



NATIONAL ASSEMBLY

SECOND SESSION

THIRTY-FIFTH LEGISLATURE

Bill 188
(1998, chapter 37)

**An Act respecting the distribution of
financial products and services**

**Introduced 11 December 1997
Passage in principle 2 June 1998
Passage 19 June 1998
Assented to 20 June 1998**

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EXPLANATORY NOTES

This bill replaces the Act respecting market intermediaries. It creates a single financial services bureau, to be known as the Bureau des services financiers, which will have the mission of protecting the public. The Bureau is to be administered by a board consisting of 15 members, ten of whom are to be appointed by the Minister. The five remaining board members are to be elected by representatives.

The Bureau will issue qualified representatives with certificates authorizing them to act as representatives in insurance of persons, damage insurance agents or brokers, claims adjusters, financial planners, group savings plan representatives, investment contract representatives or scholarship plan representatives. A certificate may be issued by the Bureau to authorize a representative to act in several sectors.

Representatives will be required to pursue their activities for a firm which must register with the Bureau to be able to act, through representatives, in the various sectors governed by the bill. Representatives who are not attached to a firm will be able to register with the Bureau as independent representatives, or they may choose to pursue their activities with a partnership registered as an independent partnership. Firms will be required to carry liability insurance to cover the actions of their representatives. Independent representatives and independent partnerships will also be required to carry liability insurance, and will in addition be required to contribute to a fund established to compensate the victims of fraud, fraudulent practices and embezzlement by representatives.

Every legal person having an establishment in Québec may register as a firm to offer financial products and services through representatives. That possibility is also available to deposit institutions such as trust companies and credit unions. Deposit institutions that register in the insurance sector must comply with special rules intended to prevent conflicts between their role as credit institutions and as distributors of insurance products, and to ensure that the public is protected as regards the information of a medical nature disclosed to representatives.

The powers to regulate representatives will be shared between the Bureau and the Commission des valeurs mobilières du Québec on the basis of whether the representatives pursue activities in the insurance and financial planning sectors or the securities sector. The Bureau will be responsible for ensuring that firms and independent partnerships comply with the requirements incumbent upon them.

Certain insurance products may be offered by distributors who are not insurance representatives. A distributor is a person who, in pursuing activities in a field other than insurance, offers insurance coverage on behalf of an insurer in relation to goods distributed by the person. The insurance products concerned are travel insurance, vehicle rental insurance and credit and debit card insurance. The bill further provides that debtor life, health and employment insurance as well as investor life insurance fall into the same category. If the Government considers that a stricter framework is needed to regulate the sale of a product by distributors, it is empowered to require that distributors hold a restricted certificate.

*The bill provides for the establishment of two professional associations; the members of the first, the *Chambre de la sécurité financière*, will be elected by representatives in insurance of persons, securities representatives and financial planners, and the members of the second, the *Chambre de l'assurance de dommages*, will be elected by damage insurance agents and brokers and claims adjusters. The presidents and vice-presidents of the two chambers will sit automatically on the board of the Bureau. Each chamber will determine the rules of ethics applicable to its constituent representatives, and make recommendations to the Bureau concerning any matter falling within its jurisdiction. The chambers are also empowered to provide professional development sessions and other services to representatives.*

A discipline committee, made up of advocates and representatives, is established within each chamber. It will examine every complaint made against a representative for offences under the provisions of this Act or the regulations.

Lastly, the bill contains transitional and consequential amendments.

LEGISLATION AMENDED BY THIS BILL :

- Automobile Insurance Act (R.S.Q., chapter A-25);

- Crop Insurance Act (R.S.Q., chapter A-30);
- Act respecting insurance (R.S.Q., chapter A-32);
- Act respecting the Barreau du Québec (R.S.Q., chapter B-1);
- Savings and Credit Unions Act (R.S.Q., chapter C-4.1);
- Real Estate Brokerage Act (R.S.Q., chapter C-73.1);
- Act respecting the Inspector General of Financial Institutions (R.S.Q., chapter I-11.1);
- Act respecting labour standards (R.S.Q., chapter N-1.1);
- Dairy Products and Dairy Products Substitutes Act (R.S.Q., chapter P-30);
- Act respecting the collection of certain debts (R.S.Q., chapter R-2.2);
- Act respecting trust companies and savings companies (R.S.Q., chapter S-29.01);
- Securities Act (R.S.Q., chapter V-1.1).

LEGISLATION REPLACED BY THIS BILL :

- Act respecting market intermediaries (R.S.Q., chapter I-15.1).

Bill 188

AN ACT RESPECTING THE DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS :

TITLE I

REPRESENTATIVES

CHAPTER I

GENERAL PROVISIONS

1. A representative is either an insurance representative, a securities representative, a claims adjuster or a financial planner.
2. An insurance representative is either a representative in insurance of persons, a group insurance representative, a damage insurance agent or a damage insurance broker.
3. A representative in insurance of persons is a natural person who offers individual insurance products in insurance of persons or individual annuities, including endowment contracts, from one or more insurers directly to the public, to a firm, to an independent representative or to an independent partnership.

A representative in insurance of persons acts as an advisor in the field of individual insurance of persons and is authorized to secure the adhesion of a person in respect of a group insurance or group annuity contract.

The following are not representatives in insurance of persons :

- (1) persons who, on behalf of an employer, a union, a professional order or an association or professional syndicate constituted under the Professional Syndicates Act (R.S.Q., chapter S-40), secure the adhesion of an employee of that employer or of a member of that union, professional order, association or professional syndicate in respect of a group contract in insurance of persons or a group annuity contract ;
- (2) the members of a mutual benefit association that does not guarantee the payment of a benefit upon the occurrence of a risk who offer policies for the mutual benefit association.

4. A group insurance representative is a natural person who offers insurance products in group insurance of persons or group annuities from one or more insurers. A group insurance representative also acts as an advisor in the field of group insurance of persons.

Actuaries who, in pursuing activities as an actuary, offer insurance products in group insurance of persons or group annuities are not group insurance representatives.

5. A damage insurance agent is a natural person who, on behalf of a firm that is an insurer or that is bound by an exclusive contract with a single damage insurer, offers damage insurance products directly to the public. A damage insurance agent also acts as an advisor in the field of damage insurance.

A person who offers liability insurance products for the insurance fund established by the Bureau des services financiers is not a damage insurance agent.

6. A damage insurance broker is a natural person who offers a range of damage insurance products from several insurers directly to the public, or who offers damage insurance products from one or more insurers to a firm, an independent representative or an independent partnership. A damage insurance broker also acts as an advisor in the field of damage insurance.

7. A customs broker who, in pursuing activities as a customs broker, offers insurance products is not a damage insurance agent or damage insurance broker.

8. An insurer is an insurer holding a licence issued under the Act respecting insurance (R.S.Q., chapter A-32), other than a professional order authorized to insure its members' liability.

9. A securities representative is either a group savings plan representative, an investment contract representative or a scholarship plan representative who does not act for a dealer governed by the Securities Act (R.S.Q., chapter V-1.1).

A group savings plan representative is a natural person who offers shares or units in mutual funds.

An investment contract representative is a natural person who offers a participation in investment contracts within the meaning of the second paragraph of section 1 of the Securities Act.

A scholarship plan representative is a natural person who offers units in scholarship plans.

10. A claims adjuster is a natural person who, in the field of damage insurance, investigates insured losses, appraises damages and negotiates the settlement of claims.

The following are not claims adjusters :

(1) persons who, in pursuing activities in a field other than insurance, carry out one of the functions of a claims adjuster ;

(2) natural persons who act as appraisers within the meaning of Title VI of the Automobile Insurance Act (R.S.Q., chapter A-25).

11. A financial planner is a natural person who uses the title of financial planner.

12. Subject to the provisions of Title VIII, no person may act as or purport to be a representative without holding the appropriate certificate issued by the Bureau.

However, a financial institution or mutual fund may, by giving out brochures or flyers or using direct mail or any other form of publicity, invite the public to purchase insurance products, shares or units in mutual funds or units in scholarship plans.

13. Representatives pursue their activities in the sectors or classes of sectors in which they are authorized to act by a certificate issued by the Bureau.

The following are sectors :

- insurance of persons ;
- group insurance of persons ;
- damage insurance ;
- claims adjustment ;
- financial planning ;
- group savings plan brokerage ;
- investment contract brokerage ;
- scholarship plan brokerage.

14. No representative other than a securities representative may pursue activities as a representative unless the representative is acting for a firm, is registered as an independent representative or is a partner in or employee of only one independent partnership.

Representatives acting for several firms must disclose the name of the firm for which they are acting to the client with whom they are transacting business.

No securities representative may pursue activities as a securities representative unless the representative is acting for only one firm.

15. No person acting in contravention of the provisions of section 12 or 14 may claim or receive remuneration for any products sold or services rendered.

16. All representatives are bound to act with honesty and loyalty in their dealings with clients.

They must act with competence and professional integrity.

17. Where representatives require compensation from the persons with whom they transact business, they must, according to the procedure determined by regulation of the Bureau or, as the case may be, of the Commission des valeurs mobilières du Québec, disclose to the client the fact that they also receive remuneration for the products sold and the services rendered and any other benefit determined by regulation.

18. No representative may make the making of a contract subject to the requirement that the client make an insurance contract.

No representative may exert undue pressure on a client or use fraudulent tactics to induce a client to purchase a financial product or service.

19. Representatives who, at the time a contract is made, cause a client to make an insurance contract must give the client a notice, drawn up in the manner prescribed by regulation of the Bureau, stating that the client may cancel the insurance contract within 10 days of signing it.

20. A client may cancel an insurance contract made at the same time as another contract, within 10 days of signing it, by sending notice by registered or certified mail.

Where such an insurance contract is cancelled, the first contract retains all its effects.

21. No contract may contain provisions allowing it to be amended in the event of the cancellation or termination of an insurance contract made at the same time.

However, a contract may provide that cancellation or termination of the insurance contract will entail, for the remainder of the term, the loss of the favorable conditions extended because more than one contract was made at the same time.

22. Representatives, financial institutions, firms and enterprises that offer financing for the purchase of goods or services and that require the debtor to subscribe for insurance to guarantee the reimbursement of the loan must give the debtor a notice, drawn up in the manner prescribed by regulation of the Bureau, stating that the debtor may subscribe for insurance with the insurer and representative of the debtor's choice provided that the insurance is considered satisfactory by the creditor, who may not refuse it without reasonable grounds. They may not subordinate the making of the contract of credit to the making of an insurance contract with the insurer they specify.

No contract of credit may stipulate that it is made subject to the condition that an insurance contract made with such an insurer remain in force until the expiry of the term, or subject to the condition that the expiry of an insurance contract will entail forfeiture of term.

The rights of the debtor under the contract of credit shall not be forfeited when the debtor cancels, terminates or withdraws from the insurance contract, provided that the debtor subscribes for insurance with another insurer that is considered satisfactory by the creditor, who may not refuse it without reasonable grounds.

23. Representatives shall disclose all the information they gather about clients to the establishment to which they are attached.

Representatives acting for several firms shall disclose such information to the establishment of the firm for which they are acting at the time.

They may disclose such information only to a person authorized by law.

24. No representative may receive an amount deriving from a sharing of commissions except through a firm or independent partnership for which the representative acts.

25. No representative acting on behalf of a firm or an independent partnership may consult information held by that firm or partnership unless granted access in accordance with sections 91 and 92.

CHAPTER II

SPECIAL PROVISIONS

DIVISION I

INSURANCE REPRESENTATIVES

26. Insurance representatives must, when placing a risk with an insurer with which they have, or with which the independent partnership or firm for which they act has, a business relationship, disclose that relationship to the person with whom they are transacting business.

Any direct or indirect interest held by an insurer in the ownership of a firm or held by a firm in the ownership of an insurer, and the granting by an insurer of any benefit or other interest determined by regulation, constitutes a business relationship.

27. Insurance representatives must personally gather the information that is necessary to assess a client's needs, in order to propose the insurance product that best meets those needs.

28. Insurance representatives must, before making an insurance contract, describe the product to the client, specify the nature of the coverage and indicate clearly all exclusions.

29. No insurance representative may be assigned to current over-the-counter deposit and withdrawal transactions, or credit operations, except in connection with

- (1) credit referrals;
- (2) the provision of credit advice to a client with regard to the client's financial situation and needs;
- (3) the granting of credit for the purchase of an insurance product or for investment purposes;
- (4) any other credit operation determined by government order.

A counter is any place where current deposit and withdrawal transactions are effected for a financial institution.

The Government shall, before making an order under subparagraph 4 of the first paragraph, give the Bureau 60 days' advance notice.

30. No insurance representative acting on behalf of a firm or independent partnership may pursue activities as a representative in an establishment of the firm or partnership except in a place designated for that purpose where confidentiality is assured.

31. Representatives in insurance of persons, group insurance representatives and damage insurance brokers must, before offering an insurance product, disclose to the person with whom they are transacting business, in the manner prescribed by regulation, the names of the insurers whose products they are authorized to offer, together with the other information on those insurers prescribed by regulation.

32. Insurance representatives acting for a firm that is an insurer or that is bound by an exclusive contract with a single insurer must disclose that fact to the person with whom they are transacting business.

33. Where an insurer requires personal information of a medical or lifestyle-related nature in order to process an insurance proposal, the information must be collected using a form that is separate from the form used to collect the other information needed by the insurer.

34. A form used to collect information other than information of a medical or lifestyle-related nature may nevertheless contain a request for information

(1) on whether or not the client has, during the period mentioned in the form, consulted a health professional, received treatment or undergone test for any of the diseases listed on the form;

(2) on whether or not the client has, during the period mentioned in the form, been admitted to a hospital, clinic or health care institution.

A request for information must be formulated in such a way that the client's answer will not reveal the disease for which the client consulted a health professional, received treatment, underwent tests or was admitted to a hospital, clinic or health care institution.

35. Notwithstanding section 23, an insurance representative acting for a firm, other than an insurer, offering both credit and insurance must, once a form containing information of a medical or lifestyle-related nature has been completed by the client with or without the representative's assistance, forward it only to the insurer concerned. The representative may not keep a copy of the form, and may not disclose any information contained in the form to any other person.

36. Where an insured who has provided personal information of a medical or lifestyle-related nature sustains an insured loss and files a claim with the firm concerned, if it offers both credit and insurance, rather than with the insurer, no information that is brought to the attention of the insurance representative who assists the insured may be disclosed to any other person.

Notwithstanding section 23, the claim and all the required documents must be sent by the representative to the insurer only and no copy may be kept by the representative.

37. No information of a medical or lifestyle-related nature received from a client may be disclosed by an insurer to a firm offering both credit and insurance, even with the authorization of the client.

38. Damage insurance brokers offering insurance products directly to the public must offer their clients a range of products from several insurers.

39. Damage insurance agents and brokers must, when renewing an insurance policy, take the necessary steps to ensure that the coverage provided corresponds to the client's needs.

40. Damage insurance brokers who act as such for a firm or independent partnership that is authorized by an insurer to act as a claims adjuster must, before making an insurance contract, disclose that fact in writing to the person with whom they are transacting business.

41. Only a damage insurance broker acting for a firm, and who is authorized by the Bureau to act as a special broker on the conditions determined by regulation of the Bureau, may offer an insurance product from an outside insurer. The broker's certificate shall include the relevant particulars.

No broker may pursue such activities unless the firm has met the requirements set out in the second paragraph of section 77.

An outside insurer is an insurer in damage insurance that does not hold a licence issued pursuant to the Act respecting insurance.

42. No special broker may offer the products of an outside insurer, except in the fields of automobile insurance and surety insurance, unless justified by market scarcity.

43. Before placing a risk with an outside insurer, special brokers must give the client a written notice stating that the proposed insurer does not hold an insurance licence in Québec and has no establishment in Québec.

The written notice must, in addition, contain any other information determined by regulation.

DIVISION II

CLAIMS ADJUSTERS

44. No person may use the title of claims adjuster or an abbreviation of that title without holding the appropriate certificate issued by the Bureau.

The same rule applies with regard to the titles similar to the title of claims adjuster, and the abbreviations of those titles, determined by regulation.

45. No claims adjuster may be authorized to act in a sector other than claims adjustment.

46. Notwithstanding section 45, damage insurance agents and damage insurance brokers may qualify to act as claims adjusters in respect of policies purchased through the firm for which they act. The Bureau shall determine, by regulation, the circumstances in which such agents or brokers may act and the conditions of exercise with which they must comply.

47. Claims adjusters acting for an insurer must, when contacting a person having suffered an insured loss, inform the person that they are acting for the insurer.

48. Claims adjusters who offer their services to a claimant must propose two contracts, one providing for hourly remuneration and the other providing for percentage remuneration. The client may choose the most suitable contract.

49. The contract is binding on the claimant only from the time the claimant receives a copy of the contract.

50. The claimant may cancel the contract within 10 days of receiving it by sending a notice by registered or certified mail.

In such a case, the firm, the independent representative or the independent partnership may charge only the expenses incurred to prevent any further loss.

DIVISION III

SECURITIES REPRESENTATIVES

51. Securities representatives must, before offering a product, ensure that the product corresponds to the financial situation and investment objectives described by the client.

52. Securities representatives may not receive a payment made out to them, and must pay the amounts they collect for the firm for which they act into the trust account maintained by that firm.

53. Group savings representatives must, when offering shares or units in a mutual fund with which the firm for which they act has a business relationship, disclose that relationship to the person with whom they are transacting business.

Any direct or indirect interest held by a mutual fund in the ownership of a firm or held by a firm in the ownership of a mutual fund, and the granting by the mutual fund of any benefit or other interest determined by regulation of the Commission, constitutes a business relationship.

54. Securities representatives may, on the conditions prescribed by regulation of the Commission, offer permanent shares and preferred shares issued by a savings and credit union, federation or confederation governed by the Savings and Credit Unions Act (R.S.Q., chapter C-4.1) that are not exempted from the application of Titles II to VIII of the Securities Act.

55. No investment contract representative may offer investment contracts in respect of which the Commission, in issuing a receipt or prospectus exemption, imposes on the issuer the requirement that the investment contract be offered only by a dealer registered under the Securities Act.

