. 660-83, Sch. I; Errata, 1985 G.O. 2, 1121; O.C. 1263-85, s. 75 to 80; O.C. 1263-85, s. 81; O.C. 697-87, s. 35 and 36; O.C. 977-88, s. 28, 29 and 30; O.C. 1622-90, s. 43; O.C. 226-93, s. 24 to 26; O.C. 30-96, s. 43; M.O. 2003-01, s. 82.*

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**SCHEDULE II**  
**PROSPECTUS OF AN UNINCORPORATED MUTUAL FUND OR OF AN**  
**INCORPORATED MUTUAL FUND**

**Item 1:**

**Name and incorporation of issuer**

State the name of the issuer, the address of its head office, the Act under which it was incorporated and the date of incorporation. Mention any material amendment to the incorporating documents.

**Item 2:**

**Summary of prospectus**

Give a synopsis near the beginning of the prospectus of that information in the body of the prospectus which would be most likely to influence the investor's decision to purchase the security.

**Instructions**

1. This summary should highlight in condensed form the information, both favourable and adverse, including risk factors in Item 6, including information about both the issuer and the securities to be offered.

2. Appropriate cross references may be made to items in the prospectus where information is difficult to summarize accurately, but this shall not detract from the necessity to have the salient points summarized in the summary.

**Item 3:**

**Description of business**

1. Briefly describe the business of the issuer.

2. If the issuer has engaged in any business other than that of an unincorporated mutual fund or an incorporated mutual fund during the past 5 years, state the nature of the other business and give the approximate date on which the issuer commenced to operate as an unincorporated mutual fund or an incorporated mutual fund. If the issuer's name was changed during the period, state its former name and the date on which it was changed. Give information on matters such as:

- (1) bankruptcy, sequestration or similar proceedings;
- (2) material reorganization.

3. If during the past 2 years any affiliate of the issuer had any material interest in any transaction involving the purchase of any substantial amount of assets presently

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*held by the issuer, describe the interest of the affiliate in such transaction and state the cost of such assets to the purchaser and to the seller.*

### **Item 4:**

#### **Price or securities on sale or redemption -**

1. *Describe briefly the method followed or to be followed by the issuer in determining the price at which its securities will be offered for sale and redeemed.*

#### **Instructions**

1. *State the frequency with which the offering or redemption price is determined and the time when the price becomes effective.*

2. *Describe the rules used for the valuation of the issuer's assets and liabilities for the purpose of calculating net asset value per share or unit and disclose all instances, within the past 3 years, when the discretion to deviate from these rules, if any, was exercised.*

3. *Explain fully any difference in the price at which securities are offered for sale and the redemption price.*

2. *State the sales charge expressed as a percentage of the total amount paid by the purchaser and as a percentage of the net amount invested in securities of the issuer. State the redemption charge, if any, expressed as a percentage of the redemption price.*

#### **Instructions**

1. *If the sales or redemption charge varies in relation to the amount of the operation, give the tariff.*

2. *Indicate briefly any difference in the sales charge imposed upon the sale of securities in connection with the conversion or exchange of securities or the reinvestment of dividends.*

3. *In this Schedule, "sales charge" includes all service charges including charges relating to such matters as cost of the establishment of a contractual plan and the cost of the continuing administration and maintenance of such a plan.*

4. *When giving particulars of the sales charge with respect to a contractual plan indicate when during the term of the plan the sales charge will be deducted.*

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5. Give particulars of the entitlement of the purchaser of a contractual plan to a refund of any sales charge incurred if the contractual plan is terminated during the term of such plan.

3. Describe briefly any right or obligation to reinvest the proceeds of dividends in the issuer's securities..

4. State the penalty, if any, for early redemption.

### **Item 5:**

#### **Method of distribution**

Outline briefly the method of distribution of securities being offered. If sales of securities are to be effected through a principal distributor, give brief details of any arrangements with the principal distributor. See Items 21 and 22.

#### **Instructions**

1. State whether it is the intention of the issuer to engage in the continuous sale of its securities.

2. If the securities are being offered by way of a contractual plan, give the main particulars of the contractual plan, including:

(1) minimum initial investment;

(2) subsequent minimum investment;

(3) sales charge deductions from such minimum investments;

(4) sales charges as a percentage of the amount paid by the purchaser and as a percentage of the net amount invested in securities of the issuer;

(5) the total amount invested contrasted to the amount paid by the purchaser.

3. As used in this Schedule, "principal distributor" means,

(1) a person through whom securities of the issuer are distributed pursuant to a contractual arrangement with the issuer or the manager providing for an exclusive right to distribute the securities in a particular area or any feature which gives or is intended to give a distributor a material competitive advantage over other distributors of the securities offered; or

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(2) a person, together with any affiliate, by or through whom 25 % or more of the securities of the issuer which were distributed during the last financial year of the issuer were distributed.

4. Despite the fact that he is a principal distributor within the meaning of paragraph 3, with the consent of the Commission, a person may be treated as not coming within the definition of a principal distributor for the application of one of the items of this Schedule.

### **Item 6:**

#### **Risk factors**

1. A statement shall be made on the first page or in the summary of the prospectus, summarizing the risk factors and the speculative nature of the enterprise or of the securities being offered. The information may be given in the body of the prospectus if an appropriate reference is made on the first page of the prospectus to the risks and the speculative nature of the enterprise and a cross reference is made to the place in the prospectus where the information is contained.

2. Where there is a risk that purchasers of the securities offered may become liable to make an additional contribution beyond the price of the security, disclose any information or facts that may bear on the security holder's assessment of risk associated with the investment.

### **Item 7:**

#### **Investment objectives**

Precisely state the investment objectives of the issuer.

### **Instructions**

Aims such as long-term capital appreciations or current income and the types of securities in which the issuer will invest should be described.

### **Item 8:**

#### **Investment practices and restrictions**

Where the issuer engages or proposes to engage in any of the following practices, so state, indicating the rules applicable thereto. Outline the extent, if any, to which the issuer has engaged in each of the practices during the last 5 years. Indicate which of the rules may not be changed without the approval of the holders of the issuer's securities:

(1) the issuance of securities other than the securities offered by the prospectus;

(2) the borrowing of money;

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- (3) *the underwriting of securities of other issuers;*
- (4) *the concentration of investments in a particular sector of industry;*
- (5) *the purchase and sale of real estate;*
- (6) *the purchase and sale of commodities or commodity future contracts;*
- (7) *the making of loans;*
- (8) *the investment of a specific proportion of assets of the issuer in a specific type of security (for example, obligations, preferred shares, money market instruments, etc.);*
- (9) *the investment of more than 10 % of the assets of the issuer in the securities of another issuer;*
- (10) *the investment in more than 10 % of the securities of any one issuer;*
- (11) *the investment in securities of an issuer for the purpose of exercising control or management;*
- (12) *the investment in securities of an unincorporated mutual fund or an incorporated mutual fund;*
- (13) *the purchase or sale of hypothecs;*
- (14) *the purchase of securities on margin or selling short;*
- (15) *the investment in securities which are not fully paid;*
- (16) *the investment in illiquid securities and securities subject to restriction on resale;*
- (17) *the investment in foreign securities;*
- (18) *the investment in gold or gold certificates;*
- (19) *the pledging, mortgaging or hypothecating of the issuer's assets;*
- (20) *the sale or purchase of portfolio securities to or from senior executives of the issuer or of the manager;*
- (21) *the guaranteeing of securities or obligations of another issuer;*

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- (22) *the purchase of options, rights and warrants;*
- (23) *the writing of covered or uncovered clearing corporation options;*
- (24) *the investment in a security which may require the purchaser to make an additional contribution beyond the price of the security;*
- (25) *any investment other than in securities.*

### **Instructions**

1. *It is not necessary to state the practices in which the issuer has not and does not propose to be engaged.*
2. *For the purpose of subparagraph 7, the purchase of debt securities for investment purposes is not to be considered as the making of a loan.*
3. *For the purposes of subparagraph 16, where the issuer invests in securities subject to restriction on resale, describe how the securities are to be valued in the determination of net asset value.*

### **Item 9: Diversification of assets**

*Furnish in substantially the tabular form indicated the following information as at a date within 30 days of the date of the preliminary prospectus or draft prospectus with respect to each legal person 5 % or more of whose securities of any class are owned by the issuer.*

<b>Name and address of legal person</b>	<b>Nature of its principal business</b>	<b>Percentage of securities of any class owned by issuer</b>	<b>Percentage of book value of issuer's assets invested in such securities</b>

### **Item 10: Management fees**

1. *Indicate the method of determining the amount of management fees and distinguishing between those charged to the issuer and those charged directly to security holders, other expenses, if any, and make a cross reference to the financial statements in the prospectus for details as to the amount of management fees and other expenses, if any, which have been charged to the issuer.*

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2. Set out in tabular form a record of management expense ratio comprising the aggregate of all fees and other expenses paid or payable by the issuer during each of the last 5 financial years as a percentage of average net assets under administration during each of those financial years. Such disclosure should also include a brief description of the method of calculating the percentage and a statement that the management expense ratio may vary from one unincorporated mutual fund or incorporated mutual fund to another.

### **Instructions**

1. Where management fees are changed or are proposed to be changed and where such change would have had an effect on the management expense ratio for the most recent financial year, if the change had been in effect, the effect of such change should be disclosed.

2. Where the financial year is other than a full year, the management expense ratio should be annualized, the period covered specified and a statement made that the management expense ratio is annualized.

3. For the purposes of this Item, "average net assets" should be calculated to be the average of the net assets determined at each valuation date of the issuer and before the deduction of management fees and other expenses, and the term "other expenses" means all other expenses incurred in the course of ordinary business of the issuer with the exception of the brokerage fees on the purchase and sale of portfolio securities and taxes.

4. Where an issuer invests in an unincorporated mutual fund or incorporated mutual fund, the management expense ratio shall be calculated on the basis of those assets of the issuer on which a management fee is charged.

5. The financial statements should set out in appropriate detail the amounts of the management fee and other expenses, if any, which have been charged to the issuer.

6. The charges levied against security holders rather than the issuer for special services such as trustee fees for registered retirement saving plans, redemption fees, transfer fees between related incorporated mutual funds and unincorporated mutual funds, or any other specific service charge to a class of investors, should be disclosed separately, in a single table, and should not be included as part of the management expense ratio.

### **Item 11:**

#### **Tax status of issuer**

State in general terms the basis upon which the income and capital gains of the issuer are taxed.

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### **Item 12:**

#### **Tax status of security holder**

State in general terms the income tax consequences to the holders of the securities offered of:

- (1) any distribution to such holders in the form of dividends, including amounts reinvested;
- (2) redemption of securities;
- (3) sale of securities;
- (4) transfer of funds between incorporated mutual funds or unincorporated mutual funds, as the case may be.

### **Item 13:**

#### **Promoters**

If any person is or has been a promoter of the issuer within the 5 preceding years, furnish the following information:

- (1) the name, nature and amount of any consideration received or to be received from the issuer;
- (2) the nature and amount of any assets, services or other consideration received or to be received by the issuer from the promoter;
- (3) as to any assets acquired within the past 2 years or to be acquired by the issuer from a promoter, state the amount at which they were acquired or are to be acquired and the principle followed or to be followed in determining the amount. Identify the person making the determination and state his relationship, if any, with the issuer or any promoter. State the date that the assets were acquired by the promoter and the cost thereof to the promoter.

### **Item 14:**

#### **Legal proceedings**

Briefly describe any legal proceedings material to the issuer to which the issuer is a party or of which any of its property is the subject.

#### **Instructions**

Include the name of the court or agency, the date instituted, the principal parties thereto, the nature of the claim, the amount claimed, if any, whether the proceedings are being contested and the present status of the proceedings.



**Item 15:**  
**Shares - Units**

1. Describe the shares or units offered and furnish the following information:

- (1) dividend rights;
- (2) voting rights;
- (3) liquidation or distribution rights;
- (4) pre-emptive rights;
- (5) conversion rights;
- (6) redemption, purchase for cancellation or surrender provisions;
- (7) liability to further calls or to assessment by the issuer; and
- (8) provisions as to modification of any such rights or provisions.

2. If the rights of holders may be modified otherwise than in accordance with the provisions attaching to such shares or the provisions of the governing Act relating thereto, so state and explain briefly. ·

**Instructions**

1. This item requires only a brief summary of the provisions that are material from an investment standpoint. Do not set out verbatim the provisions attaching to the shares.

2. If the rights attaching to the shares or units being offered are materially limited by those attached to another security or if a security ranks ahead of or equally with the shares or units being offered, include information regarding such other securities that will enable investors to understand the rights attached to the shares or units being offered. If any share or units being offered are to be offered in exchange for other securities, an appropriate description of the other securities shall be given. No information need be given, however, as to any class of securities that is to be redeemed or otherwise retired, provided appropriate steps to assure redemption or retirement have been or will be taken prior to or contemporaneously with the delivery of the shares or units being offered.

3. The issuer may set out in a schedule to the prospectus the provisions attaching to the shares being offered. ·

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### **Item 16: Dividends**

State the amount of dividends per share, paid by the issuer including dividend reinvestment, during its last 5 completed financial years preceding the date of the preliminary prospectus or draft prospectus.

### **Item 17: Senior executives and trustees**

List the names and addresses of all senior executives and trustees of the issuer and indicate all positions and offices held by each person named, and their principal occupations, within the 5 preceding years.

### **Instructions**

1. Solely the place of residence or postal address may be listed, however the Commission may request that the home address in full be furnished.
2. Where the principal occupation of a director or officer is that of an officer of another company, state the business in which such company is engaged.

### **Item 18: Remuneration of Senior Officers and Trustees**

1. Incorporated and unincorporated mutual funds which directly employ officers must furnish the information prescribed by regulation.
2. Incorporated mutual funds, the businesses of which are managed by a management company pursuant to a contractual arrangement with the issuer and unincorporated mutual funds, the businesses of which are managed by a corporate trustee pursuant to the terms of a trust indenture, must present the following information:
  - (1) the aggregate amount of directors' or trustees' fees paid by the issuer in respect of each of the financial years reported upon;
  - (2) the aggregate amount of expenses reimbursed by the issuer to the directors or trustees in respect of the fulfilment of duties as directors or trustees.

