

## Draft Regulation

Securities Act  
(chapter V-1.1, s. 331.1, par. (27.0.3) and s. 331.2)

### Regulation to amend the Securities Regulation

Notice is hereby given by the *Autorité des marchés financiers* (the “Authority”) that, in accordance with section 331.2 of the *Securities Act*, chapter V-1.1, the following Regulation, the text of which is published hereunder, may be made by the Authority and subsequently submitted to the Minister of Finance for approval, with or without amendment, after 30 days have elapsed since its publication in the Bulletin of the Authority:

- *Regulation to amend the Securities Regulation.*

### Background

From October 1, 1999 to September 27, 2009, the group savings plan brokerage and scholarship plan brokerage sectors (the “securities sectors”) were governed by *An Act respecting the distribution of financial products and services* (chapter D-9.2) (the “Distribution Act”).

Under this former regime, a sharing of commissions was allowed between a group savings plan brokerage or scholarship plan brokerage firm and the legal and natural persons referred to in section 100 of the Distribution Act, including a duly registered firm in insurance of persons. Such an insurance of persons firm could be incorporated and have as sole shareholder a natural person attached as a representative to the group savings plan brokerage or scholarship plan brokerage firm. A natural person certified in the group savings plan brokerage and insurance of persons sectors could thus share remuneration in connection with group savings plan brokerage activities with the corporation registered as an insurance of persons firm of which the person was the sole shareholder.

Since September 28, 2009, when the securities sectors were transferred from the Distribution Act to the *Securities Act*, a group savings plan or scholarship plan dealer can no longer rely on section 100 of the Distribution Act to share a commission it receives with a firm in insurance of persons.

Section 160.1.1 of the *Securities Act*, which came into force on July 13, 2018, reintroduces the possibility for a registrant governed by the *Securities Act* to share a commission with a registrant governed by the Distribution Act. Under this section, the commission is to be shared in the manner determined by regulation of the Authority and the dealer shall enter every sharing of a commission in a register, in accordance with the regulations.

No regulation has yet been adopted under the *Securities Act* dealing with the manner in which a commission is to be shared under new section 160.1.1 or specifying the information that must be recorded in the register.

The coming into force of this new section does not modify the Authority’s position regarding registered firms that are part of large, integrated corporate groups and that receive internal transfer payments from the corporations with which they are affiliated. The amounts of these internal transfers must always be disclosed in the annual report on charges and other compensation as if they had been received in the form of embedded commissions.

## **Request for Comment**

Comments regarding the above may be made in writing by **September 1, 2018**, to the following:

M<sup>e</sup> Anne-Marie Beaudoin  
Corporate Secretary  
Autorité des marchés financiers  
800, square Victoria, 22<sup>e</sup> étage  
C.P. 246, tour de la Bourse  
Montréal (Québec) H4Z 1G3  
Fax: 514-864-6381  
E-mail: [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

We would like your input on these draft amendments. Please include a prominent reference to the subject matter of your comments. For example, please include a subject line similar to the following: "RE: Commission Sharing Amendments".

Thank you in advance for your comments.

## **Confidentiality**

We cannot keep submissions confidential. All comments will be posted on the Authority's website at [www.lautorite.qc.ca](http://www.lautorite.qc.ca). Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

## **Additional Information**

Additional information is available from the following:

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