DIVISION IV

FINANCIAL PLANNERS

56. Subject to section 60, no person may use the title of financial planner or purport to offer financial planning services without holding the appropriate certificate issued by the Bureau.

The same rule applies with regard to the titles similar to the title of financial planner, and the abbreviations of those titles, determined by regulation.

57. Only a person holding a diploma in financial planning issued by the Institut québécois de planification financière may obtain, from the Bureau, a certificate authorizing the person to use the title of financial planner.

58. The Institut québécois de planification financière shall determine the rules governing compulsory professional development in financial planning. The rules shall be submitted to the Government for approval with or without amendment.

CHAPTER III

FINANCIAL PLANNERS BELONGING TO A PROFESSIONAL ORDER

59. Each of the professional orders variously known as the Ordre professionnel des avocats du Québec, the Ordre professionnel des notaires du Québec, the Ordre professionnel des comptables agréés du Québec, the Ordre professionnel des comptables en management accrédités du Québec, the Ordre professionnel des comptables généraux licenciés du Québec and the Ordre professionnel des administrateurs agréés du Québec may enter into an agreement with the Bureau setting out the responsibilities of the order with regard to those of its members who wish to use the title of financial planner.

While such an agreement is in force, the provisions of this Act relating to financial planners, with the exception of the penal provisions, do not apply to such members.

60. The members of the order who hold a diploma in financial planning issued by the Institut québécois de planification financière are, for such time as they meet the requirements and comply with the rules determined by their order, authorized to use the title of financial planner during the term of the agreement.

61. The agreement shall set out the powers and obligations of the order concerning the management and supervision of its members when they pursue activities as financial planners.

The agreement shall also set out the rules of ethics and the professional requirements with which the members must comply.

62. The agreement must provide that the liability insurance that the order requires of its members, and the provisions relating to its indemnity fund, cover the acts of the members using the title of financial planner.

Every act performed by a member as a financial planner within the scope of an agreement is deemed to be an act performed as a member of the order to which the member belongs.

63. The agreement shall have a maximum term of five years, and may be renewed.

It may, following agreement, be amended at any time.

64. The Bureau may not refuse to enter into an agreement if the rules of ethics and the professional requirements submitted by an order are at least as stringent as those applicable to financial planners holding a certificate.

65. An order may require that those of its members who hold a diploma in financial planning undergo additional training, pass examinations or meet specific requirements in order to qualify to hold that title during the term of the agreement.

66. An order may require that those of its members who are authorized to use the title of financial planner pay specific annual dues.

67. Each order shall keep a register of those of its members who are authorized to use the title of financial planner. The register shall be kept available for public consultation.

68. Every member of an order who is authorized to use the title of financial planner and who fails to comply with a provision of the rules established by the order in respect of such a member, commits an offence that may be referred to the committee on discipline of the order concerned.

69. Where the Bureau considers that an order has failed to exercise the responsibilities assigned to it by agreement, the Bureau shall serve notice on the order at least 15 days in advance, stating the grounds that in its view justify the opinion and the order's right to present observations.

Where, after the order has presented or has failed to present its observations, the Bureau maintains its opinion that the order has failed to exercise the responsibilities assigned to it, the Bureau shall refer the matter to the Minister, stating the grounds on which its opinion is based.

In such a case, the Minister may terminate the agreement.

TITLE II

REGISTRATION

CHAPTER I

FIRMS

70. A firm is either a single-sector firm or a multi-sector firm.

A single-sector firm is a firm that offers products and services in a single sector through representatives.

A multi-sector firm is a firm that offers products and services in more than one sector.

71. No person may act as or purport to be a firm without being registered with the Bureau.

72. Only a legal person that maintains an establishment in Québec may register with the Bureau to act as a firm.

The following may, in particular, register as a firm :

- insurers ;
- banks governed by the Bank Act (Revised Statutes of Canada, 1985, chapter B-1.01) ;
- trust and loan companies within the meaning of the Trust and Loan Companies Act (Revised Statutes of Canada, 1985, chapter T-19.8) ;
- savings and credit unions within the meaning of the Savings and Credit Unions Act ;
- trust companies within the meaning of the Act respecting trust companies and savings companies (R.S.Q., chapter S-29.01) ;
- securities dealers or securities advisers registered under the Securities Act.

For the purposes of this Act, a Lloyd's insurer is deemed to be a legal person.

73. Insurers whose products are distributed solely by insurance representatives who are neither employed by the insurer nor bound to the insurer by an exclusive contract are not required to register with the Bureau when their products are offered by such representatives.

74. The Bureau shall register a legal person that meets the conditions established by this Act and the regulations and that provides the Bureau, in the manner prescribed by regulation, with the information and documents relating to each representative through whom the legal person intends to pursue activities, for each sector for which it is applying for registration, together with any other information or documents prescribed by regulation.

75. A firm is registered for a particular sector.

76. Legal persons who register as firms must establish that they have subscribed for liability insurance that is consistent with the requirements determined by regulation. They must also establish that every representative acting on their behalf without being an employee has liability insurance that is consistent with the requirements determined by regulation.

Where an insurance fund has been established, such legal persons and every representative acting for them without being an employee must, instead, pay the insurance premium fixed by the Bureau.

77. A legal person must, when registering, pay the contribution collected by the Bureau on behalf of the financial services compensation fund and the dues collected on behalf of the Chambers pursuant to section 278 and section 320, in addition to the fees required for registration.

A firm that is to offer products through a special broker must also furnish security to the Bureau, in the form of an insurance policy issued by an insurer in the amount determined by regulation to cover the obligations of the outside insurers concerned.

78. The Bureau may refuse registration for a given sector, or impose restrictions or conditions for registration, where the applicant's registration for any of the sectors listed in the second paragraph of section 13 has previously been cancelled, where the registration of a director or executive officer of the applicant has previously been cancelled, or where a director or executive officer of the applicant has previously been a partner in an independent partnership, or a director or executive officer of a firm, whose registration has previously been cancelled.

79. The Bureau may also refuse registration where the applicant for registration or a director or executive officer of the applicant does not, in the opinion of the Bureau, show the required honesty, competence or solvency.

80. A firm is responsible for any injury caused to a client by the fault of one of its representatives in the performance of the representative's functions.

However, the firm retains the remedies available to it against the representative concerned.

81. While registered, a firm must, annually, pay the fees prescribed by regulation to the Bureau.

The firm must also pay the contribution collected by the Bureau on behalf of the financial services compensation fund and the dues collected by the Bureau on behalf of the Chambers.

82. A firm may act in a given sector only through a representative in whose respect the firm has met the requirements set out in sections 74, 76 and 77.

No legal person that has failed to comply with the provisions of the first paragraph may claim or receive remuneration for products sold or services rendered during that period.

83. A firm must, while registered, maintain liability insurance that is consistent with the requirements determined by regulation or, if an insurance fund has been established, pay the insurance premium fixed by the Bureau. The firm must also ensure that every representative acting on its behalf without being an employee carries liability insurance that is consistent with the requirements determined by regulation or, if an insurance fund has been established, has paid the insurance premium fixed by the Bureau.

Notwithstanding sections 115 to 125, the Bureau shall suspend or, if the offence is not a first offence, may cancel the registration of a firm that fails to maintain liability insurance or to pay the premium fixed, or that acts through a representative who is not an employee and has no liability insurance or has not paid the premium fixed by the Bureau.

84. All firms and their executive officers are bound to act with honesty and loyalty in dealings with clients.

They must act with care and competence.

85. A firm and its executive officers shall oversee the conduct of the firm's representatives. They shall ensure that the representatives comply with this Act and the regulations.

86. The firm shall ensure that its executive officers and employees comply with this Act and the regulations.

87. In no case may a firm or its officers help or, by encouragement, advice or consent, or by an authorization or order, induce another firm, an independent representative or an independent partnership to infringe any provision of this Act or the regulations.

88. Each firm shall keep, in Québec, the records relating to its clients, in accordance with the regulations.

The firm shall keep, in Québec, all the documents and information supplied by its representatives, and make them accessible to the Bureau in the manner determined by the Bureau.

89. Each firm registered for an insurance sector shall, unless it has obtained consent from a client under section 92, keep its insurance records separately from its other records in accordance with the regulations.

The requirement to keep such records separately shall not operate to require a firm to maintain separate computer systems.

90. Each firm shall keep the information relating to its clients for the minimum period determined by regulation.

91. Each firm must ensure that its representatives have access only to the information necessary for the pursuit of their activities.

92. No firm, even a firm that on *(insert here the date of coming into force of section 582)* holds a client's consent to use information on the client held by the firm for purposes unrelated to the object of the file for which the information was collected, may allow one of its representatives to have access to such information unless the client's specific consent is obtained for that purpose.

Specific consent is consent given in a form used solely for that purpose that authorizes a firm to allow one of its representatives to have access to information on the client held by the firm.

93. A firm must, when seeking specific consent from a client, give the client a notice drawn up in the manner prescribed by regulation of the Bureau stating that the client is free to give consent and may revoke it at any time.

94. No firm may refuse to do business with a client on the sole ground that the client refuses to provide it with specific consent.

95. Notwithstanding sections 23 and 24 of the Deposit Insurance Act (R.S.Q., chapter A-26), a firm may, through an insurance representative or securities representative, collect deposits for a deposit institution. No cash deposit may be received by such a representative.

All deposits so collected must be deposited with the deposit institution for which the firm is acting.

96. A firm may, on the conditions prescribed by regulation, engage in brokerage activities in connection with loans secured by immovable hypothec through an insurance representative or securities representative.

97. Only a firm may, in a sector for which the firm is registered, grant a concession to another firm authorizing the operation of a franchise.

98. A firm acting through a securities representative must maintain at all times, in accordance with the regulations made by the Commission, the financial resources necessary to ensure the viability of the firm's business.

99. A firm acting through a securities representative must establish and maintain a trust account in accordance with the regulations of the Commission.

100. A firm may share a commission it receives only with another firm, an independent representative or independent partnership, a real estate broker governed by the Real Estate Brokerage Act (R.S.Q., chapter C-73.1), a securities dealer or securities adviser governed by the Securities Act, a deposit institution, an insurer or a confederation within the meaning of the Savings and Credit Unions Act.

The commission shall be shared in the manner determined by regulation.

The firm shall enter every sharing of a commission in a register, in accordance with the regulations.

101. Notwithstanding section 56, a single-sector firm or an independent partnership all the representatives of which are financial planners may make itself known as a financial planning firm or partnership.

Only financial planners or firms or independent partnerships acting through a financial planner may make themselves known as offering financial planning services.

102. Any insurance premium paid to a firm or to a representative of a firm for the account of an insurer is deemed to have been paid directly to the insurer.

The obligations of an insurer who pays sums of money to a firm for the account of an insured or the beneficiary of an insured are discharged only when the insured or beneficiary receives the money.

103. A firm shall keep a register of the complaints received from its clients in the manner prescribed by regulation. The firm must deal with each complaint with diligence in accordance with the rules determined by regulation.

104. A firm that terminates its association with a representative must inform the Bureau, in writing, without delay.

If the firm terminates its association with a representative for reasons relating to the representative's activities, it must inform the Bureau of those reasons.

A firm that informs the Bureau of such reasons incurs no civil liability thereby.

105. A firm that ceases to do business with an independent representative or independent partnership for reasons relating to the representative's or the partnership's activities must inform the Bureau of those reasons.

A firm that informs the Bureau of such reasons incurs no civil liability thereby.

106. A firm must, at the request of the Bureau, forward any document or information concerning its activities that is required by the Bureau.

107. The Bureau may inspect a firm as often as it considers necessary to ensure compliance with this Act and the regulations.

108. Inspectors must produce identification on request and show evidence of their authority issued by the Bureau.

109. Inspectors may

- (1) have access, at any reasonable time, to any of a firm's establishments ;
- (2) examine and make copies of the firm's books, registers, accounts, records and other documents ;
- (3) require any document relating to the firm's activities.

Every person having custody, possession or control of such books, registers, accounts, records and other documents must, at the request of the inspector, produce them and allow them to be examined.

110. Inspectors may verify access rights for any computer system to ensure that only authorized persons have access to information.

111. No person may hinder the work of an inspector, in particular by misleading the inspector.

112. The documents, books, registers, accounts and records that the Bureau or the inspector may require must be produced whatever their storage medium and whatever the means by which they may be accessed.

113. The inspector shall report his or her findings regarding the manner in which the firm concerned protects the personal information relating to its clients to the Commission d'accès à l'information established by the Act respecting Access to documents held by public bodies and the Protection of personal information (R.S.Q., chapter A-2.1).

114. As part of an inspection of the Bureau under Chapter I of Title VII, the Commission may inspect a firm.

Sections 106 to 113, adapted as required, apply to such an inspection.

The members of the Commission, the personnel of the Commission and the persons designated by the Commission to conduct inspections may not be prosecuted by reason of acts performed in good faith in the performance of their duties.

115. The Bureau may cancel a firm's registration for a given sector, suspend registration or subject it to restrictions or conditions, where it considers that the firm is failing to comply with the provisions of this Act or the regulations, or where necessary in order to protect the public.

The Bureau may also impose a penalty on the firm up to an amount not exceeding \$100,000.

116. The Bureau may establish committees composed of three of its members to rule on the application of section 115.

117. The Bureau shall serve notice on the firm at least 15 days in advance of the date on which the firm may present its observations.

The notice shall set out the allegations made against the firm.

118. The co-syndic designated by the Commission pursuant to section 327 may intervene at any meeting at which a firm presents its observations if the firm is registered for a securities sector.

119. A decision made under section 115 or 116 by the Bureau or by a committee established by the Bureau, in respect of a firm that is not registered for a securities sector, may be appealed to the Court of Québec.

Sections 326 to 328 and 330 of the Securities Act, adapted as required, apply to the appeal.

120. A decision made under section 115 or 116 by the Bureau or by a committee established by the Bureau, in respect of a firm registered for a securities sector, may be appealed to the Commission.

The appeal may be brought by the co-syndic.

121. An appeal shall not suspend a contested decision, unless a judge of the Court of Québec or, as the case may be, the Commission decides otherwise.

122. The appeal is brought by filing a notice of appeal with the secretary of the Bureau within 30 days of the date of service of the contested decision.

The notice must be accompanied by a transcription of the stenographic record of the meeting at which the firm presented its observations.

123. Where the appellant cannot obtain a transcription of the stenographic record within the time set out in section 122, an application for extension may be submitted to the Bureau.

124. The secretary of the Bureau shall transmit the record to the Court of Québec or, as the case may be, to the Commission.

125. Sections 324 to 330 of the Securities Act apply to a decision made by the Commission.

126. A firm that wishes to terminate its activities in a given sector must apply to the Bureau for the revocation of its registration for that sector.

The Bureau may make the revocation subject to the conditions it determines.

Despite the registration revocation, the Bureau shall retain jurisdiction with regard to acts performed prior to the revocation.

127. A firm whose registration has been cancelled or revoked for a given sector must return the records, books and registers relating to that sector to the Bureau.

The Bureau shall determine the manner of disposing of such records, books and registers.

The firm may, with the authorization of the Bureau, dispose of the records, books and registers otherwise, rather than return them to the Bureau.

CHAPTER II

INDEPENDENT REPRESENTATIVES AND INDEPENDENT PARTNERSHIPS

128. Insurance representatives in insurance of persons and group insurance representatives, other than those referred to in section 32, damage insurance brokers, financial planners and claims adjusters who do not act for a firm and who are not a partner or employee of an independent partnership must, in order to pursue their activities, register with the Bureau as an independent representative in each sector or class of sectors, other than a securities sector, in which they are authorized to act pursuant to a certificate.

A partnership all the partners of which are representatives mentioned in the first paragraph may register with the Bureau to act through its partners as an independent partnership in each sector, other than a securities sector, for which one of its partners is authorized to act.

129. No deposit institution may offer financial products or services in any of its establishments through an independent representative or independent partnership.

130. A partnership applying for registration as an independent partnership must designate one partner to represent the partnership in dealings with the Bureau. Once registration is issued, that partner shall become the partnership's Bureau correspondent.

The partnership may designate another partner, at any time, to act as its Bureau correspondent. The change shall take effect on the date on which the Bureau receives notification of the change.

131. Representatives who register as independent representatives must establish that they have subscribed for liability insurance that is consistent with the requirements determined by regulation.

Where an insurance fund has been established by the Bureau, the representatives must, instead, pay the insurance premium fixed by the Bureau.

Partnerships that register as independent partnerships must do likewise with respect to their partners and the representatives employed by them.

132. The Bureau may refuse to register an applicant as an independent representative or impose restrictions or conditions for registration where the applicant's registration for that sector has previously been cancelled.

The Bureau may also refuse to register a partnership for a particular sector where the registration of one of the partners has previously been cancelled, or where one of the partners was previously a partner in an independent partnership or a director or executive officer of a firm whose registration has previously been cancelled.

133. Representatives who register as independent representatives must pay the contribution collected by the Bureau on behalf of the financial services compensation fund and the dues collected on behalf of the Chambers, in addition to the fees required for registration.

A partnership registered as an independent partnership must make such payments in respect of each partner and each representative employed by it.

134. An independent partnership may, at any time, employ a representative to pursue activities in a sector for which the partnership is registered. The partnership may act through the representative as soon as the requirements set out in sections 131 and 133 have been met.

135. While registered, independent representatives and independent partnerships must, annually, pay the fees prescribed by regulation to the Bureau.

Independent representatives must also pay the contribution collected by the Bureau on behalf of the financial services compensation fund and the dues collected on behalf of the Chambers.

An independent partnership must make such payments in respect of each partner and each representative employed by it.

136. Independent representatives must, while registered, maintain liability insurance that is consistent with the requirements determined by regulation or, if an insurance fund has been established, pay the insurance premium fixed by the Bureau.

Independent partnerships must do likewise with respect to their partners and the representatives they employ.

Notwithstanding sections 115 to 125, the Bureau shall suspend or, if the offence is not a first offence, may cancel the registration of an independent representative that fails to maintain liability insurance or to pay the premium fixed.