However this information may be presented in the annual financial statements.

In addition, such issuers must state in the annual information form that amounts reported in the financial statements as paid or reimbursed to directors and trustees constitute the only compensation paid by the issuer to such directors and trustees.

**Item 19:**

**Indebtedness of senior executives**

Disclose any information regarding the indebtedness of each senior executive of the company, each nominee for the position of director or to a person associated with such senior executive or nominee, to the extent that it is not routine indebtedness.

**Instructions:**

1. State the name and address of each person who received such a loan. Solely the place of residence or postal address may be given.

2. State the largest aggregate amount of indebtedness outstanding towards the issuer and its subsidiaries by each of such persons at any time during the last financial year, the nature of the indebtedness and the transaction in which it was incurred, the balance presently outstanding, and the rate of interest.

3. "Routine indebtedness" means:

(1) a loan made on the same terms to employees generally and not exceeding 25 000 \$;

(2) a loan made to a full-time senior executive of the issuer, provided the amount of the loan does not exceed his annual salary, and the loan is fully secured by hypothec on his residence;

(3) a loan made to a senior executive who is not a full-time employee of the issuer or to a person associated with him provided the making of the loan is part of the ordinary business of the issuer, is granted on the same terms as to other customers, involves no more than usual risks of collectibility, and does not exceed the greater of 200 000 \$ or 5 % of the shareholders' equity for the aggregate of loans made;

(4) indebtedness arising by reason of purchases made on usual trade terms or travel or expense advances, if the repayment arrangements are in accord with usual commercial practice.

**Item 20:**

**Depository of portfolio securities**

1. State the name, principal business address and the nature of the business of each person holding portfolio securities of the issuer as depository and the jurisdiction in which the portfolio securities are physically situate. The name of the depository may be omitted if it is a bank to which the Bank Act (S.C. 1980-81-82, c. 40) applies, or otherwise with the consent of the Commission.

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2. Give brief details of the contractual arrangements made with the depository.

### **Item 21:**

#### **Statement of principal functions**

1. Give a concise statement of the manner in which the following functions of the issuer are performed and who is responsible therefor, stating how such functions are co-ordinated and to the extent that any such functions are not performed by employees of the issuer, the names and addresses of the persons responsible for performing such functions:

- (1) management of the issuer other than management of the investment portfolio;
- (2) management of the investment portfolio;
- (3) providing investment analysis;
- (4) providing investment recommendations;
- (5) making investment decisions;
- (6) purchase and sale of the investment portfolio and contracts relating thereto;
- (7) distribution of the securities offered.

2. List the names and addresses of all senior executives of the legal persons named in answer to paragraph 1.

3. Indicate the method of determining the amount of management fees and state the total of such fees paid during each of the last 5 completed financial years and for the current financial year. This information is given as at a date within 30 days of the preliminary prospectus or draft prospectus.

4. Indicate the circumstances under which the management agreement may be terminated.

5. Indicate conflicts of interest or potential conflicts of interest between the issuer and the persons named in answer to paragraph 1.

#### **Instructions**

1. The address given may be the place of residence or a postal address, however the Commission may request that the address in full be furnished.

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2. In giving information regarding distribution of securities the name and address of only the principal distributor need be given.

3. In giving information regarding the purchase and sale of the investment portfolio and contracts relating thereto the name and address of only the principal dealer need be given. Brief details of the following matters should also be given:

(1) the total cost of securities acquired by the issuer during the last financial year, distinguishing between,

(a) securities of or guaranteed by a government or a political subdivision thereof;

(b) short-term notes;

(c) other securities;

(2) the total cost of securities held at the beginning and at the end of the issuer's last financial year;

(3) the method or criteria used in allocating brokerage business to persons engaged in the distribution of the securities of the issuer;

(4) the formula, method or criteria used in allocating brokerage business to persons furnishing statistical, research or other services to the issuer or the manager of the issuer; and

(5) the commissions paid to the principal dealer for the last 3 financial years, giving the amount paid in each year and expressing the amount paid in each year as a percentage of the total commissions paid by the issuer.

4. If one or more persons performs more than one of the functions referred to in this item, so state, giving details of all functions so performed.

5. For the purpose of this Schedule, "principal dealer" includes:

(1) a person through whom the investment portfolio of the issuer is purchased or sold pursuant to a contractual arrangement with the issuer or the manager of the issuer providing for an exclusive right to purchase or sell the investment portfolio of the issuer or any feature which gives or is intended to give a dealer a material competitive advantage over other dealers in respect of the purchase or sale of the investment portfolio of the issuer; or

(2) a person, together with any affiliate, by or through whom 15 % or more of the securities transactions of the issuer were carried out in the last financial year.

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6. Despite the fact he is a principal dealer within the meaning of paragraph 5, with the consent of the Commission, a person may be treated as not coming within the definition of a principal dealer for the application of one of the items of this schedule.

### **Item 22: Associated persons**

Furnish the following information on each person named in answer to paragraph 1 of Item 21:

1. If that person:
  - (1) is associated with the issuer;
  - (2) is a senior executive of a legal person that is associated with any affiliate of the issuer or is associated with that legal person;
  - (3) is a senior executive of a legal person associated with the issuer or is associated with that legal person.
2. If the issuer:
  - (1) is associated with that person;
  - (2) is associated with any affiliate of that person;
  - (3) is associated with a legal person that is associated with that person, so state, and give particulars of the relationship.
3. If a person associated with the issuer is also associated with the person named, so state, and give particulars of the relationship.
4. If a named person has a contract or arrangement with the issuer, give a brief description of the contract or arrangement, including the basis for determining the remuneration of the named person and give the amount of remuneration paid or payable by the issuer to such person during the last financial year of the issuer.
5. If a person named in answer to paragraph 1 of Item 21 is associated with any other person therein, so state, and give particulars of the relationship.
6. Where required by the Commission, give the business experience of each person named and, in the case of a legal person, of its senior executives.

### **Item 23: Principal holders of securities**

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1. For each class of voting securities of the issuer or the manager, give the number of securities held by each holder that owns more than 10 % of the securities in that class. If the securities are registered in the name of a person other than the owner, state that person's name. Give the names and addresses of the holders of securities and the percentage of securities held in each class.

Name and address of holder	Issuer of manager	Class of Security	Number of securities	Percentage in relation to securities in that class

2. If any person named in answer to paragraph 1 owns more than 10 % of:

(1) any class of voting securities of the principal distributor or the principal dealer of the issuer or any company controlling them or its subsidiary; or

(2) any proprietorship interest in the principal distributor or the principal dealer of the issuer, give the percentage of such securities or the percentage of such proprietorship interest so owned by such person.

3. State for each class of voting securities:

(1) of the issuer, the company controlling it or a subsidiary, held by all the senior executives and trustees of the issuer;

(2) of the manager, the company controlling it or a subsidiary, held by all the senior executives of the manager.

Name of company	Issuer or relationship with issuer	Class of security	Percentage in relation to securities in that class

### Instructions

1. The information required by paragraphs 1 and 3 of this item is furnished in tabular form as of a specified date within 30 days prior to the date of the preliminary prospectus or draft prospectus.

2. Where a legal person owns more than 10 % of any class of securities of the issuer, the Commission may require the disclosure of the name of any individual who owns more than 10 % of each class of voting securities of that legal person.

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3. Securities owned directly or indirectly shall be aggregated in determining whether any person owns more than 10 % of the voting securities of any class.

4. If voting securities are being offered in connection with, or pursuant to, a subscription plan, amalgamation or reorganization, indicate, as far as practicable, the holdings of securities, for each class, that will be held by the principal securities holders after giving effect to the plan.

5. If, to the knowledge of the issuer or the manager, more than 10 % of any class of voting securities are held or are to be held subject to any voting trust or other similar agreement, state the designation of such securities, the number held or to be held and the duration of the agreement. Give the names and addresses of the trustees and outline briefly their voting rights and other powers under the agreement.

6. If, to the knowledge of the issuer, the company controlling the issuer, the manager or the company controlling the manager, any person named in answer to paragraph 1 is an associate or affiliate of any other person named in the prospectus, disclose the nature of such relationship.

### **Item 24:**

#### **Interest of senior executives and others in material transactions**

Describe briefly any material interest of any of the following persons in any transaction within the 3 years prior to the date of the preliminary prospectus or draft prospectus, or in any proposed transaction which has materially affected or will materially affect the issuer or any of its subsidiaries:

- (1) the manager of the issuer;
- (2) the principal distributor of the issuer;
- (3) the principal dealer of the issuer;
- (4) any senior executive or trustee of the issuer or of any person referred to in subparagraphs 1, 2 and 3;
- (5) any security holder named in answer to paragraph 1 of Item 23; and
- (6) any associate or affiliate of any of the foregoing persons.

#### **Instructions**

1. Give a brief description of the material transaction. Include the name and address of each person whose interest in any transaction is described and the nature of the relationship with the issuer.



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2. As to any transaction involving the purchase or sale of assets by or to the issuer otherwise than in the ordinary course of business, state the cost of the assets to the purchaser and the cost thereof to the seller if acquired by the seller within 2 years prior to the transaction.

3. This item does not apply to any interest arising from the ownership of securities of the issuer where the security holder receives no extra or special benefit or advantage not shared on an equal basis by all other holders of the same class of securities.

4. The information prescribed in this item is not required in the following cases:

(1) the rates or charges involved in the transaction are fixed by law or determined by competitive bids;

(2) the interest of a specified person in the transaction is solely that of director of a company that is a party to the transaction;

(3) the transaction involves services as a bank or other depository of funds, transfer agent, registrar, trustee under a trust deed or other similar services;

(4) the interest of a specified person, including all periodic installments in the case of any lease or other agreement providing for periodic payments or instalments, does not exceed 50 000 \$; or

(5) the transaction does not involve remuneration for services, provided

(a) the interest of a specified person arose from the beneficial ownership, of less than 10 % of any class of securities of another company that is a party to the transaction; and

(b) the transaction is in the ordinary course of business of the issuer.

5. Information need not be furnished in answer to this item by persons who have an interest in transactions that involve remuneration if that person owns less than 10 % of any class of voting securities of a company that is a party to the transaction.

### **Item 25:**

#### **Auditors, transfer agent and registrar**

1. State the name and address of the auditor.

2. State the name of the issuer's transfer agent and registrar and the city in which the registers of transfer of the issuer's securities are kept.

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### **Item 26: Material contracts**

Give particulars of every material contract entered into by the issuer within the 2 years prior to the date of the preliminary prospectus or draft prospectus, including the date of the contract, the name of the parties and a brief description. Outline the conditions under which those contracts may be consulted during the distribution.

### **Instructions**

1. Set out a complete list of all material contracts, indicating those which are disclosed elsewhere in the prospectus and provide particulars with respect to the others. This item does not require disclosure of contracts entered into in the ordinary course of business of the issuer.

2. Particulars of contracts need not be disclosed, if the Commission determines that such disclosure or making-available would impair the value of the contract and would not be necessary for the protection of investors.

### **Item 27: Other material facts**

Give particulars of any other material facts likely to affect the value or the market price of the securities proposed to be offered.

### **Item 28: Statutory rights**

The prospectus must contain the following statement:

“Securities legislation in certain of the provinces provides purchasers with the right to withdraw from an agreement to purchase mutual fund shares or units within 2 business days after receipt of a simplified prospectus. If the agreement is to purchase such securities under a contractual plan, the time period during which withdrawal may be made may be longer.

In several of the provinces and territories securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the simplified prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser but such remedies must be exercised by the purchaser within the time limit prescribed by the securities legislation of his province or territory. The purchaser should refer to any applicable provisions of the securities legislation of his province or territory for the particulars of these rights or consult with a legal adviser.”

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O.C. 660-83, Sch. II; O.C. 1263-85, s. 83; O.C. 1263-85, s. 82; M.O. 2003-01, s. 83.

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### **SCHEDULE III (REPEALED)**

O.C. 660-83, Sch. III; O.C. 1263-85, s. 84 and 85; O.C. 697-87, s. 38 and 39; M.O. 2003-01, s. 84.

### **SCHEDULE IV (REPEALED)**

O.C. 660-83, Sch. IV; Errata, 1985 G.O. 2, 1121; O.C. 1263-85, s. 86 to 88; O.C. 697-87, s. 40; O.C. 226-93, s. 27 to 29; O.C. 30-96, s. 44; M.O. 2003-01, s. 84.

### **SCHEDULE V (REPEALED)**

O.C. 660-83, Sch. V; O.C. 1263-85, s. 89; O.C. 697-87, s. 43; O.C. 226-93, s. 30; M.O. 2003-01, s. 84.

### **SCHEDULE VI (REPEALED)**

O.C. 660-83, Sch. VI; Errata, 1985 G.O. 2, 1121; O.C. 1263-85, s. 90 to 96 and 98 to 101; O.C. 1263-85, s. 97; O.C. 697-87, s. 44 and 45; O.C. 977-88, s. 31; O.C. 30-96, s. 45; M.O. 2003-01, s. 85; M.O. 2005-22, s. 12.

**SCHEDULE VII  
ANNUAL REPORT - MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**PART I**

**General Instructions**

1. *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 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 relevant regulatory provisions should be considered.*

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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 annual report also presents management's discussion and analysis of financial condition and results of operations, required by regulation, for the simplified prospectus system.*

### **PART II** **Specific Instructions**

#### **1. General**

(1) *(paragraph repealed).*

(2) *(paragraph repealed).*

(3) *(paragraph repealed).*

(4) *(paragraph repealed).*

(5) *(paragraph repealed)..*

(6) *(paragraph repealed).*

(7) *(paragraph repealed).*

(8) *When 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. (Repealed).**

**3. (Repealed).**

**4. (Repealed).**

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O.C. 660-83, Sch. VII; O.C. 1263-85, s. 102; O.C. 977-88, s. 32; O.C. 1622-90, s. 44; M.O. 2003-01, s. 86.

**SCHEDULE VII.1  
(REPEALED)**

                      
O.C. 1263-85, s. 103; O.C. 697-87, s. 46; O.C. 977-88, s. 32.

**SCHEDULE VII.2  
(REPEALED)**

                      
O.C. 697-87, s. 47; O.C. 977-88, s. 32.

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**SCHEDULE VIII**  
**INFORMATION CIRCULAR - SOLICITATION OF PROXIES**

*When there is no solicitation, make the necessary adaptations.*

**Item 1:**  
**Right of revocation**

*State whether the security holder giving the mandate has the power to revoke the proxy.*

*Briefly describe the terms and conditions of revocation and any limitation which the right may include.*

**Item 2:**  
**Identification of the person making the solicitation**

1. *If solicitation is made on behalf of the management of the reporting issuer, so state. Give the name of any director of the reporting issuer who has informed the management in writing that he intends to oppose any action intended to be taken by the management and indicate the action that he intends to oppose.*

2. *If a solicitation is made otherwise than on behalf of the management of the reporting issuer, so state and give the name of the person on whose behalf it is made.*

3. *If the solicitation is to be made otherwise than by mail, describe the method to be employed.*

4. *If the solicitation is to be made by specially engaged employees or soliciting agents, state the material elements of the contract for the solicitation and identify the parties to the contract, and the cost or anticipated cost thereof.*

5. *State the name of the person by whom the cost of soliciting has been or will be borne.*

**Item 3:**  
**Interest of certain persons in matters to be acted upon**

*Describe briefly the interest which each of the following persons has in any matter to be acted upon, other than the election of directors or the appointment of auditors, whether such interest is by way of beneficial ownership of securities or otherwise:*

(1) *if the solicitation is made on behalf of the management of the reporting issuer, each person who has been a senior executive of the reporting issuer at any time since the beginning of the last financial year of the reporting issuer;*

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(2) if the solicitation is made otherwise than on behalf of the management of the reporting issuer, each person on whose behalf the solicitation is made;

(3) each proposed nominee for election as a director of the reporting issuer;

(4) each associate or affiliate of any of the foregoing persons referred to in subparagraphs 1 to 3.

### **Instructions**

1. The following persons shall be deemed to be persons on whose behalf the solicitation is made:

(1) any member of a group that solicits proxies, and any person who acting alone or with one or more other persons, engages in organizing, directing or financing any such group;

(2) any person who contributes more than 250 \$ to finance the solicitations of proxies;

(3) any person who lends money, provides credit or enters into any other arrangements, pursuant to any contract with a person on whose behalf a solicitation is made, for the purpose of financing the solicitation or making certain recommendations respecting securities or voting of securities of the reporting issuer. However, this provision does not include a bank or other lending institution or a dealer that, in the ordinary course of business, lends money or executes orders for the purchase or sale of securities.

2. The following persons shall be deemed not to be persons on whose behalf a solicitation is made, unless they are referred to in subparagraph 1 of the instructions:

(1) any person employed by a person on whose behalf a solicitation is made to solicit proxies or any person who merely transmits proxy-soliciting material or performs clerical duties;

(2) any person employed by a person on whose behalf a solicitation is made in the capacity of advocate, accountant, or advertising, public relations or financial adviser and whose activities are limited to the performance of his duties;

(3) an officer, or an employee of the reporting issuer or any of its affiliates;

(4) a senior executive or employee of any other person on whose behalf a solicitation is made.



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### **Item 4:**

#### **Voting securities and principal holders of voting securities**

1. State as to each class of voting securities, the number of securities outstanding and the particulars of voting rights for each security of each such class.

2. Give the record date as of which the security holders entitled to vote at the meeting will be determined or particulars as to the closing of the security transfer register, as the case may be, and, if the right to vote is not limited to security holders of record as of a specified record date, indicate the conditions under which security holders are entitled to vote.

3. If, to the knowledge of the senior executives of the reporting issuer, any person exercises control or direction over voting securities carrying more than 10 % of the voting rights attached to any class of securities of the reporting issuer, name each such person, state the number of the securities over which control or direction is exercised by each such person and the percentage of the class of outstanding securities of the reporting issuer represented by the number of the class of securities so controlled.

### **Item 5:**

#### **Election of directors**

1. Provide the following information, in tabular form, for each person proposed to be nominated for election as a director of the reporting issuer and each other person whose term of office as a director will continue after the meeting:

(1) Name and identify as such each proposed director of the reporting issuer and name each director of the reporting issuer whose term of office has not expired;

(2) State when the term of office for each director and proposed director will expire;

(3) State only the last position held in the reporting issuer, or a parent or subsidiary thereof;

(4) State the present principal occupation and for whom such occupation is carried on.

2. Provide the following additional information for each person proposed to be nominated for election as a director:

(1) All of the principal occupations of each proposed director within the 5 preceding years, unless he is now a director and was elected to his present term of office by a vote of security holders at a meeting, the notice of which was accompanied by an information circular. Give the name and principal business of any person for whom any such employment is carried on;

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(2) If the proposed director is or has been a director of the reporting issuer, state the period or periods during which he has served as such;

(3) State the number of securities of each class of voting securities of the reporting issuer or of any subsidiary of the reporting issuer over which control is exercised;

(4) If any proposed director is to be elected pursuant to any arrangement between the nominee and any other person, except the senior executives of the reporting issuer acting solely in such capacity, name the other person and describe briefly the arrangement.

3. State whether the Board of Directors of the reporting issuer has an executive committee and name those directors who are members of each such committee.

State whether the Board of Directors of the reporting issuer is required to have an audit committee and name those directors who are members of each such committee.

4. If voting securities carrying more than 10 % of the voting rights attached to all voting securities of the reporting issuer or of a subsidiary of the reporting issuer are controlled by any proposed director and his associates or affiliates, state the number of securities of each class of voting securities controlled by the associates or affiliates, naming each associate or affiliate whose security holdings are 10 % or more.

### **Item 6: Executive Remuneration**

#### **1. Scope of application**

The information to be provided relates to the company's executive officers: chairman and vice-chairmen of the Board if they perform their functions on a full time basis, president, vice-presidents in charge of principal business units, divisions or functions (sales, finance, etc.) and any other officer of the issuer or of a subsidiary who performs a policy-making function in respect of the issuer.

Remuneration of directors, who are not also executive officers, is taken into account only as provided in paragraph 6. When no election of directors is contemplated, it is not necessary to give the remuneration.

#### **2. Cash remuneration**

(1) State the aggregate cash remuneration paid to executive officers by the issuer and its subsidiaries for services rendered during the last financial year.

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Cash remuneration includes in particular salaries, director's fees, commissions and bonuses. This information may be broken down into those categories.

The information may be presented in accordance with the following table:

### CASH REMUNERATION TABLE

<b>Number</b>	<b>Amount</b>
Executive officers _____	Cash Remuneration _____ \$

(2) In addition to amounts actually paid during and for the last financial year, cash remuneration includes:

(a) bonuses to be paid for services rendered during the last financial year unless such amounts have not yet been allocated;

(b) bonuses paid during the last financial year, for services rendered in a previous financial year, less any amount already disclosed;

(c) any remuneration earned during the last financial year the cash payment of which is deferred.

(3) Remuneration, for a period during which a person included in the group was not then an executive officer, shall not be included.

### 3. Remuneration pursuant to plans

Remuneration pursuant to plans need be taken into account only to the extent that they discriminate, in scope, terms or operation in favor of executive officers or are not available to all full time employees other than those covered by collective agreements.

(1) Describe briefly any plan, pursuant to which cash or non-cash remuneration was paid or distributed during the last financial year or is proposed to be paid or distributed in a subsequent year.

This description includes:

(a) a summary of how the plan operates;

(b) the criteria used to determine amounts payable or, in the case of any plan involving options to purchase securities, the criteria used to determine the number of securities under options;

(c) the time periods over which the measurement of benefits will be determined;

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- (d) *payment schedules;*
  - (e) *any recent material amendments to the plan;*
  - (f) *amounts paid or distributed during the last financial year or, in the case of any plan involving options to purchase securities, the number of securities optioned during the last financial year;*
  - (g) *amounts accrued for the group during the last financial year, inasmuch as the distribution or unconditional vesting of same is not subject to future events.*
- (2) *With respect to options to purchase securities granted during the last financial year provide in addition to the information prescribed by 3, (1) a to f;*
- (a) *the designation and aggregate number of securities under option;*
  - (b) *the average per security exercise price (when options with differing terms are granted, the information should be given for each class or type of option);*
  - (c) *when the price mentioned in b is less than the market value of the security underlying the option on the date the option is granted, provide the market price on such date .*
- (3) *With respect to options exercised during the last financial year, provide, in addition to the information prescribed by subparagraphs a to c of paragraph (2), the aggregate net value (market value less exercise price) of the securities underlying the options.*
- (4) *Where disclosure of an amount paid or distributed pursuant to a plan is made under cash remuneration in paragraph 2, that amount shall not be included under sub- paragraph (1) f if a statement to that effect is made under paragraph 3.*
- (5) *The disclosure required by sub-paragraph (1) f and g need not be provided where the amounts are paid, distributed or accrued pursuant to a defined benefit plan that specifies certain pension benefits to be received after retirement and determines an employee's entitlement to such pension benefits as a function of either or both the employee's years of service and earnings.*

#### **4. Other remuneration**

*Describe any other remuneration not covered in the cash or plans remuneration sections, and in particular, personal benefits, securities or property paid or distributed other than pursuant to a plan, inasmuch as it is not offered, on the same terms, to all full time employees other than those covered by collective agreements.*

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*The value to be given for such remuneration shall be the issuer's and subsidiaries' aggregate incremental cost.*

*However, when the aggregate value of other remuneration does not exceed the lesser of 10 000 \$ times the number of persons in the group or 10% of the cash remuneration reported pursuant to section 2, it is necessary to declare that fact only.*

*In the case of an issuer that may avail itself of the simplified prospectus system, the 10 000 \$ threshold is raised to 25 000 \$.*

### **5. Termination of employment or change of control**

*Describe any plan or arrangement in respect of compensation received or that may be received by executive officers in the last financial year in view of compensating such officers in the event of the termination of employment (resignation, retirement, change of control) or in the event of a change in responsibilities following a change in control, where in respect of an executive officer the value of such compensation exceeds 60 000 \$.*

### **6. Remuneration of directors**

*(1) Describe any standard arrangement, stating amounts, pursuant to which directors are remunerated for their services in their capacity as director, including any additional amounts payable for committee participation or special assignments.*

*(2) Describe any other arrangements, stating amounts, in addition or in lieu of any standard arrangement, pursuant to which directors were remunerated during the last financial year.*

*Where compensation is in non-cash form, state the value of the benefit conferred, or if it is not possible to state the value, describe the benefit conferred.*

### **7. Special provisions concerning issuers most of which are unincorporated**

*Unincorporated issuers must report:*

*(a) the aggregate amount of fees paid to individuals acting as directors or trustees in respect of each of the financial years reported upon;*

*(b) the aggregate amount of expenses reimbursed to directors or trustees in respect of the fulfillment of their duties as directors or trustees.*

*Where compensation is in non-cash form, state the value of the benefit conferred, or if it is not possible to state the value, describe the benefit conferred.*

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*The information required by this section may be disclosed in the annual financial statements.*

*The same rules apply to incorporated mutual funds which do not directly employ officers and the business of which is managed by a management company.*

### **Item 7: Indebtedness of senior executives**

1. *Disclose any information regarding the indebtedness of each senior executive of the company, of a nominee for the position of director or of a person associated with such senior executive or nominee, to the extent that it is not routine indebtedness.*

2. *This information need be given only in the circular prepared for the annual meeting.*

### **Instructions**

1. *State the name and address of each person who received such a loan. Solely the municipality of residence or postal address may be given.*

2. *State the largest aggregate amount of indebtedness outstanding towards the issuer and its subsidiaries by each such persons at any time during the last financial year, the nature of the indebtedness and the transaction in which it was incurred, the balance thereof presently outstanding, and the rate of interest paid or charged thereon.*

3. *“Routine indebtedness” means*

(1) *loans made on equal terms to employees generally and not exceeding 25 000 \$;*

(2) *a loan made to a senior executive who is a full-time employee of the issuer provided that the loan is less than twice the amount of his salary and is secured by a first mortgage against his principal residence.*

(3) *a loan made to a senior executive who is not a full-time employee, provided the making of the loan is part of the business of the issuer, is granted on the same conditions as to customers and involves no unusual risk of collectibility;*

(4) *indebtedness arising by reason of purchases made on usual trade terms or of ordinary travel or expense advances, if the repayment arrangements are in accord with usual commercial practice.*

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### **Item 8:**

#### **Interest of insiders and other persons in material transactions**

Give a brief description of the following persons in any material transaction carried out since the commencement of the last financial year or in any proposed transaction which has materially affected or would materially affect the reporting issuer or any of its subsidiaries:

- (1) an insider of the reporting issuer;
- (2) a proposed nominee for election as a director;
- (3) an associate or affiliate of such insider or proposed nominee.

However, it is not necessary to repeat this information if it has already been given in a proxy circular.

#### **Instructions**

1. Give a brief description of the material transaction. State the name and address of each interested person and his relationship with the reporting issuer. .

2. As to any transaction involving the purchase or sale of assets by the reporting issuer or any subsidiary, otherwise than in the ordinary course of business, state the cost of the assets to the purchaser and the cost of the assets to the seller if acquired by the seller within 2 years prior to the transaction.

3. This item does not apply to any interest arising from the ownership of securities of the reporting issuer where the security holder receives no extra or special benefit or advantage not shared on a prorata basis by all holders of the same class of securities.

4. Where one of the persons referred to in this item is an underwriter, an associate or affiliate, include information as to any material underwriting discounts or commissions upon the sale of securities by the reporting issuer.