137. An independent partnership must oversee the conduct of its representatives. It must ensure that its representatives and employees comply with this Act and the regulations.

138. In no case may an independent representative or a representative who is a partner in or employee of an independent partnership help or, by encouragement, advice or consent, or by an authorization or order, induce a representative, a firm or an independent partnership to infringe any provision of this Act or the regulations.

139. Each independent representative and independent partnership shall keep client-related records in Québec, in accordance with the regulations, in a place that is the establishment of the representative or the partnership, and shall inform the Bureau of the location and address of that place.

The information collected on clients by an independent representative shall be conserved and made accessible to the Bureau, and may be disclosed only to an insurer whose products are offered by the independent representative or to a person to whom disclosure is authorized by law. Where a financial planner is registered as an independent representative, the information may only be disclosed to a person to whom disclosure is authorized by law.

The same requirements apply to an independent partnership.

140. Each independent partnership registered for an insurance sector shall, unless it has received consent from a client under section 92, keep its insurance records separately from its other records, in accordance with the regulations.

The requirement to keep such records separately shall not operate to require an independent partnership to maintain separate computer systems.

141. Independent representatives registered for an insurance sector and independent partnerships acting through an insurance representative may, on the conditions prescribed by regulation, engage in brokerage operations relating to loans secured by immovable hypothec.

142. Independent representatives registered for an insurance sector and independent partnerships acting through an insurance representative may, notwithstanding sections 23 and 24 of the Deposit Insurance Act, receive deposits on behalf of a deposit institution. No such representative may, however, receive a deposit of money.

Such deposits must be deposited with the deposit institution on whose behalf the representative acts.

143. No independent representative or independent partnership may share a commission except with another independent representative or independent partnership, a firm that is not a deposit institution or a real estate broker governed by the Real Estate Brokerage Act.

The commission shall be shared in accordance with the procedure determined by regulation.

Independent representatives and independent partnerships shall enter every sharing of a commission in a register in the manner prescribed by regulation.

144. An independent partnership must inform the Bureau immediately, in writing, when the employment of a representative is terminated or when a partner leaves the partnership.

Where the employment is terminated or the partner leaves the partnership for reasons relating to the pursuit of the representative's or the partner's activities, the partnership must inform the Bureau of those reasons.

A partnership that informs the Bureau of such reasons incurs no civil liability thereby.

145. Where the Bureau or one of its committees holds a meeting to allow an independent representative to present observations regarding an alleged offence, the co-syndic designated by the Commission may intervene if the independent representative is also authorized to act in a securities sector.

In the case of an independent partnership, the co-syndic may intervene where one of the partners or employees of the partnership is authorized to act in a securities sector.

146. Sections 74, 75, 102, 103, 106 to 113, 115 to 117 and 119 to 127, adapted as required, apply to independent representatives.

The first paragraph of section 72 and sections 74, 75, 79, 82, 84, 90, 91, 102, 103, 106 to 113, 115 to 117 and 119 to 127, adapted as required, apply to independent partnerships.

CHAPTER III

OWNERSHIP OF DAMAGE INSURANCE FIRMS

147. For the purposes of this chapter,

— "*financial institution*" means a financial institution other than an insurer engaging exclusively in the business of reinsurance ;

— “*firm*” means a firm registered for the damage insurance sector that acts through a damage insurance broker and does not engage exclusively in the business of reinsurance ;

— “*financial group*” means the group composed of all or some of the following legal persons : a confederation governed by the Savings and Credit Unions Act, the federations that are members thereof, legal persons affiliated with the confederation or federations, and any other legal person that is a member thereof.

Any other group of legal persons composed of a financial institution and a legal person affiliated with the financial institution is also a financial group ;

— “*affiliated legal person*” means a legal person that is controlled by or that controls another legal person.

A legal person affiliated with another legal person is deemed to be affiliated with any other legal person affiliated with that legal person ;

— “*controlled legal person*” means a legal person in which more than 50% of the voting rights attached to its shares are held directly or indirectly by another legal person, or a majority of the directors of which can be elected by another legal person ;

— “*legal person related to a financial institution*” or “*legal person related to a financial group*” means a legal person in which more than 20% of the shares or voting rights attached to the shares are held directly or indirectly by financial institutions or financial groups.

148. Not more than 20% of the shares of a firm or voting rights attached to its shares may be held directly or indirectly by financial institutions, financial groups or legal persons related thereto.

However, the first paragraph shall not operate to prevent a firm from allotting its shares or registering a transfer of its shares to give effect to a contract entered into before 21 December 1988.

149. No financial institution, financial group or related legal person may use a name previously used by an independent representative having pursued activities as a damage insurance broker or the name of an independent partnership or firm having pursued activities through a damage insurance broker.

150. A firm that is not in compliance with the provisions of section 148 may not act through a damage insurance broker or purport to be acting through a damage insurance broker.

151. Section 150 does not apply, in relation to the percentage of shares, to a firm incorporated in Canada if the firm's shares were listed on a Canadian stock exchange on 21 December 1988.

Section 150 does not apply to a firm the shares of which are held

(1) by another firm incorporated in Canada the shares of which were listed on a Canadian stock exchange on 21 December 1988, as long as that firm does not become, in relation to the percentage of voting rights, a related legal person; or

(2) by a legal person incorporated in Canada the shares of which were listed on a Canadian stock exchange on 21 December 1988 and that on that date controlled a firm referred to in the first paragraph, as long as that legal person does not become, in relation to the percentage of voting rights, a related legal person.

152. Section 150 does not apply to a firm referred to therein where the percentage of shares or voting rights attached to its shares exceeded 20% on 21 December 1988. However, the percentage may not be increased except to give effect to a contract entered into before 21 December 1988.

Where, on or after 22 December 1988, a firm referred to in the first paragraph allots its shares or registers a transfer of its shares and the effect thereof is to reduce the percentage of its shares or voting rights attached to its shares held directly or indirectly by financial institutions, financial groups or related legal persons, the new percentage shall become the highest percentage of shares or voting rights attached to the shares that may be held directly or indirectly by financial institutions, financial groups or related legal persons. However, this paragraph shall not operate to prevent a firm from allotting its shares or registering a transfer of its shares to give effect to a contract entered into before 21 December 1988.

The first and second paragraphs shall cease to apply to a firm referred to therein if the percentage of shares or voting rights attached to the shares reaches 20%.

153. No firm referred to in the first paragraph of section 152 may, as long as more than 20% of its shares or voting rights attached to its shares are held directly or indirectly by financial institutions, financial groups or related legal persons, directly or indirectly hold shares in another firm or, on or after 11 May 1989, grant it a concession or acquire its business.

A firm referred to in the first paragraph that on 21 December 1988 holds, directly or indirectly, shares of another firm may continue to hold those shares. However, the percentage of such shares may not be increased on or after 22 December 1988, and the percentage of voting rights attached to such shares may not be increased on or after 11 May 1989 and, if either percentage is decreased on or after the applicable date, the new percentage shall become

the highest percentage of such shares or such voting rights that the firm may hold, as long as more than 20% of its shares or voting rights attached to its shares are held directly or indirectly by financial institutions, financial groups or related legal persons.

The first and second paragraphs do not apply to a firm incorporated in Canada the shares of which are listed on a Canadian stock exchange on 21 December 1988.

154. A firm that is not in compliance with the provisions of section 152 or 153 may not act through a damage insurance broker or purport to be acting through a damage insurance broker.

155. Section 148 does not apply to a firm the shares of which are listed on a stock exchange.

However, not more than 49% of the shares of such a firm or voting rights attached to its shares may be held directly or indirectly by a financial institution, financial group or legal person related thereto.

156. No firm referred to in section 155 may, as long as more than 49% of its shares or voting rights attached to its shares are held, directly or indirectly, by a financial institution, financial group or legal person related thereto, directly or indirectly hold the shares of another firm, grant it a concession or acquire its business.

157. A firm referred to in section 155 that is not in compliance with sections 155 and 156 may not act through a damage insurance broker or purport to be acting through a damage insurance broker.

TITLE III

FINANCIAL SERVICES BUREAU

CHAPTER I

ESTABLISHMENT AND ORGANIZATION

158. A financial services bureau is hereby established under the name “Bureau des services financiers”.

159. The Bureau is a legal person.

160. The Bureau is not a public body, government body, public agency, government agency or government corporation within the meaning of the Financial Administration Act (R.S.Q., chapter A-6), the Act respecting the Ministère des Affaires internationales, de l’Immigration et des Communautés culturelles (R.S.Q., chapter M-21.1), the Act respecting the Ministère du Conseil exécutif (R.S.Q., chapter M-30) or the Auditor General Act (R.S.Q., chapter V-5.01).

The Regulations Act (R.S.Q., chapter R-18.1) applies to the Bureau, the Commission and the Chambers only with respect to regulations that must be submitted for approval to the Government.

161. The Bureau shall have its head office in the capital of Québec at the place it determines. Notice of the location of the head office, and of any change in its location, shall be published in the *Gazette officielle du Québec*.

162. The affairs of the Bureau shall be administered by a board consisting of 15 members. Ten members shall be appointed by the Minister, including the president and vice-president, and five members shall be designated in accordance with sections 296, 297 and 301.

Five of the members appointed by the Minister shall be selected to represent the general public, and five shall be selected from the financial planning sector, insurers in insurance of persons and damage insurance, deposit institutions and group savings organizations.

163. The president shall be appointed for a term not exceeding five years.

The other members of the board shall be appointed for a three-year term.

164. The president shall serve in a full-time capacity.

The Government shall fix the remuneration, employment benefits and other conditions of employment of the president.

165. The other members of the board shall receive no remuneration, except in the cases, on the conditions and to the extent determined by the Bureau's internal management by-law. They shall, however, be entitled to an attendance allowance and to the reimbursement of the expenses incurred in the performance of their duties on the conditions and to the extent determined by the internal management by-law.

The vice-president, when replacing the president, is entitled to receive the remuneration provided for in the internal management by-law.

166. At the expiry of their term, the members shall continue to serve on the board until reappointed or replaced.

167. A vacancy in a position held by a member appointed by the Minister shall be filled for the unexpired portion of the term of the member to be replaced. If less than one year remains, the new member may be appointed for the applicable term plus the unexpired portion of the term of the member to be replaced.

Every other vacancy shall be filled in accordance with section 301.

168. A vacancy occurs, in particular, when a member fails to attend the number of meetings determined by the internal management by-law, in the cases and circumstances indicated in the by-law.

169. The meetings of the board shall be chaired by the president. The president shall represent the Bureau and supervise its activities.

When the president is absent or unable to act, the vice-president shall perform the duties of president.

170. The Bureau may hold its meetings at any place in Québec.

171. The quorum of the board is eight members.

172. A decision of the board is made by a majority vote of the members present.

Where there is a tie-vote, the member chairing the meeting shall have the casting vote.

The members may take part in a meeting using any means of communication that allows all the participants to communicate orally, such as the telephone.

173. Where both the president and the vice-president are absent or unable to act, the members present at a meeting shall designate one of their number to chair the meeting.

174. A decision signed by all the members of the board entitled to vote has the same value as a decision made at a meeting of the board.

175. A member of the board who is in a situation of conflict of interest must, on pain of forfeiture of office, disclose the situation, refrain from voting on any question concerning the situation, and avoid influencing any decision relating to the situation. The member must, in addition, withdraw from a meeting during any discussion or vote relating to the situation.

Articles 838 to 840 of the Code of Civil Procedure (R.S.Q., chapter C-25), adapted as required, apply to a motion to terminate the term of office of a board member. The decision of the court is executory and final and may not be appealed.

176. The board shall appoint a director general and a secretary.

It may also retain the services of the personnel it needs to pursue its activities.

177. The director general, the secretary and the other employees shall be appointed and remunerated according to the standards, scales and staffing plan established by regulation.

178. The director general is responsible for the management of the Bureau.

179. The Act respecting the disclosure of the compensation received by the executive officers of certain legal persons (1997, chapter 61) applies to the Bureau. For that purpose, the Bureau is considered to be a legal person to which section 1 of the said Act applies. However, the statement of remuneration must be included in its annual report.

180. The Bureau shall determine, by by-law, the rules of ethics and the penalties applicable to its personnel.

181. On the written requisition of five members of the board, the secretary shall convene a special meeting.

182. The Bureau may establish committees, consisting of the persons it designates, to examine the questions it submits. Each such committee shall gather the relevant information and report its observations and recommendations to the Bureau.

183. The members of the board of the Bureau, the personnel of the Bureau and the persons designated by the Bureau to conduct inspections may not be prosecuted by reason of acts performed in good faith in the performance of their duties.

CHAPTER II

FUNCTIONS AND POWERS

184. The mission of the Bureau is to ensure public protection in the fields of activity under its authority.

The Bureau shall ensure compliance with this Act and the regulations governing certificate holders, firms, independent representatives and independent partnerships.

185. The Bureau may make recommendations to the Minister concerning any question relating to the distribution of financial products and services.

The Bureau must advise the Minister on any question submitted by the Minister relating to the matters that fall within its jurisdiction.

186. The Bureau shall receive the complaints made against certificate holders, firms, independent representatives and independent partnerships.

The Bureau shall also act as an information and referral centre in the field of insurance.

187. The Bureau shall also receive the complaints made against distributors.

The Bureau shall investigate complaints of a penal nature and, where it considers that there exists sufficient evidence that an offence has been committed, it shall institute proceedings.

The Bureau shall examine complaints of a civil nature and may forward them to the distributor and insurer concerned.

The Bureau shall, in a periodic report published in its bulletin, state the types of civil complaints it has received.

188. The Bureau shall forward every complaint it receives concerning a representative to the syndic having jurisdiction or to the co-syndic, together with any relevant information or document relating to the complaint.

189. The Bureau may enter into agreements with the Government, a government body, a professional order and any other person in Québec.

The Bureau may, after obtaining the advice of the Commission, enter into agreements authorized by law with any commission, council, bureau, office or any person that, under the legislation of a province or state or of another country, is empowered to supervise or regulate matters similar to those within its jurisdiction, in order to facilitate the administration of this Act.

The agreement may provide for the exchange of personal information to prevent, detect or repress violations of the law.

190. The Bureau may enter into an agreement with the Institut québécois de planification financière concerning professional development in financial planning.

191. The Bureau may exchange personal information with a syndic or the co-syndic for the purpose of detecting or repressing offences under this Act or the regulations.

192. The Bureau may obtain any information necessary for the exercise of its functions from a Chamber, a syndic or the co-syndic.

193. The Bureau shall publish, periodically, an information bulletin to inform representatives, firms, and independent representatives and independent partnerships, as well as the general public, about its activities. The bulletin must, in particular, include the roll of hearings of the discipline committees, a summary of the decisions made by the Bureau in respect of firms, independent representatives and independent partnerships and restricted certificate holders, the decisions made by its discipline committees and the decisions made on appeal by the Commission, together with a summary of the Bureau's report on activities and of the reports of the fund and the Chambers.

194. The Bureau shall publish, in the bulletin, every draft regulation prepared by the Bureau, the Commission, the financial services compensation fund or the Chambers.

Every draft regulation must be published with a notice stating the time that must elapse before the draft regulation may be made or be submitted for approval.

The Bureau shall also publish all regulations in the bulletin.

195. The Bureau shall adopt separately those of its regulations that must be submitted for approval to the Government or to the Commission.

The Commission shall adopt separately those of its regulations that are to be submitted for approval to the Government.

196. The Bureau may determine by regulation, for each sector and class of sectors, the requirements with which the liability insurance contracts of firms, representatives acting on behalf of a firm without being employees, independent representatives and independent partnerships must be consistent.

The regulation may, in particular, prescribe the extent of coverage, the amount covered per claim, the amount of the deductible and the notice that must be given before a contract is cancelled.

The regulation must be submitted to the Government for approval with or without amendment.

197. Insurers must, within the time prescribed by regulation, advise the Bureau of their intention not to renew or to cancel the liability insurance contract of an independent representative, independent partnership or firm.

Insurers must also advise the Bureau upon receiving a notice cancelling such a contract from an independent representative, independent partnership or firm.

Independent representatives, independent partnerships and firms must, at least 30 days before the date of expiry of their liability insurance contract, either renew the contract or make a contract with another insurer for a period of at least one year beginning on the day following the date of expiry.

198. The Bureau may establish an insurance fund and require firms, representatives acting for firms without being employees, independent representatives and independent partnerships to subscribe to it.

The Bureau shall fix, by regulation, the premium to be paid by each firm, independent representative or independent partnership on the basis of the number of representatives involved, the risk presented by each sector or class of sectors, the fact that a trust fund is or is not maintained and any other criteria determined in the regulation.

The regulation shall be submitted to the Government for approval with or without amendment.

Sections 174.1 to 174.11 and 174.13 to 174.18 of the Act respecting insurance, adapted as required, apply to any insurance fund established by the Bureau.

The Bureau is, in such a case, an insurer within the meaning of the Act respecting insurance.

199. The insurance fund established by the Bureau shall be authorized to offer liability insurance to any person whose activities relate to a sector to which this Act applies.

200. The Bureau, with regard to insurance representatives, claims adjusters and financial planners, and the Commission, with regard to securities representatives, may make regulations to determine, for each sector,

(1) the minimum qualifications required to obtain a certificate, the courses that an applicant for a certificate must take, and the rules relating to the preparation and passing of prescribed examinations ;

(2) the cases in which the requirements of paragraph 1 do not apply ;

(3) the rules relating to compulsory training periods, the acts that trainees may perform during training periods, notwithstanding section 12, and the rules relating to the obligations of training supervisors ;

(4) the cases in which training periods are not compulsory ;

(5) the other conditions for obtaining a certificate ;

(6) the titles or abbreviations that a representative may use, the rules for obtaining authorization to use such titles and abbreviations, and the rules relating to their use ;

(7) the various classes of sectors ;

(8) the information that a representative must disclose to a person from whom the representative requires compensation, and the manner of disclosing the information ;

(9) the information and documents that a representative or prospective representative must furnish.

201. The Commission may, after consulting the chamber of financial products, make a regulation to determine the rules of ethics applicable to securities representatives.

The regulation shall be submitted to the Government for approval with or without amendment.

202. The Bureau, with regard to insurance representatives, claims adjusters and financial planners, and the Commission, with regard to securities representatives, may make regulations to determine, for each sector,

(1) the occupations that are incompatible with the pursuit of activities as a representative ;

(2) the conditions and restrictions that apply to the pursuit of activities as a representative ;

(3) the rules applicable to client solicitation and the representations made by representatives ;

(4) the product information that representatives must give to clients, and the manner of giving such information.

A regulation made under the first paragraph must be submitted to the Government for approval with or without amendment.

203. The Bureau may, for each sector, make regulations to determine

(1) the term of a representative's certificate ;

(2) the fees payable by a representative for the issue and renewal of a certificate ;

(3) the rules and procedure governing the issue and renewal of certificates ;

(4) the particulars that a certificate may contain ;

(5) the forms that must be used to meet a requirement prescribed by regulation, the medium of such forms, and the manner in which they are to be used ;

(6) the manner in which and time within which the Bureau must be informed by a representative of any change affecting the information entered in the register in respect of that representative.

A regulation made under subparagraph 2 of the first paragraph shall be submitted to the Government for approval with or without amendment.

204. The Bureau and the Commission may exercise the powers conferred on them by sections 200 to 203 according to such classes of sectors as they may determine.

205. The Bureau, with regard to insurance representatives, claims adjusters and financial planners, and the Commission, with regard to securities representatives, may allow representatives in a given sector to pursue activities in Québec from a base in another province or another country, and fix the professional requirements for the pursuit of such activities.

206. The Bureau may, by regulation, determine the conditions to be met by an insurance representative or securities representative before engaging in brokerage operations in connection with loans secured by immovable hypothec.

207. The Bureau may, by regulation, determine what constitutes a business relationship and the rules relating to the disclosure of business relationships for the purposes of section 26.

The Commission may, similarly, make a regulation for the purposes of section 53.

208. The Bureau may, by regulation, determine the information that must be disclosed by representatives in insurance of persons, group insurance representatives and damage insurance brokers to the person with whom they are transacting business concerning the insurers whose products they offer, and the manner in which the information must be disclosed.

209. The Bureau may, by regulation, determine the form and content of notices under sections 19 and 22 and the form and the content of forms for seeking specific consent under section 93.

210. The Bureau may, by regulation, determine the rules for drafting and presenting distribution guides.

211. The Bureau may, by regulation, determine the formalities, conditions and restrictions that apply to representatives in insurance of persons upon replacing an insurance policy.

212. The Bureau may, by regulation, determine

(1) the conditions to be met by a damage insurance broker in order to be authorized to act as a special broker, and the documents and reports that the broker must send to the Bureau ;

(2) the amount or method of calculating the security that the firm for which such a broker is acting must furnish to the Bureau to secure the obligations of the outside insurers whose products are distributed by the broker ;

(3) the information that the broker must give to clients in writing before placing a risk.

213. The Bureau may, by regulation, determine the circumstances under which a damage insurance agent or a damage insurance broker may be authorized to act as a claims adjuster and the conditions of exercise with which the agent or broker must comply.

Such a regulation may provide for rules that differ according to whether they apply to a damage insurance agent or a damage insurance broker.

214. The Commission may, by regulation, determine the conditions to be met by a securities representative offering permanent shares and preferred shares issued by a credit union, federation or confederation governed by the Savings and Credit Unions Act that are not exempted from the application of Titles II to VIII of the Securities Act.

215. The Bureau may, by regulation, determine the titles similar to the title of financial planner or claims adjuster, and the abbreviations, that may not be used.

216. The Bureau may, by regulation,

(1) determine special rules applicable to a natural person who, in accordance with the legislation of another province or state or of another country, acts as an insurance representative or claims adjuster and applies for a certificate to act as such in Québec;

(2) determine the activities that such a person may pursue;

(3) set conditions and restrictions applicable to the pursuit of such activities.

217. Regulations made under sections 206, 207, 211 to 213, 214, 215 and 216 shall be submitted to the Government for approval with or without amendment.

218. The Bureau may cancel, suspend or impose restrictions or conditions on a certificate where the certificate holder

(1) has made an assignment of property or has been placed under a receiving order pursuant to the Bankruptcy and Insolvency Act (Revised Statutes of Canada, 1985, chapter B-3);

(2) has been convicted by a court inside or outside Canada of a criminal act or indictable offence which, in the opinion of the Bureau, is linked to the pursuit of the activity of representative, or has pleaded guilty to such an act or offence;

(3) has been assigned a tutor, curator or adviser.

219. The Bureau may, for a given sector, refuse to issue or renew a certificate or impose restrictions or conditions on the certificate

(1) where the applicant's certificate or right to transact business, in a sector referred to in the second paragraph of section 13, has previously been cancelled or suspended, or where restrictions or conditions have previously been imposed on the applicant's certificate, by the discipline committee or by a body in Québec, another province or another state that is responsible for supervising and monitoring persons acting as representatives ;

(2) where the applicant has previously been convicted by a court inside or outside Canada of an indictable offence or criminal act which, in the opinion of the Bureau, is linked to the pursuit of the activity of representative, or has pleaded guilty to such an offence or act ;

(3) where the applicant has been assigned a tutor, curator or adviser ;

(4) where the applicant has made an assignment of property or has been placed under a receiving order pursuant to the Bankruptcy and Insolvency Act.

220. The Bureau may, for a given sector, refuse to issue a certificate where in its opinion the applicant does not possess the degree of honesty it considers necessary to pursue activities in that sector, or is in a situation it considers to be incompatible with the pursuit of activities in that sector.

221. The Bureau may establish committees consisting of three of its members to rule on the application of sections 218 to 220.

222. A certificate issued by the Bureau must specify each sector or class of sectors for which the holder is authorized to act, together with the conditions and restrictions to which the holder is subject.

223. The Bureau may, by regulation, determine for each sector

(1) the rules applicable to the registration of firms, independent representatives and independent partnerships ;

(2) the experience required of a representative in order to register as an independent representative or become a partner in or employee of an independent partnership ;

(3) the cases in which the requirements prescribed under subparagraph 2 do not apply ;

(4) the information and documents to be provided by applicants for registration ;

(5) the rules relating to maintenance of registration ;

(6) the rules applicable to client solicitation ;

(7) the rules relating to advertisements and representations made by firms, independent representatives and independent partnerships, and the elements they may contain;

(8) the rules relating to the keeping of records, the register of commissions and the register of complaints;

(9) the manner in which commissions are to be shared, and the rules relating to their entry in the register;

(10) the rules to be followed by firms, independent representatives and independent partnerships in dealing with complaints from clients;

(11) the nature, form and content of the books and other registers to be kept by firms, independent representatives and independent partnerships;

(12) the rules relating to the use, conservation and destruction of the records, books and registers to be kept by firms, independent representatives and independent partnerships;

(13) the titles and abbreviations under which a firm, an independent representative or an independent partnership may make itself known;

(14) the forms that firms, independent representatives and independent partnerships must use to meet a requirement prescribed by regulation, the medium of such forms, and the manner in which they are to be used;

(15) the procedure by which and time within which firms, independent representatives and independent partnerships must advise the Bureau of any change affecting the information entered in the register in their respect.

A regulation made under subparagraph 2, 3 or 6 to 10 of the first paragraph must be submitted to the Government for approval with or without amendment.

A regulation made under subparagraph 11 or 12 of the first paragraph must be submitted to the Commission for approval with or without amendment.

224. The Bureau shall, by regulation, determine the rules applicable to franchisers and franchisees.

The regulation shall be submitted to the Government for approval with or without amendment.

225. The Bureau shall, by regulation, determine for each sector the fees payable for registration and the annual fees payable to maintain registration. In the case of a firm or an independent partnership, the fees shall be determined on the basis of the number of establishments the firm or partnership maintains or proposes to maintain in Québec, the number of representatives through whom it pursues or proposes to pursue its activities, and any other criteria the Bureau considers relevant.

The regulation shall be submitted to the Government for approval with or without amendment.

226. The Bureau shall, by regulation, determine the fees payable for any formality or other measure prescribed by this Act or the regulations, and the charges for the goods and services provided by the Bureau.

A regulation made under the first paragraph shall be submitted to the Government for approval with or without amendment.

227. The Commission may, by regulation, determine

(1) the rules relating to the establishment and maintenance of the trust account that must be maintained by a firm acting through a securities representative ;

(2) the rules relating to the financial resources that must be maintained by a firm acting through a securities representative.

A regulation made under the first paragraph shall be submitted to the Government for approval with or without amendment.

228. The Bureau shall, by regulation, determine

(1) the standards, scales and staffing plan applicable to the appointment and remuneration of the employees of the compensation fund ;

(2) the rules of ethics and the disciplinary sanctions applicable to the board members and personnel members of the compensation fund ;

(3) the rules relating to the administration of the compensation fund ;

(4) the conditions governing the eligibility of a claim presented to the compensation fund and the maximum amount of compensation that may be paid.

A regulation made under subparagraph 4 of the first paragraph shall be submitted to the Government for approval with or without amendment.

229. The Bureau may, by motion, apply to a judge of the Superior Court for an injunction in any matter relating to this Act or the regulations.

A motion for an injunction constitutes a proceeding.

The procedure provided for in the Code of Civil Procedure applies, except that the Bureau is not required to furnish security.

230. On application by the Bureau, the Superior Court may prohibit a person from acting as a director or executive officer of a firm where the person has, on more than one occasion, acted as such for a firm while under a sanction imposed under section 115 or 116.

231. The Bureau may, on its own initiative and without notice, intervene in any proceeding in which a question relating to this Act or a regulation under it has been raised.

232. The Minister may request that the Bureau take into account the guidelines and objectives indicated by the Minister in performing its functions.

The report on activities of the Bureau must indicate the steps it has taken in that respect.

233. The Commission may prescribe any measure to be taken by the Bureau where the Commission considers that it is necessary to do so to ensure the proper functioning of the securities market.

If the Bureau fails to take the measure prescribed, the Commission may refer the matter to the Minister. The Minister may, in such a case, exercise the powers conferred on the Minister by Chapter II of Title VII in respect of the Bureau.

CHAPTER III

DOCUMENTS AND REGISTERS

234. The Bureau shall keep and maintain the register of the representatives to whom it has issued a certificate.

The register shall, in the case of a representative acting for a firm, contain the representative's name, the name of each firm for which the representative acts, the address of each establishment to which the representative is attached, each sector or class of sectors for which the representative is authorized to act, the conditions or restrictions appearing on the representative's certificate and the term of the certificate.

In the case of an independent representative, the register shall contain the representative's name, the address of the representative's establishment, each sector or class of sectors for which the representative is authorized to act, the conditions or restrictions appearing on the representative's certificate and the term of the certificate.

In the case of a representative who is a partner in or employee of an independent partnership, the register shall contain the representative's name, the name of the independent partnership for which the representative acts, the address of the establishment to which the representative is attached, each sector or class of sectors for which the representative is authorized to act, the

conditions or restrictions appearing on the representative's certificate and the term of the certificate.

235. The Bureau shall keep and maintain a register of the firms, independent representatives and independent partnerships to which it grants registration.

The register shall, in the case of a firm, contain its name, the address of its head office and of each establishment it maintains in Québec, the sector or sectors for which registration is granted, and the name of each of the firm's representatives together with each sector or class of sectors in which the representative pursues activities and the establishment to which the representative is attached.

In the case of an independent representative, the register shall contain the representative's name, the address of the representative's establishment, and the sectors and classes of sectors for which the representative is registered.

In the case of an independent partnership, the register shall contain the partnership's name, the address of all the partnership's establishments, and the names of all the partners of and representatives employed by the partnership, together with the sectors or classes of sectors in which they pursue activities and the establishments to which they are attached.

236. The registers shall, in addition, contain any other information relating to representatives, firms and independent representatives and independent partnerships that the Bureau considers relevant.

237. The Bureau shall make the information entered in the registers in connection with a firm that pursues activities in the securities field available to the Commission.

238. Representatives, firms and independent representatives and independent partnerships shall inform the Bureau, in the manner prescribed by regulation, of any change affecting the information contained in the register in their regard.

239. The Bureau shall keep the registers available for public consultation, except the register referred to in section 240. Any person may obtain copies on payment of the fees prescribed by regulation.

240. The Bureau may, with the authorization of the Government, keep a register of individual life insurance policies.

The register shall contain the name and address of each insured, the name and address of the insurer that issued the policy, and any other information determined by government regulation.

241. Every insurer in insurance of persons must, within the time and in the manner determined by regulation of the Bureau, send the Bureau the information it requires for the purposes of the register of individual life insurance policies.

The insurer must thereafter, in the same manner, send the Bureau the information relating to newly-issued policies and cancelled policies.

242. At the request of the Bureau, an insurer in insurance of persons must verify whether a person whose particulars are forwarded to the insurer by the Bureau is covered by an individual life insurance policy or a group insurance policy issued by the insurer.

The insurer shall send any relevant information to the Bureau within the time determined by the Bureau.

243. Only the following persons may obtain information from the Bureau concerning the existence of an insurance policy: an heir or successor of a deceased person, the beneficiary of a life insurance policy, a person having parental authority over such an heir, successor or beneficiary, and the liquidator of the succession.

Upon proof of a person's death, the Bureau shall give such a person the information contained in the register concerning the deceased person or the information obtained by the Bureau from an insurer pursuant to section 242, on payment of the fees prescribed.

244. The Bureau must, at the request of the Minister, forward any document or information the Minister requires concerning the Bureau's activities.

245. The minutes of the meetings of the board, when approved by the board and certified as true by the president or the secretary, are authentic. Documents and copies of documents emanating from the Bureau or forming part of its records, when signed or certified as true by one of those persons, are also authentic.

246. No act, document or writing is binding on the Bureau unless signed by the president or, to the extent determined by regulation, by the secretary.

The Bureau may, on the conditions and for the documents it determines, allow the required signature to be affixed by means of an automatic device, or allow a facsimile of the signature to be engraved, lithographed or printed. However, the facsimile has the same force as the signature only when the document is countersigned by a person authorized by the Bureau for that purpose.

CHAPTER IV

FINANCIAL PROVISIONS

247. The financial year of the Bureau ends on 31 December.

248. The Bureau shall finance its activities.

249. The expenditure incurred by the Government for the application of this Act, as determined by the Government each year, shall be charged to the Bureau.

250. The Bureau shall, annually, pay to the Commission the indemnity fixed by the Commission to compensate for the expenditure incurred by the Commission for the administration of this Act.

The indemnity shall be established on the basis of the rates established by regulation of the Commission. The regulation shall be submitted to the Government for approval with or without amendment.

251. The Bureau may not make commitments for terms exceeding five years.

The Bureau may not, without the authorization of the Government, make commitments for an amount that exceeds the limits determined by the Government.

252. The Bureau shall, each year, cause its books and accounts to be audited by an auditor, who must be a person referred to in section 293 of the Act respecting insurance. If no such audit is carried out, the Minister may designate an auditor for that purpose; the latter's remuneration shall be paid by the Bureau.

253. The auditor shall have access to all the books, registers, accounts and other accounting records of the Bureau, and to all vouchers. Every person having custody of such documents must facilitate the auditor's examination of them.

The auditor may require the members, mandataries and employees of the Bureau to provide any information and document necessary for the audit.

254. At the request of the Minister, the auditor shall, in addition, conduct an audit of the adequacy and proper functioning of the systems and procedures implemented by the Bureau, to ensure that its resources are acquired and utilized with due regard to economy and effectiveness.

255. The auditor may require that a meeting of the board be held concerning any matter relating to the audit.

256. The Bureau shall file with the Minister its financial statements and report on activities for the preceding financial year not later than 30 April of each year.

The financial statements and the report on activities must contain all the information required by the Minister.

The report on activities shall contain the Bureau's findings regarding the manner in which firms, independent representatives, independent partnerships and the holders of restricted certificates protect the personal information they hold on their clients.

257. The Minister shall lay the annual report before the National Assembly within 30 days of receiving it or, if the Assembly is not sitting, within 30 days of resumption.

TITLE IV

FINANCIAL SERVICES COMPENSATION FUND

258. A financial services compensation fund is hereby established under the name "Fonds d'indemnisation des services financiers".

259. The fund is a legal person.

260. The head office of the fund shall be in the capital of Québec at the place determined by the Bureau. Notice of the location of the head office, and of any change in its location, shall be published in the *Gazette officielle du Québec*.

261. The affairs of the fund shall be administered by a board consisting of seven members appointed by the Bureau for a three-year term, including a president and a vice-president.

Two of the members of the board shall be appointed from among persons qualified to represent the general public.

At the expiry of their term, the members shall continue to serve on the board until reappointed or replaced.

262. A vacancy occurs, in particular, when a member fails to attend the number of meetings determined by the internal management by-law of the fund, in the cases and circumstances indicated in the by-law.

263. The members of the board of the fund shall receive no remuneration, except in the cases, on the conditions and to the extent determined by the internal management by-law. They shall, however, be entitled to an attendance

allowance and to the reimbursement of the expenses incurred in the performance of their duties, on the conditions and to the extent determined by the internal management by-law.

264. The board meetings of the fund shall be chaired by the president. The president shall also act as the fund's representative with respect to the Bureau.

When the president is absent or unable to act, the vice-president shall perform the duties of president.

265. The fund shall hold its board meetings at its head office, or at any other place authorized by the Bureau.

266. The quorum at the fund's board meetings is four members.

267. A decision of the fund is made by a majority vote of the board members present.

Where there is a tie-vote, the member chairing the meeting shall have the casting vote.

The members may take part in a meeting using any means of communication that allows all the participants to communicate orally, such as the telephone.

268. Where both the president and the vice-president are absent or unable to act, the members present at a meeting shall designate one of their number to chair the meeting.

269. A decision signed by all the members of the board entitled to vote has the same value as a decision made at a meeting of the board.