5. No information need be given in answer to this item as to any transaction or any interest therein where:

(1) the rates or charges involved in the transaction are fixed by law or determined by competitive bids;

(2) the interest of the specified person in the transaction is solely that of a director of another company that is a party to the transaction;

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(3) the interest of the specified person involves services as a chartered bank or other depository of funds, transfer agent, registrar, trustee under a trust deed or other similar services;

(4) the interest in the transaction of the specified person must not be for more than 50 000 \$, taking into account any periodic instalment provided for in the contract, for example in the case of a lease;

(5) the transaction does not involve remuneration for services, provided the following conditions are met:

(a) the interest of the specified person arose from the beneficial ownership of less than 10 % of any class of voting securities of another company that is a party to the transaction;

(b) the transaction is in the ordinary course of business of the reporting issuer or its subsidiaries;

(c) the amount of the transaction or series of transactions is less than 10 % of the total sales or purchases, as the case may be, of the reporting issuer and its subsidiaries for the last financial year.

6. Information shall be furnished in answer to this item with respect to transactions not excluded above which involve remuneration to any of the specified persons for services in any capacity unless the interest of the person arises solely from the beneficial ownership of less than 10 % of any class of voting securities of a company furnishing the services.

### **Item 9: Appointment of auditor**

1. If action is to be taken with respect to the appointment of an auditor, name the auditor of the reporting issuer.

If the auditor was first appointed within the last 5 years, state the date when the auditor was first appointed.

2. The information to be given when a reporting issuer's auditor is dismissed or changed is the information required by the provisions prescribed by regulation.

### **Item 10: Management contracts**

Where management functions of the reporting issuer or any subsidiary are to any substantial degree performed by a person other than the senior executives of the reporting issuer or subsidiary, give:



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1. details of the agreement under which the management functions are performed, including the name and address of any person who is a party to the agreement or who is responsible for performing the management functions;

2. the names and addresses of the insiders of any person with whom the reporting issuer or subsidiary has any such agreement and, if the following information is known to the officers of the reporting issuer, give the names and addresses of any person that would be an insider of any person with whom the reporting issuer or subsidiary has any such agreement if the person was a reporting issuer;

3. with respect to any person named in answer to paragraph 1 state the amounts paid or payable by the, reporting issuer and its subsidiaries since the commencement of the last financial year and give particulars;

4. with respect to any person named in answer to paragraph 1 or 2 and their associates or affiliates, give particulars of,

(1) any indebtedness of the person, associate or affiliate to the reporting issuer or its subsidiaries that was outstanding, at any time since the commencement of the reporting issuer's last financial year;

(2) any transaction or agreement of the person, associate or affiliate with the reporting issuer or subsidiary, at any time since the commencement of the reporting issuer's last financial year.

### **Instructions**

1. Solely the place of residence or postal address of each person may be given, but the Commission may then request the home address in full.

2. It is not necessary to give information of relative insignificance.

3. In giving particulars of indebtedness, state the largest aggregate amount of indebtedness granted by the reporting issuer or one of its subsidiaries to each of these persons during the last financial year, the nature of the indebtedness and of the transaction in which it was incurred, the amount of the indebtedness presently outstanding and the rate of interest on the indebtedness.

4. It is not necessary to include as indebtedness amounts due from the particular person for purchases subject to usual trade terms, for ordinary travel and expense advances, if the repayment arrangements are in accord with usual commercial practice.

**Item 11:**

**Particulars of matters to be acted upon**

1. If action is to be taken on any matter other than the approval of financial statements, the substance of the matter, or related groups of matters, should be briefly described, to the extent where it has not been done already. Give sufficient details to permit security holders to form a reasoned judgement concerning the matter.

Such matters include alterations of share capital, charter or by-law amendments, acquisitions or dispositions of assets, amalgamations, mergers or reorganizations.

2. Where reorganization or a recapitalization is involved, give, with regards to the issuer whose securities are issued or offered in exchange, the information and the financial statements prescribed by regulation for a prospectus. The information circular must present in particular the financial statements in accordance with the requirements prescribed by regulation with respect to a prospectus.

3. If the matter is one that is not required to be submitted to a vote of security holders, the reasons for submitting it to security holders should be given and a statement should be made as to what action is intended to be taken by management in the event of a negative vote by the security holders.

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O.C. 660-83, Sch. VIII; O.C. 1263-85, s. 104 and 107 to 109; O.C. 1263-85, s. 106; O.C. 697-87, s. 48 to 50; O.C. 977-88, s. 33; O.C. 226-93, s. 31; O.C. 30-96, s. 46; M.O. 2003-01, s. 87.

**SCHEDULE IX  
(REPEALED)**

*O.C. 660-83, Sch. IX; O.C. 1263-85, s. 110 and 111; O.C. 1622-90, s. 45; M.O. 2003-01, s. 88.*

**SCHEDULE IX.1  
(REPEALED)**

*O.C. 1622-90, s. 45; M.O. 2003-01, s. 88.*

**SCHEDULE X  
(REPEALED)**

*O.C. 660-83, Sch. X; O.C. 1263-85, s. 112; O.C. 1263-85, s. 112 (Item 10); O.C. 697-87, s. 53; O.C. 226-93, s. 32; M.O. 2003-01, s. 88.*

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**SCHEDULE XI**  
**TAKEOVER OR EXCHANGE BID CIRCULAR**

**Item 1:**  
**The offeror**

*Provide the corporate name and a brief description of its activities. .*

**Item 2:**  
**The offeree**

*Provide its corporate name.*

**Item 3:**  
**Ownership of securities of the offeree**

1. *Provide the number, the percentage and description of the securities of the offeree held by the following persons at the date of the offer:*

- (1) the offeror;*
- (2) a joint actor with the offeror, if known;*
- (3) a senior executive of the offeror and his associates;*

*(4) a person who holds securities of the offeror conferring more than 10 % of the voting rights attached to a class of voting securities.*

*If no securities are held, so state.*

2. *Where the information is known to the offeror, give, for each class of securities subject to the bid, the number of securities held by each holder of more than 10 % of the securities of that class. If the securities are held in the name of a clearing corporation, state that they are held in the name of many holders.*

**Item 4:**  
**Transactions in the securities of the offeree**

*Provide the following information respecting the acquisition or sale of securities of the offeree by a person mentioned in Item 3 during the 6 months preceding the date of the bid:*

- (1) the description of the security;*
- (2) the number of securities bought or sold;*

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(3) *the purchase or sale price;*

(4) *the date of the transaction.*

*The information required in paragraphs 2, 3 and 4 is provided it is known. If no securities have been acquired or sold, so state.*

### **Item 5:**

#### **Terms of the bid**

*Provide the terms of the bid and the cases in which the offeror plans to withdraw the bid.*

### **Item 6:**

#### **Payment for the securities**

*Indicate the method of payment for the securities and the settlement date.*

### **Item 6.1:**

#### **Solicitation**

*Give the name of any person employed or paid by the offeror or his agent to solicit the tendering of securities in response to the offer.*

### **Item 7:**

#### **Right of to withdraw deposited securities**

*Describe the withdrawal right of the security holders of the offeree issuer who have deposited their securities under the bid. State that the withdrawal is made by sending a written notice to the depository and becomes effective upon its receipt by the depository.*

### **Item 8:**

#### **Availability of funds**

*State the exact nature of the arrangements made by the offeror to ensure the availability of the funds needed to pay for the securities tendered, in particular the source of funds, the precise conditions of any agreement relative to the financing of the operation, the safekeeping of funds or a guarantee for the payment of the securities.*

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### **Item 9:**

#### **Trading of securities of the offeree and securities offered as consideration**

Provide the following information concerning trading in securities of the offeree and as the case may be those offered as consideration:

(1) the principal market or markets where the securities are traded, with an indication, as the case may be, of the intention of the offeror to change the principal market or of listing the securities on a stock exchange or delisting them;

(2) the volume of securities traded and the highest and lowest quotations for the 6-month period preceding the date of the bid;

(3) the last quotation of the securities before the date of the public advertisement of the bid.

Indicate the date of the public advertisement of the bid.

### **Item 10:**

#### **Agreements between the offeror and the senior executives of the offeree**

Provide the details of any agreement made or planned between the offeror and the senior executives of the offeree, in particular concerning any payment or other benefit granted as compensation for the loss of their positions or respecting their continuing or ceasing to perform their duties if the bid is favourably received.

### **Item 11:**

#### **Agreements between the offeror and a holder of securities of the offeree**

Provide the details of any agreement between the offeror and a holder of securities of the offeree in respect of the bid.

### **Item 12:**

#### **Business relations between the offeror and the offeree**

Provide details of any material business relationship between the offeror and the offeree.

### **Item 13:**

#### **Purpose of the bid and subsequent plans**

Provide the following information:

(1) the purpose of the bid;

## REGULATION IN FORCE FROM DECEMBER 29, 2005 TO OCTOBER 26, 2006

(2) where the purpose of the bid is to acquire effective control of the offeree, the plans of the offeror to liquidate the offeree, to lease its property or dispose of it, to amalgamate it or to make any other major change in its affairs, its organization, its management, its personnel or its dividend policy.

### **Item 14:**

#### **Material changes in the affairs of the offeree**

Provide the details of any information known to the offeror regarding any major change in the affairs of the offeree since the date of its last published interim or annual financial statements.

### **Item 15:**

#### **Appraisal**

1. Where an appraisal is furnished, provide a summary of it. The summary must include the method of computation, the extent of the examination and the principal hypotheses upon which the appraisal is based. It must also indicate the extent to which any advantage accruing to a security holder after completion of the take-over bid has been considered in the valuation.

2. Indicate the place where the appraisal may be consulted and mention the rights of security holders of the class contemplated to obtain a copy of it by paying reproduction and mailing costs.

### **Item 16:**

#### **Rights of appraisal and acquisition**

State any right of appraisal that holders of securities of the offeree issuer may have under the laws governing it. State whether the offeror intends to exercise any rights of acquisition of securities of the offeree that the offeror may have.

### **Item 17:**

#### **Purchases in the open market**

Indicate whether the offeror intends to buy in the open market securities of the class subject to the bid.

### **Item 18:**

#### **Other material facts**

State any other material fact likely to affect the value or market price of the securities of the offeree. Mention any other information known to the offeror, but not yet published, that might influence the response of the holders to the bid.

**Item 19:**

**Judicial developments**

*Where the take-over bid is an insider bid or where the offeror anticipates that a going private transaction will follow the take-over bid, give a brief description of its relevance to recent legal development, if any, relating to the type of proposed transaction.*

**Item 20:**

**Approval of the circular**

*Where the bid is made by a legal person or on its behalf, state that the contents of the circular and its publication have been authorized by the board of directors.*

**Item 21:**

**Date of the circular**

*Indicate the date of the circular.*

*O.C. 660-83, Sch. XI; O.C. 1263-85, s. 113; O.C. 697-87, s. 55 to 62.*



**SCHEDULE XII**  
**THE CIRCULAR OF THE BOARD OF DIRECTORS**

**Item 1:**  
**The offeror**

Provide its name.

**Item 2:**  
**The offeree**

Provide its name. ,

**Item 3:**  
**Composition of the board of directors of the offeree**

Provide the names of the offeree's directors.

**Item 4:**  
**Ownership of the offeree's securities**

Provide the number, the percentage and the designation of the securities of the offeree held by the following persons on the date of the bid:

- (1) a senior executive of the offeree and his affiliates;
- (2) a person who holds securities of the offeree having more than 10 % of the voting rights attached to a class of voting securities.

The information is provided only if it is known. If no securities are held, so state.

**Item 5:**  
**Acceptance of the bid by the senior executives of the offeree**

Where the information is known to the senior executives of the offeree, provide the names of the persons referred to in Item 4 who have accepted or intend to accept the bid, as well as the number of securities that each one has deposited or intends to deposit.

**Item 6:**  
**Ownership of the offeror's securities**

When a bid is made by an issuer or on his behalf, provide the number, the percentage and the designation of the offeror's securities held by the following persons on the date of the bid:

- (1) a senior executive of the offeree and his associates;

## REGULATION IN FORCE FROM DECEMBER 29, 2005 TO OCTOBER 26, 2006

(2) a person who holds securities of the offeree carrying more than 10 % of the voting rights attached to a class of voting securities.

The information is provided only if it is known. If no securities are held, so state.

### **Item 7:**

#### **Agreements between the offeror and the senior executives of the offeree**

1. Provide the details of any agreement reached or proposed between the offeror and the senior executives of the offeree, particularly in regard to any payment or other benefit granted as indemnity for the loss of their positions or in regard to their retaining or losing their positions if the bid is accepted.

2. Provide the names of the senior executives of the offeree who are also senior executives of the offeror or of a subsidiary of the offeror.

### **Item 7.1:**

#### **Agreement between the offeree and its senior executives**

Give the detail of any agreement entered into or proposed between the offeree and its senior executives in regard to any payment or other benefit granted as indemnity for the loss of their positions or in regard to their retaining or losing their positions if the bid is accepted.

### **Item 7.2:**

#### **Response of offeree issuer**

Describe any transaction, board resolution, agreement in principle or signed contracts in response to tender offer. State whether or not the offeree issuer has undertaken any negotiations which relate to or would result in one of the following:

(1) an extraordinary transaction such as a merger or reorganization involving the offeree company or one of its subsidiaries;

(2) the purchase, sale or transfer of a material amount of assets of the offeree company or of one of its subsidiaries;

(3) the acquisition, by way of a tender offer of its own securities or of those of another company;

(4) any material change in the present capitalization or dividend policy of the offeree company.

Disclose negotiations underway, without giving details if there has been no agreement in principle.

**Item 8:**

**Participation of the senior executives of the offeree in a transaction to which the offeror is a party**

Describe the nature and extent of any participation of the following persons in a material transaction to which the offeror is a party:

- (1) a senior executive of the offeree;
- (2) an associate of a senior executive of the offeree;
- (3) a person who holds securities of the offeree carrying more than 10 % of the voting rights attached to a class of voting securities.

**Item 9:**

**Transactions in securities of the offeree**

Provide, where known to the senior executives, the following information respecting the acquisition or sale of securities of the offeree during the 6 months preceding the date of the bid by a person mentioned in Item 4:

- (1) the description of the security;
- (2) the number of securities acquired or sold;
- (3) the purchase or sale price;
- (4) the date of the transaction.

If no securities are held, so state.