270. A board member of the fund who is in a situation of conflict of interest must, on pain of forfeiture of office, disclose the situation, refrain from voting on any question concerning the situation, and avoid influencing any decision relating to the situation. The member must, in addition, withdraw from a meeting during any discussion or vote relating to the situation.

Articles 838 to 840 of the Code of Civil Procedure, adapted as required, apply to a motion to terminate the term of office of a member. The decision of the court becomes executory immediately, is final and may not be appealed.

271. The internal management by-law of the fund shall be made by the Bureau.

272. The Bureau may designate a secretary and the personnel required for the pursuit of the activities of the fund.

The secretary and the other employees shall be appointed and remunerated according to the standards, scales and staffing plan established by regulation of the Bureau.

273. The Bureau shall determine, by regulation, the rules of ethics and the disciplinary sanctions applicable to the board members and personnel members of the fund.

274. The object of the fund is to administer the sums of money deposited with it to compensate the victims of fraud, fraudulent tactics or embezzlement for which a firm, an independent representative or an independent partnership, is responsible.

For such purpose, the fund shall, in accordance with the rules determined by regulation,

- (1) administer the moneys deposited with the fund ;
- (2) determine whether the claims presented to the fund are eligible, and the amount of compensation to be paid.

Expenses required for the operation of the fund are authorized by the fund.

275. The fund may obtain from the Bureau, from a syndic and from the co-syndic, any information or document necessary for the pursuit of its objects.

276. The fund may determine eligibility of a claim whether or not the perpetrator of the offence has been prosecuted or convicted.

277. The fund is subrogated in all the rights of a victim it compensates, up to the amount of compensation paid.

278. The fund shall determine, by regulation, the amount of the contribution to be paid by each firm, independent representative and independent partnership.

The fund shall determine the contribution on the basis of the risk presented by each sector or class of sectors and any other criteria it considers relevant.

The regulation must be submitted to the Bureau for approval with or without amendment.

279. The investments made by the fund must be made in accordance with the rules of the Civil Code concerning investments presumed sound.

280. The Bureau shall have, with regard to the fund, the powers conferred on it by sections 106 to 112 with regard to a firm.

281. The fund shall cause its books and accounts to be audited each year by an auditor, who must be a person referred to in section 293 of the Act

respecting insurance. If no such audit is carried out, the Bureau may designate an auditor for that purpose ; the latter's remuneration shall be paid by the fund.

Sections 253 to 255, adapted as required, apply to the audit.

282. The financial year of the fund ends on 31 December.

283. The fund shall file with the Bureau its financial statements and report on activities for the preceding financial year not later than 30 April each year.

The financial statements and the report on activities must contain all the information required by the Bureau.

TITLE V

CHAMBRE DE LA SÉCURITÉ FINANCIÈRE AND CHAMBRE DE L'ASSURANCE DE DOMMAGES

CHAPTER I

ESTABLISHMENT AND ORGANIZATION

284. Two Chambers are hereby established under the names "Chambre de la sécurité financière" and "Chambre de l'assurance de dommages".

285. Each Chamber is a legal person.

286. The Chambers and the Bureau are subject to the Act respecting Access to documents held by public bodies and the Protection of personal information.

287. Each Chamber shall have its head office in Québec at the place it determines. Notice of the location of the head office, and of any change in its location, shall be published in the *Gazette officielle du Québec*.

288. The affairs of each Chamber shall be administered by a board consisting of eleven members.

Two members shall be appointed by the Minister to represent the general public, for a term of three years.

289. The board members of the Chambre de la sécurité financière, except those appointed by the Minister, shall be elected by all representatives in insurance of persons, group insurance representatives, securities representatives and financial planners.

Three members of the board shall be elected by representatives in insurance of persons, one member by group insurance representatives, three members by group savings plan representatives, one member by investment contract

representatives and scholarship plan representatives, and one member by financial planners, from among their number.

290. The members of the board of the *Chambre de l'assurance de dommages*, except those appointed by the Minister, shall be elected by damage insurance agents, damage insurance brokers and claims adjusters.

Two members of the board shall be elected by damage insurance agents, five members by damage insurance brokers, and two members by claims adjusters, from among their number.

291. The election of the members of the board of each Chamber shall be held by mail, in accordance with the internal management by-law of the Chamber.

The election may also be held by any other means of communication determined by the internal management by-law of the Chamber.

292. The secretary of the Bureau shall act as the returning officer.

The secretary shall draw up a list of electors for each vacant position, using the information contained in the register of representatives.

293. A representative authorized to act in one sector shall be entitled to stand as a candidate for a vacant position and to vote. However, a representative authorized to act in more than one sector may stand as a candidate for only one position.

294. Except with regard to group insurance representatives, investment contract representatives, scholarship plan representatives and financial planners, elections shall be held on the basis of regions delimited by a by-law of each Chamber.

If no such delimitation is effected, the regions shall be delimited by the secretary of the Bureau.

295. The secretary of the Bureau shall send notice of the poll to all representatives. The secretary shall also draw up the list of candidates, send it to the representatives, and compile the votes.

The secretary shall then forward a list of the candidates declared elected to the Minister and to the Bureau and shall publish the list in the information bulletin of the Bureau.

296. The candidates elected to the *Chambre de la sécurité financière* shall designate a president from among their number. They shall also designate a vice-president for insurance from among the candidates elected by the representatives in insurance of persons and group insurance representatives, and a vice-president for securities from among the candidates elected by securities representatives.

The president and vice-presidents are, by virtue of their office, members of the board of the Bureau.

297. The candidates elected to the Chambre de l'assurance de dommages shall designate a president from among their number. They shall also designate a vice-president from among the candidates elected by the damage insurance agents or by claims adjusters.

The president and vice-president are, by virtue of their office, members of the board of the Bureau.

298. The members of the board of each Chamber shall be elected for a term of three years.

299. The members of the board of a Chamber shall receive no remuneration. They shall, however, be entitled to an attendance allowance and to the reimbursement of expenses incurred in the performance of their duties, on the conditions and to the extent determined by the internal management by-law of the Chamber.

300. Every vacancy, except a vacancy occurring among the positions held by members appointed by the Minister, shall be filled for the unexpired portion of the term of the member to be replaced.

If the unexpired portion of the term is one year or more, the position shall be filled by way of a by-election held by the secretary of the Bureau among the representatives of the sector concerned and, where required, the region concerned. If the unexpired portion of the term is less than one year, the Minister shall select the replacement from among the representatives concerned.

301. Where the member to be replaced was a president or vice-president of a Chamber, the members of the Chamber shall designate from their number a member to hold that office, after the replacement member has been elected or appointed.

302. A vacancy occurs, in particular, when a member fails to attend the number of meetings determined by the internal management by-law of the Chamber, in the cases and circumstances indicated in the by-law.

303. The meetings of the board of the Chamber shall be chaired by the president. The president shall represent the Chamber and supervise its activities.

When the president is absent or unable to act, the vice-president of the Chambre de l'assurance de dommages or, in the case of the Chambre de la sécurité financière, the vice-president designated by the internal management by-law, shall perform the duties of president.

304. A Chamber may hold its meetings at any place in Québec.

305. The quorum at board meetings of a Chamber is six members.

306. A decision by a Chamber is made on a majority vote of the members present.

Where there is a tie-vote, the member chairing the meeting shall have the casting vote.

The members may take part in a meeting using any means of communication that allows all the participants to communicate orally, such as the telephone.

307. Where both the president and the vice-president are absent or unable to act, the members present at a meeting shall designate one of their number to chair the meeting.

308. A decision signed by all the members of the board has the same value as a decision made at a meeting of the board.

309. Each Chamber shall appoint a secretary.

It may also retain the personnel it needs to pursue its activities.

The personnel members of the Chamber shall be appointed according to the staffing plan and standards established by regulation of the Chamber. The regulation shall also determine the standards and scales of remuneration, employment benefits and the other conditions of employment of the personnel members.

310. Each Chamber shall determine, by regulation, the rules of ethics and the sanctions applicable to its personnel.

311. On the written requisition of three members of the board, the secretary of a Chamber shall convene a special meeting.

CHAPTER II

FUNCTIONS AND POWERS

312. The mission of a Chamber shall be to ensure the protection of the public by maintaining discipline among and supervising the training and ethics of its contributors.

The contributors of the *Chambre de la sécurité financière* are the representatives listed in the first paragraph of section 289, and the contributors of the *Chambre de l'assurance de dommages* are the representatives listed in the first paragraph of section 290.

313. Each Chamber shall determine, by regulation,

(1) the rules of ethics applicable to the representatives, other than the securities representatives, of each sector or class of sectors in which its contributors carry on business ;

(2) the rules governing compulsory professional development in each sector or class of sectors other than financial planning in which its contributors carry on business ;

(3) the criteria, including the equivalency criteria, governing the granting or withdrawal of the titles mentioned in sections 317 and 318.

A regulation made under the first paragraph shall be submitted to the Government for approval with or without amendment.

314. A Chamber shall give its opinion on any matter submitted to it by the Bureau. It may make recommendations to the Bureau on any matter within the jurisdiction of the Bureau.

To that end, a Chamber may establish committees composed of the persons it designates to collect all relevant information and report their findings to the Chamber together with their recommendations.

315. A Chamber may offer services to its contributors, such as professional development sessions for sectors other than the financial planning sector, and advisory services in quality control and compliance with professional requirements.

The Chamber shall determine, by regulation, the fees payable for such services.

316. A Chamber may enter into an agreement concerning the provision of compulsory upgrading and professional development sessions by any person.

317. The Chambre de la sécurité financière has exclusive jurisdiction to authorize a representative in insurance of persons or a group insurance representative to use the title of “chartered life underwriter” and the abbreviation “(C.L.U.)” or the title of “registered life underwriter” and the abbreviation “(R.L.U.)”.

No person may use such a title or abbreviation unless the person holds an authorization from the Chamber and is authorized by the Bureau to act as a representative in insurance of persons or a group insurance representative.

The Chamber may take all appropriate steps to prevent the unlawful use of such a title or abbreviation.

318. The Chambre de l’assurance de dommages has exclusive jurisdiction to authorize a damage insurance broker to use the title of “chartered insurance broker” and the abbreviation “(C.I.B.)” or the title of “associate insurance broker” and the abbreviation “(A.I.B.)”.

No person may use such a title or abbreviation unless the person holds an authorization from the Chamber and is authorized by the Bureau to act as a damage insurance broker.

The Chamber may take all appropriate steps to prevent the unlawful use of such a title or abbreviation.

319. The Chambre de la sécurité financière shall make recommendations to the Commission concerning the rules of ethics applicable to each securities sector and class of sectors.

320. A Chamber shall determine, by regulation, the amount of the annual dues to be collected by the Bureau on its behalf from firms, independent representatives and independent partnerships for each representative authorized to act in a sector in which its contributors carry on business.

The contribution shall be determined on the basis of the number of representatives through whom the firm or independent partnership carries on business in each sector, and any other criteria the Chamber considers relevant.

The regulation must be submitted to the Government for approval with or without amendment.

321. Within one year from 20 June 1998, the Bureau and the Chambers shall agree on the pooling of the resources necessary for

(1) collecting and allocating, according to a method that may vary from the method prescribed by this Act, the fees determined by the Bureau for the issue and renewal of representatives' certificates, the fees determined by the Bureau for registration and for maintaining registration, the contributions determined by the financial services compensation fund, and the dues determined by each Chamber;

(2) a method, other than the method prescribed by this Act, for managing the register of representatives, firms, independent representatives and independent partnerships.

If the Bureau and the Chambers fail to conclude an agreement within the prescribed time, the Government may, by order, impose the terms of an agreement.

322. The Bureau and the Chambers may, even after the Government has imposed the terms of an agreement pursuant to the second paragraph of section 321, conclude an agreement to replace the agreement imposed by the Government.

323. The financial year of a Chamber ends on 31 December.

324. A Chamber may not make commitments for terms exceeding five years.

A Chamber may not, without the authorization of the Government, make commitments for an amount that exceeds the limits determined by the Government.

325. Each Chamber shall cause its books and accounts to be audited each year by an auditor, who must be a person referred to in section 293 of the Act respecting insurance. If no such audit is carried out, the Bureau may designate an auditor for that purpose; the latter's remuneration shall be borne by the Chamber.

Sections 253 to 255, adapted as required, apply to the audit.

326. Each Chamber shall file with the Bureau its financial statements and report on activities for the preceding financial year not later than 30 April each year.

The financial statements and the report on activities must contain all the information required by the Bureau.

CHAPTER III

SYNDICS

327. The Minister shall appoint a syndic for each Chamber.

The Commission shall appoint a co-syndic for the *Chambre de la sécurité financière*.

328. The Minister shall fix the remuneration, employment benefits and other conditions of employment of each syndic, to be borne by the Chamber concerned.

The co-syndic shall receive the same remuneration as the syndic of the *Chambre de la sécurité financière*, to be borne by that Chamber.

329. The duties of the syndics and of the co-syndic shall involve inquiring into matters on their own initiative or on receiving information to the effect that a representative has committed an offence under a provision of this Act or the regulations.

330. The duties of the syndic of the *Chambre de la sécurité financière* shall relate to representatives in insurance of persons, group insurance representatives and financial planners.

The duties of the co-syndic shall relate to securities representatives.

The duties of the syndic of the *Chambre de l'assurance de dommages* shall relate to damage insurance agents and brokers and claims adjusters.

The syndics and the co-syndic have jurisdiction to act in respect of a representative authorized to act in more than one sector if one such sector falls within their jurisdiction.

331. The Minister may appoint assistants to assist in the performance of the duties of each syndic, and shall fix the remuneration, employment benefits and other conditions of employment of the assistants.

The Commission may appoint assistants to assist in the performance of the duties of the co-syndic. The assistants shall receive the same remuneration as that paid to an assistant of the Chambre de la sécurité financière.

The remuneration of the assistants shall be borne by the Chamber concerned.

332. The assistants to a syndic or co-syndic shall perform their duties under the direction of the syndic or co-syndic.

The assistants shall have all the powers conferred on the syndic or co-syndic.

333. Each Chamber shall appoint the personnel required to enable the activities of the syndic or co-syndic to be pursued.

The personnel shall be appointed and remunerated in accordance with the standards, scales and staffing plan established by the Chamber by regulation.

334. No syndic, co-syndic or assistant may be prosecuted by reason of acts performed in good faith in the performance of their duties.

335. The syndics and the co-syndic may exchange personal information with the Bureau and with each other for the purpose of detecting or repressing offences under this Act or the regulations.

They may also obtain information from the fund.

336. Upon receiving a complaint, a syndic or co-syndic shall immediately advise the Bureau and, where applicable, the syndic or the co-syndic having jurisdiction in respect of the representative concerned.

337. Insurers, firms and independent partnerships must, at the request of a syndic or the co-syndic, forward any required document or information concerning the activities of a representative.

338. The syndics and the co-syndic may conduct an inquiry into a firm or the establishment of an independent representative or independent partnership.

339. The person conducting the inquiry must produce identification and, on request, show evidence of authority issued by a syndic or by the co-syndic.

340. A person conducting an inquiry may

(1) have access, at any reasonable time, to any establishment of a firm, independent representative or independent partnership;

(2) examine and make copies of the books, registers, accounts, records and other documents of the firm, independent representative or independent partnership;

(3) require any document relating to their activities.

Every person having custody, possession or control of such books, registers, accounts, records and other documents must, at the request of the person conducting the inquiry, produce them and allow them to be examined.

341. A person conducting an inquiry may verify access rights for any computer system to ensure that only authorized representatives have access to information.

342. No person may hinder the work of a person conducting an inquiry, in particular by misleading that person.

343. The documents, books, registers, accounts and records that a syndic, the co-syndic or the person conducting the inquiry may require must be produced whatever their storage medium and whatever the means by which they may be accessed.

344. Where a syndic or the co-syndic has reasonable grounds to believe that an offence has been committed, a complaint shall be filed before the discipline committee against the representative concerned.

A complaint may also be filed by the Bureau or by the Commission.

345. A person who requests the holding of an inquiry shall be informed, in writing, by the syndic or co-syndic if a complaint is filed.

346. A complaint may be filed against a person who is not the holder of a certificate issued by the Bureau if, at the time of the alleged offence, the person was the holder of such a certificate.

347. The person who requests the holding of an inquiry shall be informed, in writing, by the syndic or co-syndic of any decision not to file a complaint, and of the reasons for the decision.

In such a case, the complaint may be filed by the person.

348. The syndics or the co-syndic may, out of the sums granted for that purpose, retain the services of an expert.

349. Where a syndic or the co-syndic files a complaint with the discipline committee, the syndic or co-syndic shall conduct the proceedings.

350. The syndic or co-syndic shall communicate the decision of the discipline committee to the person who requested the holding of the inquiry.

351. The syndics and the co-syndic shall report on their activities to the Chambers and the Bureau in the manner determined by the Bureau.

The Chambre de la sécurité financière shall forward the co-syndic's report to the Commission.

TITLE VI

DISCIPLINE COMMITTEES

CHAPTER I

ESTABLISHMENT

352. A discipline committee is hereby established within each Chamber.

353. A complaint made against a representative for an offence under the provisions of this Act or the regulations shall be brought before the discipline committee concerned.

354. The discipline committee of the Chambre de la sécurité financière shall decide all complaints filed against representatives in insurance of persons, group insurance representatives, securities representatives and financial planners.

The discipline committee of the Chambre de l'assurance de dommages shall decide all complaints filed against damage insurance agents, damage insurance brokers and claims adjusters.

355. Each discipline committee shall be composed of advocates and representatives.

356. The business of each discipline committee shall be directed by a president appointed by the Minister, after consulting the Barreau, from among advocates having at least ten years of practice.

The Minister shall fix the remuneration, employment benefits and other conditions of employment of the president, which shall be borne by the Chamber.

357. The Minister shall, after consulting the Barreau, appoint the vice-president from among the advocates having at least ten years of practice. The vice-president shall exercise the duties of the president when the latter is absent or unable to act.

358. The president of each discipline committee shall, after consulting the Barreau, appoint the members, with the exception of the vice-president, who are to be chosen from among the advocates having at least ten years of practice.