**Item 9.1:**

**Securities issued to senior executives**

Provide details of securities of the offeree issued to senior executives in the last 2 years. Securities covered are those subject to the bid or convertible into those securities.

**Item 10:  
Additional information**

Where information in a circular provided by the offeror has been presented in a misleading manner, correct the facts.

**Item 11:  
Material change in the activities or the offeree**

Provide any information known to a senior executive of the offeree that indicates a material change in its activities since the date of its last interim or annual financial statements.

**Item 12:  
Other information**

Provide any other information known to the senior executives, but not yet published, that is likely to influence the response of the holders to the bid.

**Item 13:  
Recommendations**

1. Where the offeree's board of directors recommends acceptance or refusal of the bid, indicate the reasons for the recommendation;
2. Where the offeree's board of directors makes no recommendation to accept or refuse the bid, indicate the reasons for the decision;
3. Where the offeree's board of directors intends to make a recommendation to accept or refuse the bid after the sending of the circular of the board of directors, it may advise security holders of the offeree not to deposit their securities before receiving a further communication from the board informing them of its recommendation and the reasons therefor.

**Item 14:  
Consent to use of expert's report**

Where the circular of the board of directors mentions, by reason of the standing attached to his profession, the name of a person who is a lawyer, an auditor, an accountant, an engineer, a geologist or an appraiser who drew up or certified part of the circular or who made an appraisal or drew up a report used in preparing the circular, the written consent of that person must be filed with the Commission with the circular or reproduced in it in accordance with a regulation.

**Item 14.1:  
Valuation**

1. Where an appraisal is furnished, provide a summary of it. The summary must include the method of computation, the extent of the examination and the principal hypotheses upon which the appraisal is based. It must also indicate the extent to which any advantage accruing to a security holder after completion of the take-over bid has been considered in the valuation.

2. Indicate the place where the appraisal may be examined and state the right of security holders of the class contemplated to obtain a copy of it by paying the cost of reproduction and mailing.

**Item 15:  
Approval of the circular**

State that the contents of the circular of the board of directors have been approved, and that its distribution has been authorized by the offeree's directors.

**Item 16:  
Financial statements**

Where the unaudited financial statements of the offeree are included in the circular of the board of directors, enclose a declaration of the chief financial officer of the offeree stating that in his opinion the financial statements present fairly the financial position of the offeree and the results of its operations for the period under consideration

**Item 17:  
Date of the circular**

Indicate the date of the circular.

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O.C. 660-83, Sch. XII; O.C. 1263-85 s. 114 and 115; O.C. 697-87, s. 63 to 71; M.O. 2003-01, s. 89.

**SCHEDULE XIII**  
**SENIOR EXECUTIVE'S NOTICE**

**Item 1:**  
**The offeror**

*Provide its corporate name.*

**Item 2:**  
**The offeree**

*Provide its corporate name.*

**Item 3:**  
**The author of the notice**

*Provide the name of the senior executive who prepared the notice.*

**Item 4:**  
**Ownership of the securities of the offeree**

*Provide the number and description of the securities of the offeree held by the senior executive and by his associates.*

*If no securities are held, so state.*

**Item 5:**  
**Acceptance of bid**

*State whether the senior executive has accepted or intends to accept the bid and give the number of securities he has deposited or intends to deposit. Provide the same information for each associate.*

**Item 6:**  
**Ownership of the securities of the offeror**

*When a bid is made by an issuer or on his behalf, provide the number, the percentage and the description of the securities of the offeror held by the senior executive and by his associates. If no securities are held, so state.*

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### **Item 7:**

#### **Agreements between the offeror and a senior executive**

Provide details of any agreement reached or proposed between the offeror and a senior executive, particularly in respect of any payment or other benefit granted as indemnity for the loss of their positions or respecting their retaining or losing their positions if the bid is favourably received.

State whether the senior executive is also a senior executive of the offeror or of one of its subsidiaries.

### **Item 8:**

#### **Participation of a senior executive in a transaction to which the offeror is a party**

Describe the nature and extent of any participation by a senior executive and by his associates in a material transaction to which the offeror is a party.

### **Item 9:**

#### **Additional information**

Where information contained in a takeover bid circular drawn up by the offeror contains a misrepresentation, correct the information.

### **Item 10:**

#### **Material changes in the activities of the offeree**

Provide any information known to a senior executive that indicates a material change in the activities of the offeree since the date of its last interim or annual financial statements, to the extent that it is not already known to the public and the senior executive considers that it has not been correctly presented in the takeover bid circular or in the circular of the board of directors.

### **Item 11:**

#### **Other information**

Provide any other information known to a senior executive, but not yet published, that might influence the response of the holders to the bid.

### **Item 12:**

#### **Recommendation**

Provide the recommendation of the senior executive, with the reasons therefor.

**Item 13:**

**Consent to the use of an expert's report**

*Where the notice of a senior executive mentions, by reason of the standing attached to his profession, the name of a person, such as a lawyer, an auditor, an accountant, an engineer, a geologist or an appraiser, who has drawn up or certified part of the notice or who has made an appraisal or drawn up a report used in preparing the notice, the written consent of that person must be filed with the Commission with the notice, or reproduced in it, in accordance with a regulation.*

**Item 13.1:**

**(Repealed)**

**Item 14:**

**Date of the notice**

*Indicate the date of the notice.*

*O.C. 660-83, Sch. XIII; Errata, 1985 G.O. 2, 1121; O.C. 1263-85, s. 116; O.C. 697-87, s. 72 and 73; M.O. 2003-01, s. 90.*



**SCHEDULE XIV  
ISSUER BID CIRCULAR**

**Item 1:  
Name of issuer**

*Provide the corporate name.*

**Item 2:  
Securities sought**

*Provide the class and number (of shares sought) or the principal amount when they consist of convertible debt securities.*

**Item 3:  
Time period**

*State the dates on which the issuer bid will commence and close.*

**Item 4:  
Method of acquisition**

*State the method by which the securities will be acquired, and the procedures for accepting the bid and for taking delivery of securities deposited.*

**Item 5:  
Consideration offered**

*State the consideration to be offered.*

*Where the securities of an issuer are offered as consideration, state:*

- (1) the information and the financial statements required by the Regulation for a prospectus of the issuer whose securities are offered as consideration;*
- (2) any information known to the issuer that indicates a material change in its activities since the date of its last interim or annual financial statements.*

**Item 6:  
Payment for deposited securities**

*State the particulars of the method and time of payment of the consideration.*

**Item 7:  
Right to withdraw deposited securities**

## REGULATION IN FORCE FROM DECEMBER 29, 2005 TO OCTOBER 26, 2006

*Describe the withdrawal right of the security holders of the offeree issuer who have deposited their securities under the bid. State that the withdrawal is made by sending a written notice to the depository and becomes effective upon its receipt by the depository.*

### **Item 8: Availability of funds**

*State the exact nature of the arrangements made by the offeror to ensure the availability of the funds needed to pay for the securities tendered, in particular the source of funds, the precise conditions of any agreement relative to the financing of the operation, the safekeeping of funds or a guarantee for the payment of the securities.*

### **Item 9: Participation**

*Where the issuer bid is for less than all of the outstanding securities of a class, state that if a greater number or principal amount of the securities are tendered than the issuer is bound or willing to take up and pay for, the issuer will reduce the number of securities tendered by each holder on a prorata basis, making the necessary adjustments, prior to the taking up and payment of the securities.*

### **Item 10: Reasons for the issuer bid**

*State the purpose and business reasons for the issuer bid, and if it is anticipated that the issuer bid will be followed by a going private transaction, describe the proposed transaction.*

### **Item 11: Trading in securities of the class to be acquired**

*Furnish, where reasonably ascertainable, the following information concerning trading in securities of the class to be acquired:*

- (1) the name of each stock exchange or other principal market on which the securities sought are traded;*
- (2) in reasonable detail for the 12 months preceding the date of the issuer bid, the volume of trading and price range of the class of securities sought, or in the case of debt securities the prices quoted, on each principal market;*
- (3) the date that the issuer bid to which the circular relates was announced to the public and the market price of the securities of the issuer immediately before such announcement.*

## REGULATION IN FORCE FROM DECEMBER 29, 2005 TO OCTOBER 26, 2006

Indicate any change in a principal market or markets that is planned following the bid.

### **Item 12: Beneficial ownership of securities of the issuer**

State the number, the percentage and the designation of any securities of the issuer beneficially owned or over which control or direction is exercised at the date of the bid by:

- (1) each senior executive or other insider of the issuer;
- (2) each associate of an insider of the issuer;
- (3) every associate or affiliate of the issuer.

The disclosure required in paragraph 2 is furnished only if it is known.

### **Item 13: Acceptance of the issuer bid**

Where known after reasonable inquiry by the senior executives of the issuer, state the names of every person named in Item 12 who proposes to tender or accept the issuer bid.

### **Item 14: Benefits from the issuer bid**

State the benefits to any of the persons named in item 12 of accepting or refusing to accept the issuer bid.

### **Item 15: Material changes in the activities of the issuer**

Give the particulars of any plans or proposals for material changes in the capital structure of the issuer, its management, staff or activities, including, for example, any contract or agreement under negotiation, any proposal to liquidate the issuer, to sell, lease or exchange all or a substantial part of its assets, to amalgamate it with any other business organization.

Mention whether or not the offeror plans to delist the shares.

### **Item 16: Other benefits of the issuer bid**

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*If any material changes in the activities of the issuer are contemplated, state any specific benefit, resulting from such changes to any of the persons named in Item 12.*

### **Item 17:**

#### **Arrangements between the issuer and security holder**

*Provide the details of any contract or understanding between the issuer and*

- (1) any security holder of the issuer;*
- (2) any person with respect to any securities of the issuer.*

### **Item 18:**

#### **Previous transactions in the securities of the issuer**

*State the number and designation of any securities of the issuer purchased or sold by the issuer during the 12 months preceding the date of the issuer bid excluding securities purchased or sold pursuant to the exercise of employee stock options, warrants and conversion rights. State the purchase or sale price, the date and purpose of each transaction.*

### **Item 19:**

#### **Financial statements**

- 1. If the most recently available interim financial statements have not been delivered to security holders of the issuer, include the interim financial statements. If interim financial statements are not included, include a statement that the most recent interim financial statements will be sent without charge to anyone requesting them.*
- 2. Where interim financial statements are included, include a report of the chief financial officer of the offeree issuer, stating whether in the opinion of the chief financial officer, the financial statements present fairly the financial position of the offeree issuer and the results of its operations for the period under review.*

### **Item 20:**

#### **Appraisal**

- 1. Where an appraisal is provided, include a summary of the appraisal. The summary should include the basis of calculation, scope of review, and the key assumptions on which the appraisal is based. It must also indicate the extent to which any advantage accruing to a security holder after completion of the take-over bid has been considered in the valuation.*
- 2. Advise where copies of the appraisal are available for inspection and state that a copy of the appraisal will be sent to any registered security holder of the class upon payment of a nominal charge sufficient to cover printing and postage.*

**Item 20.1:**  
**Judicial developments**

*Give a brief description of the relevance of recent legal development, if any, relating to the type of proposed transaction.*

**Item 21:**  
**Approval of the circular**

*The circular must include:*

*(1) a declaration that the circular has been approved and its distribution authorized by the issuer's board of directors;*

*(2) name of any senior executive of the issuer who has informed the board of directors in writing of his opposition to the disclosure;*

*(3) Where the issuer bid is part of a transaction or to be followed by a transaction requiring the approval of minority security holders, state the nature of the approval required.*

**Item 22:**  
**Previous distribution**

*If the securities of the class subject to the issuer bid were distributed to the public during the 5 years preceding the bid, state the subscription price per share and the aggregate proceeds received by the issuer or selling security holder.*

**Item 23:**  
**Dividend**

*Give the following information:*

*(1) the frequency and amount of dividends with respect to shares of the issuer during the 2 years preceding the date of the issuer bid;*

*(2) any restrictions on the issuer's ability to pay any dividend's;*

*(3) any plan or intention to declare a dividend or to alter the dividend policy of the issuer.*

**Item 24:**  
**Tax consequences**

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*Provide a general description of the consequences of the issuer bid under Québec income tax legislation to the issuer and to the security holders of any class affected.*

**Item 25:**  
**Expenses of the issuer bid**

*Provide a statement of the expenses incurred or to be incurred in connection with the issuer bid.*

**Item 26:**  
**Other material facts**

*State the particulars of any other material facts about the issuer bid . State any other material facts not previously published and likely to influence the response of security holders to the bid.*

**Item 26.1:**  
**Solicitations**

*Give the name of any person or company employed or paid by the issuer or his agent to make solicitations in respect of the bid.*

**Item 27:**  
**Date of the circular**

*Indicate the date of the disclosure.*

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O.C. 660-83, Sch. XIV; O.C. 1283-85, s. 117 and 118; O.C. 697-87, s. 74 to 82; O.C. 226-93, s. 33.

**SCHEDULE XV**  
**ANNUAL STATEMENT OF THE DEALER'S FINANCIAL POSITION**

**Item 1:**  
**Statement of financial position -**

*Present the following items of the statement of a dealer's financial position dealing with the most recent financial year and presented in comparison with that of the preceding year.*

**Assets**

*Cash*  
*Accounts receivable*  
*Accounts - dealers*  
*Other accounts*  
*Securities held at market value*  
*Other assets (indicate basis of appraisal)*

**Liabilities**

*Borrowings on pledge*  
*Accounts payable*  
*Accounts - dealers*  
*Securities sold short at market value*  
*Capital stock (including borrowings described in section 212 of the Regulation and undistributed earnings)*

**Item 2:**  
**Auditor's report**

*Attach the auditor's report*

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*O.C. 660-83, Sch. XV; O.C. 697-87, s. 83; O.C. 30-96, s. 47.*

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**SCHEDULE XVI  
(REPEALED)**

O.C. 1263-85, s. 119; O.C. 697-87, s. 84; O.C. 30-96, s. 48; M.O. 2003-01, s. 91; M.O. 2005-22, s. 11.

**SCHEDULE XVII  
(REPEALED)**

O.C. 977-88, s. 34; M.O. 2003-01, s. 92; M.O. 2005-22, s. 11.

**SCHEDULE XVIII  
(REPEALED)**

O.C. 1548-96, s. 2; M.O. 2003-01, s. 93.

**SCHEDULE XIX  
(REPEALED)**

O.C. 1247-2001, s. 3; M.O. 2003-01, s. 93.

**FORM 1  
(REVOKED)**

O.C. 660-83, Form 1; Errata, 1985 G.O. 2, 1121; O.C. 977-88, s. 35; O.C. 1247-2001, s. 4.



**REGULATION IN FORCE FROM DECEMBER 29, 2005 TO OCTOBER 26, 2006**

**FORM 2  
APPLICATION FOR REGISTRATION AS A DEALER OR ADVISER\***

**SECTION A**

**1. APPLICANT**

Name	Dealer <input type="checkbox"/> Adviser <input type="checkbox"/>
Address of principal establishment	Area code: Tel.:
Address for service in Québec	Area code: Tel.:
Name of senior executive responsible for the activities in Québec	

**2. CATEGORIES OF DEALERS OR ADVISERS**

Check the appropriate box:

**(1) DEALER**

(a) unrestricted practice  (b) discount broker  (c) restricted practice

- security issuer\*\*

- financial intermediary

- QBIC shares distributor

- debt securities

- other (specify)

Yes No

Do you intend to offer portfolio management services?

**(2) ADVISER**

(a) unrestricted practice  (b) restricted practice

**3. FINANCIAL YEAR**

Closing date	YEAR	MONTH	DAY
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\* Any natural person applying for registration as a dealer or adviser must also complete Form 3.

\*\* An security issuer need not answer items 7(6), 12 and 17.

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### 4. AUDITOR

Name
Address

### 5. BANKS

Names of all the banks of caisses populaires, including the addresses of all branches where the applicant keeps a line of credit or an account.

Name	Address

### 6. SENIOR EXECUTIVES (complete list)

Each senior executive must complete Form 3.

Name	Address	Position

### 7. THE COMPANY

(1) Date of incorporation of the company	YEAR	MONTH	DAY									
(2) Incorporating Act												
(3) SUPPLEMENTARY LETTERS PATENT <i>Provide the dates of issuance</i>	Yr.	M.	D.	Yr.	M.	D.	Yr.	M.	D.	Yr.	M.	D.
(4) MEETINGS OF SHAREHOLDERS AND ANNUAL REPORT	<i>Date of the last general meeting of shareholders</i>			<i>Date of the last special meeting of shareholders</i>			<i>Date of last annual report</i>					
(5) SHAREHOLDERS	<i>Attach the names and addresses of the persons holding a major position and the number of securities each holds.</i> <i>A major position is defined as holding by one person of more than 10% of the voting rights attached to the securities issued by the dealer or the person controlling it. In calculating the percentage of voting rights held by a person, the voting rights controlled by that person and his joint actors must be added to those that belong to that person and his joint actors, in particular due to the fact that they can exercise the voting rights attached to these securities</i>											
(6) DEBT SECURITIES	<i>Attach the names and addresses of all the holders of debt securities (bonds, debentures, notes and loans) issued by the company and indicate the nature and amount of the securities held by each.</i> <i>In the case of a dealer having made a public offering, it is sufficient to give information concerning the securities held by the senior executives.</i>											
(7) BENEFICIAL OWNERSHIP	<i>Do the persons mentioned in Items 5 and 6 above hold the securities mentioned on behalf of other persons?</i>										YES	NO
<i>If YES, provide the names and addresses of the persons who own the securities</i>  <i>In the case where the owner is a legal person, provide the names and addresses of the persons that own a major position in that company.</i>  <i>In the case where the owner is a trust, provide the names and addresses of the persons who own rights in the trust and give the percentage of securities held by each.</i>										<input type="checkbox"/>	<input type="checkbox"/>	
(8) CAPITAL STOCK	<i>Provide the following information on a separate sheet if space is lacking</i>						<b>PREFERRED SHARES (NUMBER)</b>	<b>COMMON SHARES (NUMBER)</b>	<b>VALUE \$</b>			
(a) authorized capital stock												

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(b) issued and outstanding			
(c) per value of debt securities: Note –In each case, provide a complete description (source, maturities, interest rates, and whether it is a loan contemplated by section 193 of the Regulation).	1 -Bonds		
	2 – Notes		
	3-Any other borrowings		
	<b>TOTAL</b>		

**8. PARTNERSHIPS**

(1) Date constituted	YEAR	MONTH	DAY	Date registered	YEAR	MONTH	DAY	
(2) SHARE OF PARTNERS.	Attach a list of shares of each partner in the capital stock and in the earnings of the partnership.							
(3) BENEFICIAL OWNERSHIP.	Are the persons mentioned in the preceding paragraph the owners of their shares of the capital of the partnership?						YES	NO
							<input type="checkbox"/>	<input type="checkbox"/>
If NO, provide the names and addresses of the persons who own the securities.								

**SECTION B**

Answer YES or NO to Questions 9 to 16. In the case of an affirmative answer, provide the necessary details.

**9. CHANGE OF NAME**

Has the applicant previously used a name other than the one by which he is identified in this application for registration or has he previously carried on business under another name?	YES	NO
	<input type="checkbox"/>	<input type="checkbox"/>

**10. PREVIOUS REGISTRATION**

Under a securities law or regulation enacted in Québec or elsewhere.		
(1) has the applicant previously obtained registration or a permit?	YES	NO
(2) if YES, does he still hold the registration or the permit?	<input type="checkbox"/>	<input type="checkbox"/>
(3) if NO, has he previously made such application?	<input type="checkbox"/>	<input type="checkbox"/>

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**11. REFUSAL OF REGISTRATION, SUSPENSION OR WITHDRAWAL OF RIGHTS CONFERRED BY REGISTRATION**

<i>Under a securities law or regulation enacted in Québec, or elsewhere.</i>		YES	NO
(1)	<i>has the applicant been refused registration?</i>	<input type="checkbox"/>	<input type="checkbox"/>
(2)	<i>have the rights conferred by registration been suspended?</i>	<input type="checkbox"/>	<input type="checkbox"/>
(3)	<i>have the rights conferred by registration been withdrawn?</i>	<input type="checkbox"/>	<input type="checkbox"/>

**12. STOCK EXCHANGE, DEALERS', ASSOCIATION.**

<i>Has the candidate previously been</i>		YES	NO
(1)	<i>admitted?</i>	<input type="checkbox"/>	<input type="checkbox"/>
(2)	<i>refused?</i>	<input type="checkbox"/>	<input type="checkbox"/>
(3)	<i>suspended?</i>	<input type="checkbox"/>	<input type="checkbox"/>
<i>as a member of a stock exchange, a dealers' or securities advisers' association or a professional association in Québec or elsewhere?</i>			

**13. FRAUDS, CRIMES**

<i>Has the applicant:</i>		YES	NO
(1)	<i>(a) been found guilty of an offence under a securities law or regulation enacted in Québec or elsewhere?</i>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>(b) been found guilty of fraud or theft related to a securities transaction?</i>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>(c) been involved in an injunction following a fraudulent transaction?</i>	<input type="checkbox"/>	<input type="checkbox"/>
(2)	<i>been found guilty in the last 10 years of a criminal offence under a law enacted in Québec or elsewhere?</i>	<input type="checkbox"/>	<input type="checkbox"/>

**14. COURT PROCEEDINGS**

<i>Have there been any proceedings under any law in any jurisdiction which could have led to any charge, trial, conviction or injunction against the applicant?</i>		YES	NO
		<input type="checkbox"/>	<input type="checkbox"/>

**15. BANKRUPTCY**

Has the applicant been declared bankrupt or made an assignment of property to his creditors during the last 10 years?	YES <input type="checkbox"/>	NO <input type="checkbox"/>

**16. JUDGMENT FOR DAMAGES**

Has the applicant been ordered by a civil court to pay damages during the last 10 years by reason of fraud or any other cause?	YES <input type="checkbox"/>	NO <input type="checkbox"/>

**17. INSURANCE OR SURETY**

<b>(1) CONTRACT FOR UNIVERSAL SURETY</b>							
Name of the insurance company <input type="text"/>							
Attach details respecting the amount of the coverage for each category of risks, the deductible, the date of coming into force and the term of the contract.							
<b>(2) POSTAL INSURANCE</b>							
Name of the insurance company <input type="text"/>							
Amount of coverage	<input type="text"/>	Deductible	<input type="text"/>	Expiry Date	YR.	MON.	DAY
<b>(3) OTHER</b>							
Provide all details							
<b>(4) DEMANDS FOR SETTLEMENT</b>							
Have demands for settlement been made to your insurance company during the last financial year?						YES <input type="checkbox"/>	NO <input type="checkbox"/>
If YES, give details on a separate sheet.							

\_\_\_\_\_  
Signature of senior executive or partner

\_\_\_\_\_  
name (print) and position

for \_\_\_\_\_  
name of applicant

**All the documents attached to this form must be initialled by the person who signs the form.**

**REGULATION IN FORCE FROM DECEMBER 29, 2005 TO OCTOBER 26, 2006**

**DECLARATION UNDER OATH**

I, the undersigned, \_\_\_\_\_ having taken cognizance of the information in Form 2 and in the documents attached thereto, declare under oath that it contains no misrepresentation.

Sworn before me

In witness whereeto, I have signed

at \_\_\_\_\_

at \_\_\_\_\_

on the \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_

on the \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_

\_\_\_\_\_  
signature

\_\_\_\_\_  
signature

\_\_\_\_\_  
name in block letters and position

\_\_\_\_\_  
name in block letters

Notary, justice of the peace or  
commissioner for oaths  
Judicial district of \_\_\_\_\_

This declaration may be replaced by a solemn affirmation.

**Important**

**THE FOLLOWING DOCUMENTS MUST ACCOMPANY THE APPLICATION:**

1. Audited financial statements, at a date not more than 90 days before the date of the application for registration;
2. The fees payable as prescribed in Chapter 11 of Title VI of the Regulations;
3. A certified copy of the resolution of the board of directors of the company authorizing one or more senior executives to sign the application form and all the related documents.

O.C. 660-83, Form. 2; Errata, 1985 G.O. 2, 1121; O.C. 977-88, s. 36; O.C. 627-2000, s. 12.

**FORM 3  
STANDARD APPLICATION FOR REGISTRATION OR FOR CERTIFICATION OF  
NATURAL PERSONS**

**Procedures for completing the application**

1. This form must be used by any natural person who:
  - (a) applies for registration as a representative to a Canadian securities commission or requests approval from a self-regulatory agency;
  - (b) requests approval from a Canadian securities commission as a senior executive of a dealer or adviser;
  - (c) applies to a Canadian securities commission for registration as a dealer or adviser.
2. Applicants must answer all pertinent questions; any omissions may delay examination of the application.
3. The information on the form and on enclosures must be typewritten; forms or enclosures not typewritten may be refused.
4. Each enclosure must be separately identified. Signatures must not be reproduced mechanically or photocopied. A commissioner for oaths and the applicant must initial all enclosures.
5. To apply, the applicant should, if necessary, request assistance from an authorized senior executive of the firm responsible or from a lawyer.
6. A copy of the application must be filed with the applicable securities commission. Members of the Canadian Investment Dealers Association, and of the Montréal, Toronto and Vancouver stock exchanges are required to submit 2 duly signed copies of the application to the self-regulatory agency responsible for auditing the books of the applicant's firm.

**RESERVED FOR THE SELF-REGULATORY AGENCY**

Confirmation of answer # 7                      Other confirmation

Application approved by                      Date

7. The senior executive of an issuer-distributor does not need to answer Items 6 and 20, nor Section D.

# REGULATION IN FORCE FROM DECEMBER 29, 2005 TO OCTOBER 26, 2006

## SECTION A

### 1. APPLICANT

<i>Surname</i>	<i>First name</i>	<i>Social insurance number</i>
<i>Applicant's address (including postal code)</i>		<i>Area code:</i> <i>Tel. No.:</i>
<i>Address for service in Québec</i>		
<i>Position with the firm</i>		<i>Date of beginning of employment</i> YEAR    MONTH    DAY

### 2. FIRM

<i>Name</i>	<i>Area code:</i> <i>Tel. No.:</i>
<i>Address of place of work (number, street, town, province, postal code)</i>	

### 3. NATURE OF REGISTRATION APPLIED FOR:

*Check the boxes required to identify precisely the nature of the application.*

*The nature of the application depends upon the applicable provisions of the laws and regulations respecting securities and by-laws, respecting futures contracts, as well as the rules and regulations of the stock exchanges, of the Canadian Investment Dealers Association or any other self-regulatory agency.*

*Unrestricted registration authorizes the applicant to trade all classes of securities in compliance with the provisions that apply.*

*A candidate who applies for restricted registration must check the box "other" and state the nature of the restriction.*

#### REGISTRATION (Representative)

- Unrestricted*
- Discount broker*
- Debt securities*
- Distribution of QBIC shares*
- Financial intermediary*
- Stock exchange representative*
  
- Trader*
- Mutual fund*
- Investment contracts*
- Futures contracts*
- Scholarship plans*
- Other (specify) \_\_\_\_\_*

#### CERTIFICATION (senior executive)

- Director*
- Officer*
- Shareholder \_\_\_ % of securities held*
  
- Branch manager*
- Director, shareholder or senior executive of a certified subsidiary*
  
- Other (specify) \_\_\_\_\_*



## REGULATION IN FORCE FROM DECEMBER 29, 2005 TO OCTOBER 26, 2006

### 4. APPLICATIONS ADDRESSED TO THE FOLLOWING AGENCIES

Check the necessary boxes to indicate the securities commissions or the Canadian self-regulatory agencies to which the applicant is applying.