The president shall prepare a list of the members and file the list with the Chamber.

359. Each Chamber shall appoint a sufficient number of members to the discipline committee for each sector in which its contributors pursue activities and according to three marketing sectors, chosen from among the members who are representatives.

360. The first marketing sector is formed by the representatives who pursue activities for a firm that is a deposit institution.

361. The second marketing sector is formed by the representatives who pursue activities for a firm that is a financial institution or a person related to a financial institution, other than a deposit institution, that is part of the same financial group or that operates a franchise authorized by such a financial group.

The expressions “financial institution”, “related person” and “financial group” have the meaning assigned in section 147, with the necessary modifications.

362. The third marketing sector is formed by the remaining representatives.

363. Each Chamber shall forward the list of the members appointed for each marketing sector to the president of the discipline committee.

364. Each Chamber shall fix, by regulation, the salary and fees or other remuneration of the members of the discipline committee other than the president. The regulation shall prescribe the remuneration to be received by the vice-president when the latter replaces the president.

The regulation shall be submitted to the Government for approval with or without amendment.

365. The term of the president shall not exceed five years and the term of the other members shall not exceed three years.

At the expiry of their term, the members of the discipline committee shall continue to serve on the committee until reappointed or replaced.

366. Each Chamber shall appoint a secretary to its discipline committee. It shall also appoint another person to replace the secretary when the latter is absent or unable to act.

The Chamber shall also appoint the personnel required to ensure the proper functioning of the discipline committee.

367. The secretary shall, in particular, prepare and keep the records of the committee.

The secretary shall also keep a roll of hearings which shall be made available for public consultation, and which the secretary shall post at least ten days before the date on which a hearing is to be held.

368. A complaint made against a representative shall be served on the representative by the secretary, in the manner provided for in the Code of Civil Procedure, at the establishment to which the representative is attached according to the register of the Bureau.

369. The secretary shall forward each executory decision of the discipline committee to the Bureau and to the Chamber concerned.

370. Each discipline committee shall forward an annual report on its activities to the Bureau and to the Chamber concerned, on the date and in the form determined by the Chamber.

CHAPTER II

HEARINGS

371. A complaint shall be heard by three members of the discipline committee designated by the president, including an advocate who shall chair the hearing.

However, if a member of a discipline committee other than the chair becomes unable to act, the hearing may be validly continued and a valid decision made by the two remaining members.

372. Where the president considers that, in a given sector, the number of members entered on the list for a marketing sector does not allow the members to be selected in a way that ensures impartiality, the president may correct the situation by designating any other member of the discipline committee to hear the complaint.

373. A member of the discipline committee who is in a situation of conflict of interest must, on pain of forfeiture of office, disclose the situation to the president; that member may not hear a complaint.

Articles 838 to 840 of the Code of Civil Procedure, adapted as required, apply to a motion for termination of a term of office. The judgment of the court is executory and final and may not be appealed.

374. A member of the discipline committee who has begun the hearing of a complaint but whose term as a member of the discipline committee has not been renewed may validly continue to hear the complaint and take part in the decision.

375. The members of the discipline committee may not be prosecuted by reason of acts performed in good faith in the performance of their duties.

376. The provisions of the Professional Code (R.S.Q., chapter C-26) relating to the filing and hearing of a complaint, and to the decisions and penalties arising from the complaint, adapted as required, apply to the complaints received by the discipline committee.

377. The president, or a member of the discipline committee designated by the president who is an advocate, acting alone, may hear and decide any preliminary exception.

378. In no case may the committee, in the event of non-compliance with any of sections 18, 19, 29, 35 and 36, impose a reprimand or a fine of less than \$2,000.

CHAPTER III

APPEALS

379. A decision made by the discipline committee with respect to a representative, except a representative authorized to act in the securities field, may be appealed to the Court of Québec.

Sections 326 to 328 and 330 of the Securities Act, adapted as required, apply to the appeal.

380. A decision made by the committee with respect to a representative authorized to act in the securities field may be appealed to the Commission.

381. The appeal shall not suspend the contested decision, unless a judge of the Court of Québec or, as the case may be, the Commission decides otherwise.

382. An appeal under section 379 or 380 is brought within 30 days of the date of service of the decision by filing a notice with the secretary of the discipline committee.

In the case of an appeal under section 380, the notice must be accompanied by a transcript of the stenographic record of the hearing.

Where the appellant is unable to obtain a transcription of the stenographic record within the prescribed time, the appellant may request an extension from the secretary of the discipline committee.

383. The secretary of the discipline committee shall forward the record to the Court of Québec or, as the case may be, to the Commission, without delay.

384. Sections 324 to 330 of the Securities Act apply to a decision made by the Commission.

TITLE VII

SUPERVISION

CHAPTER I

INSPECTION OF THE BUREAU AND OF THE CHAMBERS

385. At the request of the Commission, within the time and in the form specified, the Bureau shall forward the statements, statistical data, reports, documents and other information relating to securities representatives that the Commission considers relevant for the purposes of this Act, the Securities Act and the regulations.

386. The Commission may, as often as it considers necessary, designate a person to inspect the Bureau to ensure that it is enforcing the regulations it has adopted with respect to securities representatives.

387. Inspectors must produce identification and, on request, show evidence of their authority issued by the Commission.

388. Inspectors may

- (1) have access, at any reasonable time, to the head office of the Bureau ;
- (2) examine and make copies of all books, registers, accounts, records and other documents relating to the Bureau's activities ;
- (3) require any information or document relating to the application of this Act and the regulations made by the Commission.

Every person having custody, possession or control of such books, registers, accounts, records and other documents must, at the request of the person conducting the inspection, produce them and allow them to be examined.

389. No person may hinder the work of an inspector, in particular by misleading the inspector.

390. The books, registers, accounts, records, statements, statistical data, reports and other documents that the Commission or the inspector may request must be provided whatever their storage medium and whatever the means by which they may be accessed.

391. The inspector shall report on the inspection to the Commission.

392. Where the Commission considers that the work of an inspector was hindered, or that information or documents were concealed from the inspector, it may report that fact to the Minister.

393. Where the Commission is of the opinion that the Bureau is neglecting to ensure compliance with the provisions of this Act and of the regulations made by the Commission, the Commission shall report that fact to the Minister.

394. At the request of the Minister, the Commission, the Inspector General of Financial Institutions or any other person designated by the Minister shall inspect the Bureau or a Chamber. The Bureau may also, at the request of the Minister, inspect a Chamber. Sections 387 to 393, adapted as required, apply to such an inspection.

CHAPTER II

POWERS OF THE MINISTER

395. Where, in the opinion of the Minister, the Bureau or a Chamber is contravening this Act or a regulation, neglecting to exercise the responsibilities entrusted to it, or acting in such a way that the protection of the public is not assured, the Minister may order the Bureau or the Chamber concerned to alter its course of action and remedy the situation.

An order issued by the Minister shall state the grounds on which it is based.

396. Before issuing an order, the Minister shall serve notice on the Bureau or the Chamber concerned at least 15 days in advance, stating the grounds that appear to justify the making of the order and the Bureau's or the Chamber's right to present its observations in writing.

397. Where the Minister considers that the conduct of the Bureau or of a Chamber may cause serious or irreparable harm, or create a situation of fact or law liable to render an order inoperative, the Minister may, without prior notice, issue a provisional order for a period of not more than 30 days.

The provisional order shall set out the grounds on which it is based. It must be accompanied by an order in the nature of an order described in section 395, and by the notice referred to in section 396.

398. The Minister may, at any time, amend or revoke an order or a provisional order.

399. No person may contravene an order or provisional order issued by the Minister or authorize, counsel, order or advise a contravention of such an order.

400. The Bureau or the Chamber may, by way of a motion served within 30 days of the taking effect of an order, contest it before the Superior Court. The order shall cease to have effect only if it is quashed by the Superior Court.

401. A decision by the Superior Court is final and may not be appealed.

402. Where the Bureau or the Chamber acts in contravention of an order, the Minister may order that some or all of its functions and powers are to be suspended for the period the Minister determines, and appoint an administrator to exercise, at the expense of the Bureau or the Chamber, the functions and powers so suspended.

An administrator appointed by the Minister may retain the services of experts.

The Minister may extend a period of suspension.

The administrator may, subject to the rights of third persons in good faith, cancel any decision made by the Bureau or the Chamber.

CHAPTER III

INQUIRIES

403. The Minister may order that an inquiry be held into any question relating to the carrying out of this Act.

The Minister shall appoint the person responsible for conducting the inquiry.

404. The person responsible for conducting the inquiry may summon any person to appear and order that person to testify on oath and produce any required document.

405. The testimony of a person heard as a witness may not be used against the person in a proceeding, except in the case of perjury, the giving of contradictory evidence or contempt of court.

406. Any failure to comply with the provisions of section 404 may be referred to by way of motion to the Superior Court, which shall rule on the matter in accordance with articles 49 to 54 of the Code of Civil Procedure (R.S.Q., chapter C-25) in order to ensure compliance with this chapter.

407. The persons responsible for conducting an inquiry may not be prosecuted by reason of acts performed in good faith in the performance of their duties.

TITLE VIII

DISTRIBUTION OTHER THAN THROUGH A REPRESENTATIVE

CHAPTER I

INSURERS

408. An insurer may, in accordance with this Title, offer insurance products through a distributor.

A distributor is a person who, in pursuing activities in a field other than insurance, offers, as an accessory, for an insurer, an insurance product which relates solely to goods sold by the person or secures a client's adhesion in respect of such an insurance product.

409. An employee of an insurer whose principal duties consist in offering credit may act as a distributor and secure the adhesion of clients in respect of an insurance product referred to in paragraph 1 of section 426.

410. An insurer may not offer a product through a distributor without first preparing a distribution guide and providing the distributor with a copy of the guide.

411. The distribution guide must describe the product offered, state the nature of the guarantee and state clearly all exclusions from the guarantee.

The distribution guide shall specify the way in which eventual claims are to be presented, and the time for presenting a claim. The guide shall also indicate the lapse of time available to the insurer, in such a case, to pay the amounts insured, and the steps to be taken by the insured, within the time specified in the guide, if the insurer fails to allow the claim.

412. Where applicable, the distribution guide shall mention that the insurer is aware that other insurance products offering guarantees similar to those of the product offered are available on the market.

413. A distribution guide must be drafted and presented in accordance with the rules determined by the Bureau.

414. The insurer must, before furnishing a distribution guide to distributors, forward a copy of the guide to the Bureau. A copy must also be forwarded following any amendment to the guide.

The distribution guide must include a copy of the policy related to the products described in the guide.

In addition, the distribution guide must include a list of the names and addresses of the distributors through whom the product described in the guide is offered by the insurer.

415. The insurer shall, without delay, send a copy of an amended distribution guide to the distributors, and shall take the necessary steps to ensure that outdated guides are recovered.

416. The Bureau may, as often as it considers it necessary, order an insurer to amend a distribution guide in the manner and within the time it specifies. The insurer must send a copy of the amended guide to the Bureau within that time.

The Bureau may, before the expiry of the time specified, grant an extension.

417. The insurer may, before the expiry of the time for making an amendment, notify the Bureau of its decision to terminate the distribution of the insurance product concerned.

The insurer shall, without delay, inform its distributors of its decision and take the necessary steps to ensure that the distribution guides and the blank contract forms relating to the product are recovered.

The same applies in all cases where an insurer terminates the distribution of a product.

418. The insurer must, without delay, inform the Bureau of the name and address of every new distributor through whom an insurance product is offered, together with a description of the product.

The same applies where the insurer ceases to do business with a distributor.

419. Where an insurer fails to comply with an order of the Bureau, the Bureau shall inform the Inspector General of Financial Institutions who may order the insurer to cease distributing the product through distributors.

420. Depending on the complexity of the product concerned, the insurer must, in addition to preparing a distribution guide, take all other appropriate steps to ensure that its distributors are sufficiently familiar with the product.

421. The insurer shall maintain a consultation service to answer any inquiries from a distributor or from a client concerning the distribution guide.

422. The Bureau shall keep the distribution guides received from insurers available for public consultation.

423. The Bureau shall, by regulation, fix the fees to be paid to it by an insurer for the examination of each distribution guide sent to the Bureau pursuant to section 414.

424. For the purposes of this Title, the following types of products are deemed to be insurance products which relate solely to goods:

(1) travel insurance ;

(2) vehicle rental insurance, where the rental period is less than four months ;

(3) credit card and debit card insurance.

425. A deposit institution may distribute travel insurance products. In such a case, it is deemed to act as a distributor.

An employee of an insurer may also distribute travel insurance products. In such a case, the employee is deemed to act as a distributor.

426. For the purposes of this Title, the following insurance products are deemed to be insurance products which relate solely to goods and to which clients adhere :

(1) debtor life, health and employment insurance ;

(2) investor life insurance.

427. The Government may order that an insurance product it specifies, except a product referred to in section 424 or 426, may not be offered by an insurer through a distributor.

428. The Government may also order, after consulting the Bureau, that an insurance product that cannot be offered by a distributor may be offered in accordance with Chapters I and II by any person it specifies.

The persons specified in the order are deemed to be distributors for that product.

CHAPTER II

DISTRIBUTORS

429. A distributor must, before offering an insurance product, take all necessary steps to ensure that every person responsible for distributing the product is sufficiently familiar with the distribution guide relating to the product.

430. Where the distribution guide so indicates, the person responsible for distributing the product shall inform the client that other insurance products offering coverage similar to that of the product offered are available on the market.

The person distributing the product shall also ask if the client is already covered by such an insurance product and, if the client is unsure, encourage the client to look into the matter.

431. A person who distributes an insurance product must describe the product to the client and explain the nature of the guarantee.

The person distributing the product must clearly explain the exclusions under the guarantee to enable the client to decide whether the situation applying in the client's case constitutes an exclusion under the guarantee.

The person distributing the product must also, if the remuneration received by the distributor for the sale of the product exceeds 30% of its sale price, disclose that remuneration to the client.

432. An insurer must, at the request of the Bureau, disclose the remuneration it grants to distributors for the sale of a product.

433. A distributor offering more than one insurance product for the same goods must disclose to the client the remuneration paid by the insurer for the sale of each insurance product.

434. The person distributing a product must inform the client of the procedure and time limits for making a claim. The client must also be informed of the time available to the insurer to pay the insured amounts, and of the steps to be taken within a specified time limit if the insurer fails to allow the claim.

435. Before selling or securing a client's adhesion in respect of an insurance product, the person distributing the product must give the client a copy of the distribution guide.

436. Where a client of a distributor has not received the information required under section 431, the distributor is liable for any resulting injury to the client.

437. Sections 35 and 36, adapted as required, apply to a distributor who collects personal information of a medical or lifestyle-related nature from a client.

Sections 92 to 94 and 102, adapted as required, apply to distributors.

438. Where a distributor is notified by an insurer of the latter's decision to terminate the distributor's distribution of an insurance product, the distributor must return to the insurer, without delay, all distribution guides and blank contract forms relating to that product.

Where a distributor who has received such notification sells an insurance product to a client, the distributor is liable for any injury suffered by the client.

439. A distributor may not subordinate the making of a contract to the making of an insurance contract with the insurer specified by the distributor.

The distributor may not exercise undue pressure on the client or use fraudulent tactics to induce the client to purchase a financial product or service.

440. A distributor that, at the time a contract is made, causes the client to make an insurance contract must give the client a notice, drafted in the manner prescribed by regulation of the Bureau, stating that the client may cancel the insurance contract within 10 days of signing it.

441. A client may cancel an insurance contract made at the same time as another contract, within 10 days of signing it, by sending notice by registered or certified mail.

Where such an insurance contract is cancelled, the first contract retains all its effects.

442. No contract may contain provisions allowing its amendment in the event of cancellation or termination by the client of an insurance contract made at the same time.

However, a contract may provide that the cancellation or termination of the insurance contract will entail, for the remainder of the term, the loss of the favourable conditions extended because more than one contract was made at the same time.

443. A distributor that offers financing for the purchase of goods or services and that requires the debtor to subscribe for insurance to guarantee the reimbursement of the loan must give the debtor a notice, drawn up in the manner prescribed by regulation of the Bureau, stating that the debtor may subscribe for insurance with the insurer and representative of the debtor's choice provided that the insurance is considered satisfactory by the creditor, who may not refuse it without reasonable grounds. The distributor may not subordinate the making of the contract of credit to the making of an insurance contract with the insurer specified by the distributor.

No contract of credit may stipulate that it is made subject to the condition that the insurance contract subscribed with such an insurer remain in force until the expiry of the term, or subject to the condition that the expiry of such an insurance contract will entail forfeiture of term or the reduction of the debtor's rights.

The rights of the debtor under the contract of credit shall not be forfeited when the debtor cancels, terminates or withdraws from the insurance contract, provided that the debtor has subscribed for insurance with another insurer that is considered satisfactory by the creditor, who may not refuse it without reasonable grounds.

444. A distributor that, on granting a loan, solicits the adhesion of a client to debtor life, health or job loss insurance must provide the client with

confirmation of insurance from the insurer within 30 days of the application for adhesion.

CHAPTER III

RESTRICTED CERTIFICATES

445. The Government may, by order, provide that an insurance product that may be offered by a distributor may only be offered by a distributor holding a restricted certificate issued by the Bureau for that purpose.

A copy of the order shall be forwarded to the Bureau to allow it to adopt the regulation that will govern the distribution of the product.

Upon the coming into force of the regulation, the distributors concerned shall be governed only by the provisions of this chapter for the distribution of that product.

446. No person may undertake to offer a benefit in the event of a loss relating to goods referred to in section 445 unless the person is a distributor holding a restricted certificate and offering only one insurance product.

447. The Government may, by order, provide that an insurance product that may not be offered by a distributor may be offered by any person holding a restricted certificate issued by the Bureau for that purpose.

A copy of the order shall be forwarded to the Bureau to allow it to adopt the regulation that will govern the distribution of the product.

448. Sections 35 and 36, adapted as required, apply to the holder of a restricted certificate who collects personal information of a medical or lifestyle-related nature from a client.