SECURITIES COMMISSION OR SIMILAR AGENCIES			
<input type="checkbox"/> Alberta	<input type="checkbox"/> Manitoba	<input type="checkbox"/> Ontario	<input type="checkbox"/> Newfoundland
<input type="checkbox"/> British Columbia	<input type="checkbox"/> New Brunswick	<input type="checkbox"/> Québec	<input type="checkbox"/> Yukon Territory
<input type="checkbox"/> Prince Edward Island	<input type="checkbox"/> Nova Scotia	<input type="checkbox"/> Saskatchewan	<input type="checkbox"/> Northwest Territories
SELF-REGULATORY AGENCIES			
<input type="checkbox"/> Alberta Stock Exchange	<input type="checkbox"/> Vancouver Stock Exchange		
<input type="checkbox"/> Canadian Investment Dealers Association	<input type="checkbox"/> Winnipeg Commodity Exchange		
<input type="checkbox"/> Montréal Exchange	<input checked="" type="checkbox"/> Winnipeg Stock Exchange		
<input type="checkbox"/> Toronto Stock Exchange	<input type="checkbox"/> Others (specify) _____		
<input type="checkbox"/> Toronto Futures Exchange			

## SECTION B

### 5. IDENTIFICATION

Date of birth			Place of birth		Province	Country	Citizenship	Sex	
Year	Month	Day	(town)						
Height	Weight	Colour of eyes	Colour of hair		Colouring	Special marks	Family status		
Number of years of continuous residence in Canada			For applicants of foreign origin, date and place of entry into Canada			Passport			
						Country	Place of issue	Date of issue	Number

### 6. PHOTOGRAPH

Attach 2 black and white full face photographs (5 cm x 5 cm), taken during the last 6 months. The photographs must bear, on the back, the date on which they were taken, and to certify of the applicant, his signature and that of a commissioner for oaths or of a senior executive of the firm responsible.

### 7. TRAINING

Provide the name of the last establishment attended for each level.

(1)

	Grade, diploma or certificate of studies (specify)	Date obtained
Secondary school		
College		
University		
Professional qualification courses		
Others		

**REGULATION IN FORCE FROM DECEMBER 29, 2005 TO OCTOBER 26, 2006**

<b>Have you passed the following courses or examinations?</b>				<b>Yes</b>	<b>No</b>	<b>Exemption obtained*</b>	<b>Date</b>
<i>Courses on securities trading in Canada</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Examination based on the Handbook for registered representatives</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Examination for partners/directors/senior executives</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Examination for shareholders</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>The financing of investment in Canada</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Course No. 2 Part 1</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Part 2</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Fellow of the Canadian Securities Institute</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Financial analyst certification course</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Examination for options contracts officer</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Course on the options market in Canada</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Course on Canadian mutual funds</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>National Commodity Futures Examination</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Canadian Commodity Futures Examination</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Examination on Canadian stock exchange future contracts</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Branch manager examination</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Examination for future contracts officer</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Others (specify) _____</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>_____</i>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

*\* In case of exemption, attach supporting documents.*

(2) Have you been refused an exemption for any of the courses listed above? If Yes, explain or attach supporting documents.

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**8. EXPERIENCE**

An applicant who files an application with the Canadian Investment Dealers Association or the Montreal, Toronto or Vancouver stock exchanges is required to mention any employment in any of those agencies or any other body mentioned in paragraph 1 of Question 14.

(1) Provide a complete description of your affairs, including the periods you worked or were unemployed during the last 10 years preceding the date of this application.

<i>Name and address of employer</i>	<i>Name and position of immediate superior</i>	<i>Nature of employment and position of applicant</i>	<i>Reason for leaving</i>	<i>FROM</i>		<i>TO</i>	
				<i>Yr.</i>	<i>Mon.</i>	<i>Yr.</i>	<i>Mon.</i>
<i>Present employer</i>							
<i>Previous employers</i>							

**REGULATION IN FORCE FROM DECEMBER 29, 2005 TO OCTOBER 26, 2006**

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(2) Have you previously been dismissed by an employer? If Yes, provide the details in the space provided or attach a sheet to this form.

**9. RESIDENCE.** Provide the required information for the last 15 years.

Address (No., street, town, province, postal code)	FROM		TO	
	Yr.	Mon.	Yr.	Mon.
<i>PRESENT ADDRESS</i>				
<i>FORMER ADDRESSES</i>				

**10. PROFESSIONAL REFERENCES**

Provide at least 3 names as references, excluding relatives and persons working for the firm concerned. Among the names furnished must be an employee of a branch of a bank or a trust company (indicate your account number).

Name	Employer	Address (with postal code) and office telephone number (with area code)	Position

Address of the branch where you have an account: Account No.

\_\_\_\_\_

**SECTION C**

**ANSWER "YES" OR "NO" TO EACH OF THE FOLLOWING QUESTIONS. IN THE CASE OF AN AFFIRMATIVE ANSWER, PROVIDE DETAILS OR SUBMIT SUPPORTING DOCUMENTS.**

**11. CHANGE OF NAME**

Any change of name and the date of change owing to marriage, divorce, court order or any other proceedings must be mentioned below.

Have you used a name other than that mentioned in Question 1 of this form or have you carried on business under another name?

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IN FORCE FROM DECEMBER 29, 2005 TO OCTOBER 26, 2006

## REGULATION IN FORCE FROM DECEMBER 29, 2005 TO OCTOBER 26, 2006

### 12. PREVIOUS REGISTRATIONS

The registration mentioned in paragraphs 1 and 2 of Question 12 and 1, 2 and 3 of Question 13 means any authorization procedure established by a law or a regulation respecting trading of securities, commodities or future contracts enacted in Québec or elsewhere.

(1) Have you previously obtained registration of any kind? \_\_\_\_\_

If YES, indicate the name of the agency, the date of registration and state whether the registration is still in force.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
If NO, have you previously made application? \_\_\_\_\_

(2) Are you now a shareholder, partner or senior executive of a firm that has obtained registration of any kind, except as issuer or issuer-distributor, in the case of an ordinary shareholder? \_\_\_\_\_

If NO, have you been a shareholder, partner or senior executive? \_\_\_\_\_

(3) Have you previously obtained registration under a law enacted in Québec or elsewhere requiring the obtaining of registration to deal with the public for any other purpose than the trading of securities, commodities or future contracts? \_\_\_\_\_

If YES, is the registration still in force? \_\_\_\_\_

If NO, have you applied for it? \_\_\_\_\_

To answer Questions 13 to 18, particularly Question 15, you should, if necessary, request the assistance of an authorized senior executive of the firm concerned or of a lawyer. For every affirmative answer, you must attach documents giving all the useful information, as circumstances, dates, names of the parties involved and the outcome of the affair.

### 13. REFUSAL OF REGISTRATION, SUSPENSION OR WITHDRAWAL OF RIGHTS CONFERRED BY REGISTRATION OR DISCIPLINARY MEASURES

(1) Have you ever been refused registration, been suspended or had rights conferred by registration withdrawn? \_\_\_\_\_

(2) Are you now a shareholder, partner or senior executive of a firm that has been refused registration, been suspended or had rights conferred by any kind of registration withdrawn, except as issuer, in the case of an ordinary shareholder? \_\_\_\_\_

If NO, have you ever been have you been a shareholder, partner or senior executive? \_\_\_\_\_

(3) Have you ever had a registration refused, been suspended or had rights conferred by registration withdrawn under a law enacted in Québec or elsewhere requiring the obtaining of registration to deal with the public for any other purpose than trading in securities, commodities or future contracts? \_\_\_\_\_

(4) Have you ever been refused an exemption from registration? \_\_\_\_\_

(5) Has a self-regulatory securities, commodities or future contracts agency ever taken disciplinary measures against you or against a company of which you were a senior executive, a partner or a shareholder holding more than 5 % of the voting securities? \_\_\_\_\_

**14. SELF-REGULATORY AGENCIES**

*Has a company of which you are or were a senior executive, a partner or a shareholder holding more than 5 % of the voting securities or have you yourself:*

*(1) been a member of a securities, commodities or future contract exchange, a dealers' association or securities advisers association, another similar professional association or another agency of the same kind in Québec or elsewhere?*

*(2) been refused registration or approval as member or on any other basis by an agency or an association mentioned in 1?*

*(3) have you previously been subject to disciplinary measures on the part of an association or an agency mentioned in 1?*

**15. INFRACTIONS**

*Any infraction of a federal law, such as the Income Tax Act (Canada) or the Immigration Act (Canada) must be mentioned in this form. A conviction for impaired driving comes under the Criminal Code (Canada) and must be mentioned.*

*If you have applied for and obtained a pardon in writing under the Judicial Records Act (Canada) which has not subsequently been revoked, you are not required to reveal the offence concerned.*

*If you have any doubt regarding your situation in relation to an agency responsible for applying a law or respecting the pertinence of this question, you should request the assistance of an authorized senior executive of the firm responsible or of a lawyer.*

*(1) Previous convictions in securities, commodities or future contracts matters*

*Have you been found guilty, under a law enacted in Québec or elsewhere, of an offence in a matter of securities, commodities or futures contracts trading, of theft of securities or of any similar offence?*

*(2) Previous convictions for other matters*

*Have you been found guilty, during the last 10 years under a law enacted in Québec or elsewhere, of a criminal offence other than those mentioned in 1?*

*(3) Proceedings and charges.*

*Are you now subject to proceedings or charges in a matter of company law?*

*(4) Convictions, proceedings and charges against a company*

*Is a company of which you are or have been a senior executive, a partner or a shareholder holding more than 5 % of the voting shares, subject or has it been the subject of a conviction, proceedings or charges during the last 10 years under a law enacted in Québec or elsewhere in respect of a criminal offence mentioned in 1 or 2?*

**16. CIVIL PROCEEDINGS**

*(1) Has a company of which you are or have been a senior executive, a partner or a shareholder holding more than 5 % of the voting shares, or you yourself been convicted for fraud or a similar offence?*

**REGULATION IN FORCE FROM DECEMBER 29, 2005 TO OCTOBER 26, 2006**

(2) Under a law enacted in Québec or elsewhere, has there been any court proceedings taken

(a) against you? \_\_\_\_\_

(b) against company of which you are or have been a senior executive, a partner or a shareholder holding more than 5 % of the voting securities at the time proceedings were taken? \_\_\_\_\_

**17. BANKRUPTCY**

(1) During the last 10 years

(a) have you been declared bankrupt \_\_\_\_\_

(b) have you made an assignment of your property? \_\_\_\_\_

(c) have you made an accommodation or an arrangement with your creditors? \_\_\_\_\_

(d) have you ceased to carry on your affairs, leaving debts behind ? \_\_\_\_\_

(e) have you submitted a declaration prescribed by the provisions respecting voluntary deposit? (Québec) \_\_\_\_\_

(f) has a sequestrator or a trustee been appointed by your creditors or at their request taken possession of your property? \_\_\_\_\_

If Yes, have you obtained a release? Attach a copy of your release. \_\_\_\_\_

(2) Has any company of which you are or were a senior executive, a partner or a shareholder holding more than 5 % of the voting shares

(a) been declared bankrupt during the last 10 years? \_\_\_\_\_

(b) made an assignment of its property during the last 10 years? \_\_\_\_\_

(c) has a sequestrator or a trustee appointed by its creditors or at their request taken possession of its property? \_\_\_\_\_

**18. JUDGMENT AND SEIZURE**

Has a judgment or a seizure order been given against you, following a fraud or for, any other reason, during the last 10 years, by a civil court in Québec or elsewhere? \_\_\_\_\_

**19. SURETY**

(1) Has surety been refused you during the last 10 years? \_\_\_\_\_

If Yes, give the name and address of the insurer, and indicate the date and the reasons for the refusal. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(2) Are you now covered by surety? \_\_\_\_\_

**20. PROFESSIONAL ACTIVITIES**

(1) Will you participate actively in the affairs of the firm responsible and will you devote the greater part of your time to it? \_\_\_\_\_

(2) Have you other affairs or a remunerated work other than the position that you hold in the firm responsible? \_\_\_\_\_

(3) Are you a senior executive, a partner, a shareholder or a holder of debt securities of another company that carries on the business of a securities, commodities or future contracts broker or adviser? \_\_\_\_\_

**SECTION D**

**21.** Are you or will you become, after approval has been granted, owner of securities of the firm? \_\_\_\_\_  
\_\_\_\_\_

**22.** (1) Indicate the number, value, class and percentage of shares or units that you hold or that you plan to acquire after your approval. If you plan to acquire shares or units after your approval, state their source, for example, new issue or in the case of a transfer, the name of the transferor.  
\_\_\_\_\_  
\_\_\_\_\_

(2) Indicate the value of the bonds of the firm held and the loans granted to it and if they are subordinated.  
\_\_\_\_\_  
\_\_\_\_\_

**23.** Indicate the source of the funds that you plan to invest in the firm. Explain.  
\_\_\_\_\_  
\_\_\_\_\_

**24.** Are the funds that you will invest guaranteed? If Yes, explain.  
\_\_\_\_\_  
\_\_\_\_\_

**25.** Have you established rights connected with your shares or, after approval has been given, do you plan to establish rights by pledge, guarantee or assignment as surety in favour of a financial institution or another person? If Yes, explain.  
\_\_\_\_\_  
\_\_\_\_\_

**A FALSE STATEMENT OR ANY WITHHOLDING OF INFORMATION MAY CAUSE REFUSAL OF THE APPLICATION, DISCIPLINARY MEASURES, EVEN AGAINST THE FIRM RESPONSIBLE, OR REFUSAL OF REGISTRATION.**



**REGULATION IN FORCE FROM DECEMBER 29, 2005 TO OCTOBER 26, 2006**

I CONSENT TO A SELF-REGULATORY AGENCY'S OBTAINING INFORMATION ABOUT ME FROM ANY PERSON, INCLUDING AN INVESTIGATION AGENCY OR AN INFORMATION AGENCY, IN ACCORDANCE WITH THE LAW APPLICABLE IN QUÉBEC OR ELSEWHERE.

\_\_\_\_\_ date \_\_\_\_\_ signature of applicant

ALL THE DOCUMENTS ATTACHED MUST BE INITIALLED BY THE APPLICANT AND BY A COMMISSIONER FOR OATHS. ALL SIGNATURES MUST BE HANDWRITTEN.