Sections 92 to 94 and 102, adapted as required, apply to the holder of a restricted certificate.

Sections 18 to 22, adapted as required, apply to the holder of a restricted certificate referred to in section 447.

Sections 439 to 444, adapted as required, apply to the holder of a restricted certificate referred to in section 445.

449. The Bureau may, by regulation, determine

(1) the minimum qualifications required to obtain a restricted certificate and the courses that applicants for a restricted certificate must take;

(2) the rules relating to the preparation and sitting of prescribed examinations;

(3) the conditions and procedure applicable to the issuance and renewal of a restricted certificate ;

(4) the term of a restricted certificate ;

(5) the information and documents to be furnished by a person applying for a restricted certificate ;

(6) the fees payable for the issuance or renewal of a restricted certificate ;

(7) the nature, form and content of the records, books and registers to be kept by the holder of a restricted certificate ;

(8) the rules relating to the use, conservation and destruction of the records, books and registers to be kept by the holder of a restricted certificate.

A regulation under subparagraph 6 of the first paragraph must be submitted to the Government for approval with or without amendment.

450. The Bureau shall issue a restricted certificate, on payment of the prescribed fees, to every person who meets the requirements prescribed by regulation.

451. Where the applicant for a restricted certificate is a legal person, a natural person forming part of its personnel must be designated to meet the requirements of subparagraphs 1 and 2 of the first paragraph of section 449.

Where the Bureau issues a restricted certificate to a legal person, only a person who has passed the examination may offer the insurance products offered by the holder.

452. The Bureau may, by regulation, prescribe the fees to be paid by every natural person who registers for an examination.

453. Sections 218 and 219, adapted as required, apply to a restricted certificate.

454. The Bureau, or a panel of three of its members established for the purpose, may cancel, suspend or impose conditions or restrictions on a restricted certificate, where the holder of the restricted certificate fails to comply with the provisions of this Act or the applicable regulations.

455. The Bureau shall serve on the holder of a restricted certificate at least 15 days in advance notice of the date on which the holder may present observations.

456. An appeal lies to the Court of Québec from any decision rendered by the Bureau or by a panel of its members under section 454.

The second paragraph of section 119 and sections 121 to 124, adapted as required, apply to the appeal.

457. The Bureau shall have the same powers of inspection with regard to the holder of a restricted certificate as with regard to a firm.

458. The Bureau shall keep a register of the distributors holding restricted certificates available for public consultation.

The register shall contain, for the holders of restricted certificates who are natural persons, their name, the address of their establishment, the insurance products they are authorized to offer, the conditions or restrictions affecting their certificate, and its period of validity.

The register shall contain, for the holders of restricted certificates that are legal persons, their name, the address of their head office and of every establishment they maintain in Québec, the insurance product they are authorized to offer, the name of each natural person qualified to distribute the product and the establishment to which that person is attached, the conditions or restrictions affecting their certificate, and its period of validity.

The register shall, in addition, contain any other information relating to the holders of restricted certificates that the Bureau considers appropriate.

459. The holders of restricted certificates shall inform the Bureau, in the manner prescribed by regulation, of any change affecting the information contained in the register in their regard.

460. The holder of a restricted certificate whose restricted certificate has not been renewed or has been cancelled must return the records, books and registers relating to the insurance policies sold under the restricted certificate to the Bureau.

The Bureau shall determine the manner of disposing of such records, books and registers.

A person may, with the authorization of the Bureau, dispose of the records, books and registers otherwise, rather than return them to the Bureau.

TITLE IX

PENAL PROVISIONS

461. Subject to the provisions of the second paragraph of section 12 and of Title VIII, every person that, without authorization from the Bureau, acts as a representative, uses the title or abbreviated title of a representative, or purports to be a representative is guilty of an offence.

462. Every person that, without being registered with the Bureau, acts as a firm in a given sector, or purports to be a registered firm, is guilty of an offence.

463. Every person that, without being a representative or the holder of a restricted certificate, subordinates the making of a contract to a requirement that the client make an insurance contract is guilty of an offence.

464. Every person that, without being a representative or the holder of a restricted certificate, exercises undue pressure on a client or uses fraudulent tactics to induce the client to purchase a financial product or service is guilty of an offence.

465. Every person that, without authorization, uses titles similar to the title of claims adjuster or financial planner, as determined by regulation by the Bureau, or an abbreviation of such a title, is guilty of an offence.

466. Every person that, without being a financial planner, an independent partnership or a firm acting through a financial planner, purports to offer financial planning services is guilty of an offence.

467. Every person that, not being a person referred to in section 100, receives a commission from a representative, an independent representative, an independent partnership or a firm in connection with the sale of a financial product or the provision of a financial service is guilty of an offence.

468. Every person that hinders the work of a person inspecting the establishment of an independent representative, independent partnership, firm or restricted certificate holder pursuant to this Act is guilty of an offence.

469. Every person that, without holding a restricted certificate, undertakes to offer a benefit in the event of a loss relating to a type of goods referred to in an order made under section 445 is guilty of an offence.

470. Every person that, without being a representative or the holder of a restricted certificate, offers an insurance product that may only be offered by a representative or the holder of a restricted certificate is guilty of an offence.

471. Every distributor that receives remuneration for the sale of an insurance product that exceeds 30% of the sale price of the product is guilty of an offence if the remuneration is not disclosed to the client by the distributor or by the person distributing the product.

472. Every distributor that offers more than one insurance product for the same goods and that fails, when offering one of those products to a client, to disclose the remuneration paid by the insurer for the sale of each product is guilty of an offence.

473. Every distributor that, before selling or securing a client's adhesion in respect of an insurance product, fails to give the client a copy of the distribution guide relating to the insurance product is guilty of an offence.

474. Every insurer that offers a product through a distributor without having first sent the distribution guide relating to the product to the Bureau is guilty of an offence.

475. Every insurer that offers a product through a distributor without having first given the distribution guide or amended distribution guide relating to the product to the distributor, is guilty of an offence.

476. Every insurer that offers a product through a distributor without having amended the distribution guide relating to the product as required by the Bureau within the required time is guilty of an offence.

477. Every distributor that fails to comply with the provisions of one of sections 35, 36 and 92 to 94 is guilty of an offence.

478. Every distributor that causes a client to make an insurance contract upon making another contract and fails to give the client the notice provided for in section 440 or 443 is guilty of an offence.

479. An offence under any of sections 463, 464, 471, 472, 473, 477 and 478 that is committed by a person entrusted by a distributor with the distribution of an insurance product is deemed to have been committed by the distributor.

480. Every insurer that fails to comply with the provisions of section 33, 34 or 37 is guilty of an offence.

481. Every insurer that ceases to distribute an insurance product through a distributor and fails to take the necessary steps to ensure that the contract forms relating to that product are withdrawn is guilty of an offence.

482. Every insurer that helps or, by encouragement, advice or consent or by an authorization or order, induces a firm or an independent representative or independent partnership through which it offers insurance products or an executive officer, director, partner, employee or representative of such a firm or independent partnership to contravene any provision of this Act or the regulations is guilty of an offence.

The same applies to any director, executive officer, employee or mandatory of an insurer.

483. Every director, executive officer, employee or mandatory of a legal person who helps or, by encouragement, advice or consent or by an authorization or order, induces a legal person to commit an offence under any of sections 461 to 480 is guilty of an offence.

484. Every person that contravenes an order or provisional order issued by the Minister pursuant to section 395 or 397 or that authorizes, encourages, orders or advises such a violation, is guilty of an offence.

485. A natural person convicted of an offence under any of sections 461, 462, 465 to 473 and 484 is liable to a fine of not less than \$500 and not more than \$10,000 and, for every subsequent offence, to a fine of not less than \$1,000 and not more than \$20,000.

486. A natural person convicted of an offence under any of sections 463, 464, 477 and 478 is liable to a fine of not less than \$2,000 and not more than \$20,000 and, for every subsequent offence, to a fine of not less than \$4,000 and not more than \$50,000.

487. A legal person convicted of an offence under any of sections 461, 462, 465 to 473 and 484 is liable to a fine of not less than \$1,000 and not more than \$25,000 and, for every subsequent offence, to a fine of not less than \$2,000 and not more than \$50,000.

488. A legal person convicted of an offence under any of sections 463, 464, 477 and 478 is liable to a fine of not less than \$4,000 and not more than \$40,000 and, for every subsequent offence, to a fine of not less than \$8,000 and not more than \$80,000.

489. An insurer convicted of an offence under any of sections 474 to 476 and 481 is liable to a fine of not less than \$1,000 and not more than \$25,000 and, for every subsequent offence, to a fine of not less than \$2,000 and not more than \$50,000.

490. An insurer convicted of an offence under section 480 or 482 is liable to a fine of not less than \$10,000 and not more than \$50,000 and, for every subsequent offence, to a fine of not less than \$20,000 and not more than \$100,000.

491. A person convicted of an offence under section 483 is liable to the same penalty as that prescribed for the offence the person helped or induced to commit.

492. Proceedings for an offence under any of sections 461 to 483 may be instituted by the Bureau, if the offence relates to insurance, financial planning and claims adjustment, and by the Commission, if the offence relates to securities.

The Commission has, in that respect, the powers conferred by section 239 of the Securities Act.

493. The fine imposed as a penalty for an offence under any of sections 461 to 483 belongs to the Bureau or the Commission according to whether the Bureau or the Commission has taken charge of the prosecution.

494. Penal proceedings for an offence under any of sections 461 to 483 are prescribed one year after the date of the opening of the record of inquiry relating to the offence. However, no proceedings may be instituted if more than five years have elapsed since the date on which the offence was committed.

A certificate from the secretary of the Bureau or of the Commission stating the date on which the record of inquiry was opened is conclusive proof of that fact in the absence of any evidence to the contrary.

TITLE X

AMENDING PROVISIONS

495. Section 93 of the Automobile Insurance Act (R.S.Q., chapter A-25) is amended by replacing the words “to the market intermediary in insurance business” in the third and fourth lines of the first paragraph by the words “to a firm, to an independent partnership or to an independent representative within the meaning of the Act respecting the distribution of financial products and services (1998, chapter 37)” and by replacing the words “by a market intermediary in insurance business” in the fifth line of that paragraph by the words “by a firm, an independent partnership or independent representative”.

496. Section 82 of the Crop Insurance Act (R.S.Q., chapter A-30) is amended by replacing the words “Act respecting market intermediaries (chapter I-15.1)” by the words “Act respecting the distribution of financial products and services (1998, chapter 37)”.

497. Section 1 of the Act respecting insurance (R.S.Q., chapter A-32), amended by section 80 of chapter 63 of the statutes of 1996, is again amended

(1) by replacing paragraph *i* by the following paragraph:

“(i) “insurance representative”: an insurance representative within the meaning of the Act respecting the distribution of financial products and services (1998, chapter 37);”;

(2) by replacing the words “Act respecting market intermediaries” in paragraph *j* by the words “Act respecting the distribution of financial products and services”.

498. Section 10 of the said Act is amended by striking out the words “or a market intermediary in insurance business” in the second line of subparagraph 1 of the first paragraph.

499. Section 57 of the said Act, amended by section 80 of chapter 63 of the statutes of 1996, is again amended by replacing the words “Market intermediaries in insurance business” in the first line of the first paragraph by the words “Insurance representatives and claims adjusters”.

500. Section 93.79 of the said Act is amended by replacing the words “a market intermediary in insurance business” in subparagraph 2 of the second paragraph by the words “an insurance representative, a claims adjuster, and”.

501. Section 93.86 of the said Act is amended by replacing the words “of market intermediaries in insurance business” by the words “or independent partnership, within the meaning of the Act respecting the distribution of financial products and services, registered to act in a sector of insurance”.

502. The said Act is amended by inserting, after section 93.160, the following section :

“93.160.1. A federation may register one of its members as a firm for an insurance sector in accordance with the Act respecting the distribution of financial products and services (1998, chapter 37).

At the request of the member, the federation may also register it for any other sector.”

503. The said Act is amended by inserting, after section 93.165, the following section :

“93.165.1. A federation may, by agreement with the Bureau des services financiers established by section 158 of the Act respecting the distribution of financial products and services, inspect those of its members that are registered as firms, in accordance with the terms of the agreement.

Sections 107 and 113 of the said Act, adapted as required, apply to inspections performed under this section.

An agreement may specify

- (1) the manner in which the federation is required to report to the Bureau ;
- (2) the powers of inspection that the Bureau may exercise in respect of the federation ;
- (3) any other measure that the Bureau considers appropriate.”

504. Section 93.214 of the said Act, amended by section 82 of chapter 63 of the statutes of 1996, is again amended, in the English text, by replacing the word “corporation” in the fourth line by the words “guarantee fund”.

505. Section 93.226 of the said Act, amended by section 81 of chapter 63 of the statutes of 1996, is again amended, in the English text, by replacing the word “its” in the third line by the word “his”.

506. Section 93.229 of the said Act, amended by section 82 of chapter 63 of the statutes of 1996, is again amended, in the English text, by replacing the

word “corporation” in the third line of the first paragraph by the words “guarantee fund”.

507. Section 130 of the said Act, amended by section 80 of chapter 63 of the statutes of 1996, is again amended by replacing the words “market intermediaries in insurance business,” in paragraph 2 by the words “insurance representatives, claims adjusters and”.

508. Section 174.8 of the said Act, amended by sections 80 and 87 of chapter 63 of the statutes of 1996, is again amended by replacing the words “a market intermediary in insurance business,” in paragraph 1 by the words “an insurance representative, a claims adjuster and”.

509. Section 204 of the said Act, amended by section 85 of chapter 63 of the statutes of 1996, is replaced by the following section :

“204. Damage insurers having no establishment in Québec may nevertheless issue insurance contracts there without a licence, provided such contracts are issued through a firm acting through a special broker referred to in the Act respecting the distribution of financial products and services.

Such insurers may not, however, advertise or publicize their business in Québec.”

510. Section 222 of the said Act, amended by section 80 of chapter 63 of the statutes of 1996, is again amended, in the English text, by replacing the words “business office” in the third line of the first paragraph by the word “establishment”, and by replacing the words “business offices” in the second and third lines of the second paragraph by the word “establishments”.

511. Section 303 of the said Act is amended by striking out the words “or a market intermediary in insurance business” in the first paragraph.

512. Section 304 of the said Act is amended by replacing the words “market intermediary in insurance business” in the fifth and sixth lines by the words “firm, independent representative or independent partnership in a sector of insurance”.

513. Section 406.1 of the said Act is amended by replacing the words “a market intermediary in insurance business” in the third line by the words “a person authorized to do so under the Act respecting the distribution of financial products and services”.

514. Section 406.3 of the said Act is repealed.

515. Section 406.4 of the said Act is amended by replacing “to 406.3” by “and 406.2”.

516. Section 136 of the Act respecting the Barreau du Québec (R.S.Q., chapter B-1), amended by section 84 of chapter 2 of the statutes of 1996, is again amended by replacing the words “Act respecting market intermediaries (chapter I-15.1) applicable to insurance agents and brokers in damage insurance or insurance of persons” in paragraph g by the words “Act respecting the distribution of financial products and services (1998, chapter 37) applicable to insurance representatives”.

517. Section 213 of the Savings and Credit Unions Act (R.S.Q., chapter C-4.1) is amended

(1) by inserting, after paragraph 4, the following paragraph :

“(4.1) pursue activities as a firm, a distributor or a restricted certificate holder in accordance with the Act respecting the distribution of financial products and services (1998, chapter 37) ;” ;

(2) by adding, at the end, the following paragraphs :

“For the purposes of subparagraph 4.1 of the first paragraph, a credit union may enter into an agreement with another credit union to constitute a legal person or a partnership and entrust it with pursuing the activities authorized under that subparagraph.

A credit union, or a legal person or partnership constituted under the second paragraph, must comply with the standards relating to commercial practices regarding the distribution of financial products and services that are applicable to it.”

518. The said Act is amended by inserting, after section 367, the following section :

“367.1. A federation that is not affiliated with a confederation may adopt standards relating to commercial practices in the distribution of financial products and services to apply to the credit unions affiliated with that federation, where they pursue the activities referred to in subparagraph 4.1 of the first paragraph of section 213, or to the legal persons or partnerships through which they pursue such activities.”

519. Section 378 of the said Act, amended by section 122 of chapter 69 of the statutes of 1996, is again amended by adding, at the end, the following paragraph :

“A further purpose of the annual inspection shall be to ensure compliance with the standards relating to commercial practices in the distribution of financial products and services by a credit union, where it pursues the activities referred to in subparagraph 4.1 of the first paragraph of section 213, or by the legal person or partnership through which it pursues such activities.”

520. The said Act is amended by inserting, after section 451, the following section:

“451.1. A confederation may adopt standards relating to commercial practices in the distribution of financial products and services to apply to the federations affiliated with that confederation and the credit unions affiliated with those federations, where they pursue the activities referred to in subparagraph 4.1 of the first paragraph of section 213, or to the legal persons or partnerships through which they pursue such activities.”

521. Section 462 of the said Act, amended by section 154 of chapter 69 of the statutes of 1996, is again amended by adding, at the end, the following paragraph:

“A further purpose of such an inspection shall be to ensure compliance with the standards relating to commercial practices in the distribution of financial products and services by the federation and the credit union affiliated with the federation, where it pursues activities referred to in subparagraph 4.1 of the first paragraph of section 213, or by the legal person or partnership through which it pursues such activities.”

522. Section 20 of the Real Estate Brokerage Act (R.S.Q., chapter C-73.1) is amended

(1) by replacing subparagraph 1 of the first paragraph by the following subparagraph:

“(1) the activity of representative within the meaning of the Act respecting the distribution of financial products and services (1998, chapter 37)”;

(2) by striking out the second paragraph.

523. Section 25 of the said Act is replaced by the following section:

“25. Notwithstanding sections 3 and 20, a multi-sector firm referred to in section 549 of the Act respecting the distribution of financial products and services may pursue the activity of real estate broker and, if authorized by regulation of the Bureau, use the title of real estate broker.”