**COMMITMENT OF THE APPLICANT AND THE FIRM RESPONSIBLE**  
(to be completed at the time of the application for registration to a self-regulatory agency)

We the undersigned certify that none of the statements above contain to our knowledge any misrepresentation. We agree to inform in writing the self-regulatory agencies of any material change in the time limits prescribed by their by-laws, rules and regulations.

We acknowledge that we are familiar with the by-laws, rules and regulations of the self-regulatory agencies mentioned in Question 4. We agree to comply with them and we commit ourselves to remain informed of any amendments to them.

We acknowledge the jurisdiction of those bodies and the power to suspend or withdraw the rights conferred by registration. In the case of a suspension or withdrawal of the rights conferred by registration, the applicant agrees to terminate immediately his relations with the firm responsible, not to accept employment or to furnish services of any kind to a member of the self-regulatory agencies or to an affiliated company in accordance with their by-laws, rules and regulations.

We hereby acknowledge that we are jointly bound.

We accept the transfer of this application to a self-regulatory agency mentioned in Question 4 in the case where in the future the applicant submits an application to one of those agencies.

Made at \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_

\_\_\_\_\_ signature of applicant \_\_\_\_\_ name of the firm responsible

By \_\_\_\_\_

**SWORN DECLARATION**

I the undersigned \_\_\_\_\_, being duly sworn, declare as follow:  
surname, first name

1. I \_\_\_\_\_, an applicant for registration  
am \_\_\_\_\_  
surname, first name

2. I have read all the questions in this form and I am aware of the significance of the answers given, as well as of the warning on page 14. I declare that the statements made in this application or in the schedules are correct.

**REGULATION IN FORCE FROM DECEMBER 29, 2005 TO OCTOBER 26, 2006**

In witness whereof, I have signed \_\_\_\_\_  
signature of applicant

Sworn before me \_\_\_\_\_  
commissioner for oaths

in the city of \_\_\_\_\_

Province of \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_

According to the Securities Act, to file an application containing a declaration which, in the light of the circumstances and at the time when it is made, contains a misrepresentation, constitutes an offence.

This declaration may be replaced by a solemn affirmation.

**ATTESTATION OF THE FIRM RESPONSIBLE**

I the undersigned, acting on behalf of \_\_\_\_\_ certify that \_\_\_\_\_ who seeks the registration the nature of which is specified in Question 3, will be hired to perform the duties indicated if the registration of the certification is obtained.

I certify that I have discussed with the applicant the questions in this form, and in particular Question 15, or that the manager of the branch or another senior executive has done so, in the case where the applicant has filed an application through the agency of one of our branches.

I certify that the applicant has thoroughly understood all the questions, and that, so far as I know, his answers are correct.

Made at \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_

By \_\_\_\_\_ for \_\_\_\_\_  
signature of authorized senior executive or partner of the firm name of the firm

O.C. 660-83, Form. 3; Errata, 1985 G.O. 2, 1121; O.C. 977-88, s. 37; O.C. 627-2000, s. 13.

**REGULATION IN FORCE FROM DECEMBER 29, 2005 TO OCTOBER 26, 2006**

**FORM 4**

**THE PRESENT FORM MUST BE COMPLETED BY A SENIOR EXECUTIVE OR A PROMOTER OF A COMPANY MAKING A DISTRIBUTION.**

**SECTION A**

**1. IDENTIFICATION**

Surname		First name		Social insurance number			
Address of residence (including postal code)				Area code: Tel. No.:			
Date of birth YEAR MONTH DAY		Place of birth (town)		Province	Country	Citizenship	Sex
Height	Weight	Colour of eyes	Color of hair	Colouring	Special marks	Family status	
Number of years of continuous residence in Canada		For applicants of foreign origin, date and place of entry into Canada		Passport			
				Country	Place of issue	Date of issue	Number

**2. ISSUER**

Name		Area code: Tel. No.:	
Address of head office (number, street, town, province, postal code)			

**REGULATION IN FORCE FROM DECEMBER 29, 2005 TO OCTOBER 26, 2006**

**3. EXPERIENCE**

*Provide a complete description of your affairs, including the periods you worked or were unemployed during the last 10 years preceding the date of this application.*

Name and address of employer	Name and position of immediate superior	Nature of employment and position of applicant	FROM		TO	
			Yr.	M.	Yr.	M.
PRESENT EMPLOYER						
PREVIOUS EMPLOYERS						

**4. RESIDENCE. Provide the required information for the last 10 years.**

Address (number, street, town, province, postal code)	FROM		TO	
	Yr.	M.	Yr.	M.
PRESENT ADDRESS				
FORMER ADDRESSES				

**5. PROFESSIONAL REFERENCES**

*Provide at least 3 names as references, excluding relatives and persons working for the firm concerned. Among the names furnished must be an employee of a branch of a bank or a trust company where you have an account (indicate your account number).*

Name	Employer	Address (with postal code) and office telephone number (with area code)	Position

*Address of the branch where you have an account:*

*Account No.*

**SECTION B**

**ANSWER "YES" OR "NO" TO EACH OF THE FOLLOWING QUESTIONS. IN THE CASE OF AN AFFIRMATIVE ANSWER, PROVIDE DETAILS OR SUBMIT SUPPORTING DOCUMENTS.**

**6. CHANGE OF NAME**

*Any change of name and the date of change owing to marriage, divorce, court order or any other proceedings must be mentioned below.*

*Have you used a name other than that mentioned in Question 1 of this form or have you carried on business under another name?*

**7. PREVIOUS REGISTRATIONS**

The registration mentioned in paragraphs 1 and 2 of Questions 7 and 8 means any authorization procedure established by a law or a regulation respecting trading of securities, commodities or futures contracts enacted in Québec or elsewhere.

(1) Have you previously obtained registration of any kind? \_\_\_\_\_

if YES, indicate the name of the agency, the date of registration and state whether the registration is still in force.

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If NO, have you previously made application? \_\_\_\_\_

(2) Are you now a shareholder, partner or senior executive of a firm that has obtained registration of any kind, except as issuer or issuer-distributor in the case of an ordinary shareholder? \_\_\_\_\_

if NO, have you been a shareholder, partner or senior executive? \_\_\_\_\_

(3) Have you previously obtained registration under a law enacted in Québec or elsewhere requiring the obtaining of registration to deal with the public for any other purpose than the trading of securities, commodities or futures contracts? \_\_\_\_\_

If YES, is the registration still in force? \_\_\_\_\_

If NO, have you applied for it? \_\_\_\_\_

**8. REFUSAL OF REGISTRATION, SUSPENSION OR WITHDRAWAL OF RIGHTS CONFERRED BY REGISTRATION OR DISCIPLINARY MEASURES**

(1) Have you ever been refused registration, been suspended or had rights conferred by registration withdrawn? \_\_\_\_\_

(2) Are you now a shareholder, partner or senior executive of a firm that has been refused registration, been suspended or had rights conferred by any kind of registration withdrawn, except as issuer, in the case of an ordinary shareholder? \_\_\_\_\_

If NO, have you been a shareholder, partner or senior executive? \_\_\_\_\_

(3) Have you ever had a registration refused, been suspended or had rights conferred by registration withdrawn under a law enacted in Québec or elsewhere requiring the obtaining of registration to deal with the public for any other purpose than trading in securities, commodities or futures contracts? \_\_\_\_\_

(4) Have you ever been refused an exemption from registration? \_\_\_\_\_

- (5) *Has a self-regulatory securities, commodities or futures contracts agency ever taken disciplinary measures against you or against a company of which you were a senior executive, a partner or a shareholder holding more than 5 % of the voting securities?*
- 
- 

**9. SELF-REGULATORY AGENCIES**

*Has a company of which you are or were a senior executive, a partner or a shareholder holding more than 5 % of the voting securities or have you yourself:*

- (1) *been a member of a securities, commodities or futures contracts exchange, a dealers' association or securities advisers association, another similar professional association or another agency of the same kind in Québec or elsewhere?*
- 
- (2) *been refused registration or approval as member or on any other basis by an agency or an association mentioned in 1?*
- 
- (3) *have you previously been subject to disciplinary measures on the part of an association or an agency mentioned in 1?*
- 

**10. INFRACTIONS**

*Any infraction of a federal law, such as the Income Tax Act (Canada) or the Immigration Act (Canada) must be mentioned in this form. A conviction for impaired driving comes under the Criminal Code (Canada) and must be mentioned.*

*If you have applied for and obtained a pardon in writing under the Judicial Records Act (Canada) which has not subsequently been revoked, you are not required to reveal the offence concerned*

*If you have any doubt regarding your situation in relation to an agency responsible for applying a law or respecting the pertinence of this question, you should request the assistance of an authorized senior executive of the firm responsible or of a lawyer.*

- (1) *Previous convictions in securities, commodities or futures contracts matters*

*Have you been found guilty, under a law enacted in Québec or elsewhere, of an offence in a matter of securities, commodities or futures contracts trading, of theft of securities or of any similar offence?*

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- (2) *Previous convictions for other matters*

*Have you been found guilty, during the last 10 years under a law enacted in Québec or elsewhere, of a criminal offence other than those mentioned in 1?*

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- (3) *Proceedings and charges*

*Are you now subject to proceedings or charges in a matter of company law?*

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(4) *Convictions, proceedings and charges against a company*

*Is a company of which you are or have been a senior executive, a partner or a shareholder holding more than 5 % of the voting shares, subject or has it been the subject of a conviction, proceedings or charges during the last 10 years under a law enacted in Québec or elsewhere in respect of an offence mentioned in 1 or 2?*

**11. CIVIL PROCEEDINGS**

(1) *Has a company of which you are or have been a senior executive, a partner or a shareholder holding more than 5 % of the voting shares, or you yourself been convicted for fraud or a similar offence?*

(2) *Under a law enacted in Québec or elsewhere, has there been any conviction or any court proceedings taken:*

(a) *against you?*

(b) *against a company of which you are or have been a senior executive, a partner or a shareholder holding more than 5 % of the voting securities at the time proceedings were taken?*

**12. BANKRUPTCY**

(1) *During the last ten years*

(a) *have you been declared bankrupt?*

(b) *have you made an assignment of your property?*

(c) *have you made an accommodation or an arrangement with your creditors?*

(d) *have you ceased to carry on your affairs, leaving debts behind?*

(e) *have you submitted a declaration prescribed by the provisions respecting voluntary deposit? (Québec)?*

(f) *has a sequestrator or a trustee been appointed by your creditors or at their request taken possession of your property?*

*If Yes, have you obtained a release? Attach a copy of your release.*

(2) *as any company of which you are or were a senior executive, a partner or a shareholder holding more than 5 % of the voting shares*

(a) *been declared bankrupt during the last 10 years?*

(b) *made an assignment of its property during the last 10 years?*

(c) *has a sequestrator or a trustee appointed by its creditors or at their request taken possession of its property?*



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### 13. JUDGMENT AND SEIZURE

Has a judgment or a seizure order been given against you, following a fraud or for any other reason, during the last 10 years, by a civil court in Québec or elsewhere?

### SWORN DECLARATION

I the undersigned, \_\_\_\_\_ being duly sworn,  
Surname, first name

declare that the statements made in this form or in the schedules are correct.

In witness whereof, I have signed

\_\_\_\_\_  
signature of applicant

Sworn before me

\_\_\_\_\_  
Commissioner for oaths

in the city of \_\_\_\_\_

Province of \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_

According to the Securities Act, to file a document containing a declaration which, in the light of the circumstances and at the time when it is made, contains a misrepresentation, constitutes an offence.

This declaration may be replaced by a solemn affirmation.

\_\_\_\_\_  
D. 977-88, a. 38; O.C. 1622-90, s. 46.

### TRANSITIONAL PROVISIONS

O.C. 1622-90, 1990 G.O. 2, 2895

**47.** 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 6 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 6 month period following the coming into force of the present regulation, ask the Commission for a refund of those fees.

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**48.** *The net free capital requirements prescribed by section 207 will come into force, 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, only on July 1<sup>st</sup>, 1991, unless the rules of the self-regulatory organization to which they are members prescribe a coming into force of these requirements which is prior to that date.*

*From the coming into force of the present regulation until July 1<sup>st</sup>, 1991, except for those that have to abide by the new rules because of their being members of a self-regulatory organization, the requirements are of 185 000 \$.*

**49.** *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 equity of 25 000 000 \$ or less.*

O.C. 660-83, 1983 G.O. 2, 1269  
Errata, 1985 G.O. 2, 1121

### Amendments

O.C. 1758-84, 1984 G.O. 2, 3277  
O.C. 1263-85, 1985 G.O. 2, 2297  
O.C. 697-87, 1987 G.O. 2, 1655  
L.Q. 1987, c. 95 (O.C. 717-88, 1988 G.O. 2, 2139)  
O.C. 977-88, 1988 G.O. 2, 2396  
O.C. 1622-90, 1990 G.O. 2, 2895  
O.C. 680-92, 1992 G.O. 2, 2678  
O.C. 980-92, 1992 G.O. 2, 3251  
O.C. 1145-92, 1992 G.O. 2, 4170  
O.C. 226-93, 1993 G.O. 2, 937  
O.C. 1346-93, 1993 G.O. 2, 5363  
O.C. 30-96, 1996 G.O. 2, 560  
O.C. 1548-96, 1996 G.O. 2, 5473  
O.C. 566-97, 1997 G.O. 2, 1946  
O.C. 627-2000, 2000 G.O. 2, 2531  
O.C. 871-2001, 2001 G.O. 2, 3887  
O.C. 1247-2001, 2001 G.O. 2, 5760  
O.C. 52-2003, 2003 G.O. 2, 856  
O.C. 630-2003, 2003 G.O. 2, 1887  
M.O. 2003-01, 2003 G.O. 2, 1890  
M.O. 2005-04, 2005 G.O. 2, 1496  
M.O. 2005-17, 2005 G.O. 2, 3523  
O.C. 748-2005, 2005 G.O. 2, 3457  
M.O. 2005-22, 2005 G.O. 2, 3643

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O.C. 1132-2004, 2004 G.O. 2, 3473  
O.C. 1183-2005, 2005 G.O. 2, 5159

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