524. Section 26 of the said Act is amended by replacing the words “market intermediary” by the words “firm, independent representative or independent partnership within the meaning of the Act respecting the distribution of financial products and services”.

525. Sections 27 and 28 of the said Act are amended by replacing the words “market intermediary” by the words “firm, independent representative or independent partnership”.

526. Section 74 of the said Act is amended by replacing the words “market intermediary” in subparagraph 10 of the first paragraph by the words “firm, independent representative or independent partnership”.

527. Section 155 of the said Act is amended by striking out paragraphs 3, 4 and 14.

528. Schedule I to the Act respecting the Inspector General of Financial Institutions (R.S.Q., chapter I-11.1) is amended by striking out the words “Act respecting market intermediaries (chapter I-15.1)”.

529. Section 77 of the Act respecting labour standards (R.S.Q., chapter N-1.1) is amended by replacing subparagraph 5 of the first paragraph by the following subparagraph :

“(5) a representative within the meaning of the Act respecting the distribution of financial products and services (1998, chapter 37) remunerated entirely by commission;”.

530. Section 62 of the Dairy Products and Dairy Products Substitutes Act (R.S.Q., chapter P-30) is amended by replacing the words “Act respecting market intermediaries (chapter I-15.1)” by the words “Act respecting the distribution of financial products and services (1998, chapter 37)”.

531. Section 6 of the Act respecting the collection of certain debts (R.S.Q., chapter R-2.2) is amended by replacing the words “a market intermediary in insurance business” in paragraph 1 by the words “a claims adjuster, an insurance representative”.

532. Section 170 of the Act respecting trust companies and savings companies (R.S.Q., chapter S-29.01) is amended by inserting, after paragraph 5, the following paragraph :

“(5.1) act as a firm or distributor or hold a restricted certificate in accordance with the Act respecting the distribution of financial products and services (1998, chapter 37);”.

533. Section 148 of the Securities Act (R.S.Q., chapter V-1.1) is amended by adding, at the end, the following paragraph :

“A legal person required under the Act respecting the distribution of financial products and services (1998, chapter 37) to register with the Bureau des services financiers to pursue activities through a securities representative governed by that Act may not register with the Commission.”

TITLE XI

TRANSITIONAL PROVISIONS

534. A natural person who, on (*insert here the date preceding the date of coming into force of section 552*), holds a certificate issued under the Act respecting market intermediaries (R.S.Q., chapter I-15.1) is entitled to be issued a certificate corresponding to the certificate previously held.

Moreover, a natural person who, on (*insert here the date preceding the date of coming into force of section 552*), holds a certificate of market intermediary in insurance of persons issued under the Act respecting market intermediaries is entitled to be issued a certificate authorizing the natural person to act both as a representative in insurance of persons and as a group insurance representative.

A natural person who, on (*insert here the date preceding the date of coming into force of section 552*), is registered as the representative of a restricted practice broker in group savings plans, investment contracts or scholarship plans in accordance with the Securities Act is entitled, subject to the same conditions and restrictions, to be issued a certificate corresponding to that registration.

535. From (*insert here the date occurring three years after the date of coming into force of section 552*), every group insurance representative must, in order to obtain a certificate authorizing the pursuit of activities as a group insurance representative, possess the skills, schooling and experience determined by a regulation made by the Bureau under paragraphs 1 to 4 of section 200.

536. A person referred to in section 534 who, on (*insert here the date preceding the date of coming into force of section 552*), is under a suspension, shall remain similarly suspended.

537. When issuing a first certificate to a natural person referred to in section 534, the Bureau shall grant a reduction in the fees payable, calculated on a monthly basis, to offset the fees previously paid by the person that apply to the period after the certificate takes effect.

538. A natural person referred to in paragraph 1 of section 4 of the Act respecting market intermediaries who, on (*insert here the date preceding the date of coming into force of section 552*), acts as a damage insurance agent is entitled to be issued a certificate authorizing the person to act as a damage insurance agent.

539. A damage insurance broker that, on (*insert here the date preceding the date of coming into force of section 552*), pursues activities as a claims adjuster may, on making a first application for a certificate under this Act, include any document proving that the broker was authorized to pursue such activities on that date.

Notwithstanding section 534, where the Bureau grants the application, the certificate shall indicate that the broker is authorized to act as a claims adjuster with regard to policies effected by the firm to which the broker is attached.

540. A natural person who, on (*insert here the date preceding the date of coming into force of section 552*), as part of that person's principal activity, pursues activities as a claims adjuster as the employee of an insurer, and who has a Bachelor's degree in administration with a major in insurance, a diploma of college studies in administrative techniques in the field of insurance, an attestation of college studies in damage insurance, or an attestation establishing passage of the examinations of the Associate of the Insurance Institute of Canada (AIIC) program, is entitled to be issued a certificate authorizing that person to act as a claims adjuster.

An employee of an insurer who, on (*insert here the date preceding the date of coming into force of section 552*), has pursued activities as a claims adjuster for at least one year but who is not in possession of an attestation or diploma referred to in the first paragraph is entitled, on presenting a statement of his or her employer certifying that the employee has pursued such activities for at least one year, to be issued a certificate authorizing the employee to act as a claims adjuster.

An employee of an insurer who has pursued activities as a claims adjuster for less than one year but who is not in possession of such an attestation must, to obtain a certificate, pass the examination prepared by the Bureau for that purpose.

541. A natural person who, on (*insert here the date preceding the date of coming into force of section 552*), holds a diploma in financial planning issued by the Institut québécois de planification financière is entitled to be issued a certificate authorizing the use of the title of financial planner.

542. A natural person who, on (*insert here the date preceding the date of coming into force of section 552*), holds a certificate as a real estate broker or agent restricted to loans secured by immovable hypothec may, if the person is an insurance representative or securities representative, continue to pursue such activities.

543. A natural person who, on 20 June 1998, holds a certificate authorizing the person to pursue activities as a market intermediary under the Act respecting market intermediaries and who, within two years from that date, establishes a legal person in order to act as a firm within the meaning of this Act is exempted from the payment of the fees payable for the filing of articles of constitution and for the related research report.

544. Notwithstanding paragraph 2 of section 223, a representative referred to in section 128 who, on (*insert here the date preceding the date of coming into force of section 552*), held a certificate issued under the Act respecting

market intermediaries may register as an independent representative or be a partner in or employee of an independent partnership.

545. Notwithstanding section 128 and paragraph 2 of section 223, a natural person who, on 20 June 1998, holds a certificate issued under the Act respecting market intermediaries authorizing that person to act as an agent in insurance of persons or a damage insurance agent may, within two years from (*insert here the date preceding the date of coming into force of section 552*), register as an independent representative.

An insurer whose products are distributed through an independent representative referred to in the first paragraph is not required, by virtue of that fact, to register with the Bureau.

546. A person referred to in the first paragraph of section 545 whose registration is cancelled or withdrawn may not re-register as an independent representative.

547. Persons who were employed by a market intermediary in damage insurance and who were, pursuant to the By-law of the Conseil des assurances de dommages respecting market intermediaries in damage insurance and the Regulation respecting multidisciplinary firms, declared on or before 12 June 1998 on the lists forwarded to the Inspector General of Financial Institutions or the Conseil des assurances de dommages may exercise the activities they were permitted to exercise.

548. Notwithstanding section 224 and subject to section 97, an agreement to authorize the operation of a franchise that is in force on 20 June 1998 may continue to apply in its existing form.

549. A legal person that, on (*insert here the date preceding the date of coming into force of section 552*), holds a certificate as a multidisciplinary firm issued by the Inspector General of Financial Institutions authorizing the pursuit of activities in the field of real estate brokerage may register with the Bureau as a multi-sector firm in that field. For the purposes of this Act, that field is deemed, in respect of that person, to be a sector.

The legal person may, in such a case, pursue that activity through the holder of a real estate agent's certificate or an affiliated real estate broker's certificate issued under the Real Estate Brokerage Act.

For the purposes of Title II, such certificate holders are deemed to be representatives. However, the firm and its executive officers must ensure that the representatives also comply with the Real Estate Brokerage Act and the regulations under it.

550. Upon the registration of a firm that, on (*insert here the date preceding the date of coming into force of section 552*), has paid fees to act as a market

intermediary or restricted practice securities broker, the Bureau shall reduce the fees payable, calculated on a monthly basis, to offset the fees previously paid by the firm that apply to the period after the registration takes effect.

551. The Inspector General of Financial Institutions and the Commission shall remit to the Bureau the amounts corresponding to the fee reductions granted by the Bureau in respect of previously paid fees pursuant to sections 537 and 550.

The sums required to enable the Inspector General to fulfil the requirements of the first paragraph shall be taken out of the consolidated revenue fund.

552. The Bureau may, before (*insert here the date of coming into force of section 582*), issue representative's certificates and restricted certificates, and register legal persons as firms, or register representatives or partnerships as independent representatives or independent partnerships. Such certificates, restricted certificates and registrations shall take effect on (*insert here the date of coming into force of section 582*).

553. Notwithstanding section 96, an insurance representative may not pursue brokerage activities relating to loans guaranteed by immovable hypothec unless on 20 June 1998, the representative was authorized to pursue such activities or unless the Government, by order, authorizes the pursuit of such activities.

The Government shall, before making an order under the first paragraph, give the Bureau 60 days' advance notice.

554. Every insurance broker that, on (*insert here the date preceding the date of coming into force of section 582*), is authorized to use the title of "chartered insurance broker" or "associate insurance broker" may, so long as authorized by the Bureau to act as a damage insurance broker, continue to use such a title.

Every market intermediary in insurance of persons that, on (*insert here the date preceding the date of coming into force of section 582*), is authorized to use the title of "chartered life underwriter" or the title of "registered life underwriter" may, so long as authorized by the Bureau to act as an insurance representative in insurance of persons, continue to use such a title.

555. The property, rights and obligations of the Association des intermédiaires en assurance de personnes du Québec and the Association des courtiers d'assurances de la province de Québec are transferred, respectively, to the Chambre de la sécurité financière and the Chambre de l'assurance de dommages, and the two associations are dissolved.

556. The property, rights and obligations of the Conseil des assurances de personnes and the Conseil des assurances de dommages, established under

section 58 of the Act respecting market intermediaries, are transferred to the Bureau and the two councils are dissolved.

557. Subject to section 562, the register of financial planners and multidisciplinary firms holding a certificate issued by the Inspector General of Financial Institutions, together with the files and other documents concerning them, in whatever the medium they are stored, shall become the register, files and documents of the Bureau.

The same applies to the register, files and other documents of the Commission relating to restricted practice brokers in group savings, investment contracts and scholarship plans, and their representatives.

558. The property, rights and obligations of the Fonds d'indemnisation en assurance de personnes, the Fonds d'indemnisation en assurance de dommages and the Fonds d'indemnisation des planificateurs financiers, established under section 161 of the Act respecting market intermediaries, are transferred to the Fonds d'indemnisation des services financiers, and the funds are dissolved.

The sums of money deriving from the funds shall be kept separate from the other assets of the Fonds d'indemnisation des services financiers and shall be allocated exclusively to the payment of claims arising from acts referred to in section 175 of the Act respecting market intermediaries that occurred between 1 September 1991 and (*insert here the date preceding the date of coming into force of section 582*) and to the payment of the amounts required for their operation.

559. The Fonds d'indemnisation des services financiers shall rule on the admissibility for payment of claims arising from acts occurring between 1 September 1991 and (*insert here the date that is one day before the date of coming into force of section 582*) in accordance with section 175 and paragraph 2 of section 176 of the Act respecting market intermediaries as those provisions read on (*insert here the date that is one day before the date of coming into force of section 582*).

560. Should the sums of money from the Fonds d'indemnisation en assurance de personnes and the Fonds d'indemnisation en assurance de dommages prove insufficient to meet the claims made on them, the Fonds d'indemnisation des services financiers shall impose a special contribution on representatives in insurance of persons or, as the case may be, on damage insurance agents, damage insurance brokers and claims adjusters.

A representative referred to in the first paragraph must, not later than 30 days after the notice of assessment is mailed, pay the special contribution.

561. The Government may, from (*insert here the date of the day occurring five years after the coming into force of section 558*), authorize the Fonds d'indemnisation des services financiers to integrate the remainder of the amounts from the three separate funds referred to in section 558 into its assets.

562. The Inspector General may validly pursue the hearing of a case begun before (*insert here the date of coming into force of section 582*) concerning the holder of a certificate issued by the Inspector General, and render a decision.

The same applies to the Commission where it has begun to hear a case relating to an offence committed by a restricted practice broker in group savings, investment contracts or scholarship plans, or a representative of such a broker.

563. The Inspector General or the Commission may send the decision to the Bureau which, where necessary, shall implement it in accordance with this Act.

564. The discipline committee referred to in section 352 is competent to hear and decide any complaint filed with a disciplinary committee referred to in section 148 of the Act respecting market intermediaries before (*insert here the date that is one day before the date of coming into force of section 582*).

565. The syndic may file a complaint before the discipline committee against a market intermediary who has committed an offence under the Act respecting market intermediaries or a regulation thereunder. The discipline committee has jurisdiction to hear the complaint.

The same applies to the co-syndic in connection with an offence under the Securities Act or a regulation thereunder committed by the representative of a restricted practice broker in group savings, investment contracts or scholarship plans. The discipline committee has jurisdiction to hear the complaint.

566. The Bureau has jurisdiction to cancel, suspend or impose restrictions or conditions on registration in a given sector where it considers that a firm has, before (*insert here the date preceding the date of coming into force of section 582*), infringed a provision of the Act respecting market intermediaries, the Securities Act or the Real Estate Brokerage Act or of a regulation under those Acts.

Sections 117 to 127 apply to such a case heard by the Bureau.

567. The Bureau has jurisdiction to institute or continue proceedings relating to a penal offence under Chapter X of the Act respecting market intermediaries.

568. The members of the first boards of directors of the *Chambre de la sécurité financière* and the *Chambre de l'assurance de dommages* shall be appointed by the Minister. They shall be appointed for a term of two years.

The Minister shall designate, from among the members the Minister appoints to the board of directors of the *Chambre de la sécurité financière*, the members who are to fill the positions of president, of vice-president, insurance, and of vice-president, securities.

The Minister shall also designate, from among the members the Minister appoints to the board of the *Chambre de l'assurance de dommages*, the members who are to fill the positions of president and vice-president.

569. The Minister shall determine the amount of the first dues that firms, independent representatives and independent partnerships must pay to the Bureau for the account of each Chamber. The amount shall remain applicable until a new amount is determined in accordance with section 320.

570. The *Chambre de l'assurance de dommages* may, during the first two years following 20 June 1998, collect special annual contributions of \$100 from damage insurance brokers for the financing of the broker identification campaign managed by the Insurance Brokers Association of Canada.

The special contributions shall be remitted to the organization having its head office in Québec that has been authorized to receive them by the manager of the broker identification campaign.

571. The Minister shall determine the amount of the first contribution that firms, independent representatives and independent partnerships must pay to the Bureau for the account of the compensation fund. The amount shall remain applicable until a new amount is determined in accordance with section 278.

572. Notwithstanding section 177, the board of directors of the Bureau may appoint its personnel before adopting a by-law under that section. However, as soon as the by-law is adopted, the remuneration, employment benefits and other conditions of employment of the persons so appointed shall be revised, where necessary, in accordance with the by-law.

573. In addition to the insurance products referred to in sections 424 and 426, a credit union may, in accordance with the provisions of Title VIII, continue to distribute the insurance products it distributed on 20 June 1998.

The Government shall, by order, identify those products.

574. The provisions of Chapter III of Title II, adapted as required, apply to a firm acting through a representative in insurance of persons or a group insurance representative during the year following (*insert here the date of coming into force of section 582*).

During that period, the Bureau may, by regulation, create a class of agents and a class of brokers in the sectors of insurance of persons and group insurance of persons, and determine the requirements of each class.

A regulation made under the second paragraph shall be submitted to the Government for approval with or without amendment.

575. When a regulation made under the second paragraph of section 574 is approved, the provisions of the first paragraph of that section shall continue to apply while the regulation remains in force.

576. In addition to the amounts to be paid by the Bureau to the Commission pursuant to section 250, the Commission may claim from the Bureau an amount representing a share of the surplus the Commission pays into the consolidated revenue fund pursuant to section 26 of the Act to amend the Securities Act (1997, chapter 36).

577. In addition to the transitional provisions provided for in this Title, the Government may, in a regulation made before 1 July 1999, make any other transitional provision needed to supply any deficiency and ensure the application of this Act.

A regulation made pursuant to the first paragraph is not subject to the publication requirements prescribed by section 8 of the Regulations Act.

TITLE XII

MISCELLANEOUS PROVISIONS

578. In Acts and the statutory instruments under them, and in contracts or other documents, unless otherwise indicated by the context,

(1) a reference to the Act respecting market intermediaries (R.S.Q., chapter I-15.1) is a reference to this Act;

(2) the expressions “market intermediary in insurance business”, “market intermediary in damage insurance” and “market intermediary in insurance of persons” mean, respectively, “insurance representative”, “agent or broker in damage insurance or claims adjuster” and “representative in insurance of persons” within the meaning of this Act.

579. The Government may, on the conditions and to the extent it determines, guarantee any loan contracted by the Bureau during fiscal years 1998-1999 and 1999-2000.

Where the Government guarantees such a loan, the Bureau must, at the request of the Minister, either directly or through the financial institutions with which it does business, provide the Minister with any information concerning its financial situation in the manner and within the time indicated by the Minister.

The sums required for the purposes of this section shall be taken out of the consolidated revenue fund.

580. The Minister must, on or before (*insert here the date occurring five years after the coming into force of section 582*), and every five years thereafter, report to the Government on the application of this Act and, if need be, on the advisability of maintaining it in force or amending it.

The report shall be tabled in the National Assembly within 15 days or, if the Assembly is not sitting, within 15 days of resumption.

581. The Minister of Finance is responsible for the administration of this Act.

582. This Act replaces the Act respecting market intermediaries.

583. The provisions of this Act come into force on the date or dates to be fixed by the Government.