

## 21. Requirements for Québec

- a) [New SRO] shall maintain a Québec district, which shall have clearly defined responsibilities in the matter of regulation, membership, sales compliance, financial compliance, markets monitoring, trade desk reviews and enforcement of the rules applicable to its Dealer Members, Market Members and Approved Persons.
- b) The Québec district shall maintain a place of business in Québec, and any decision concerning the supervision of its self-regulatory activities and the Dealer Members, Market Members and Approved Persons of Québec shall be made principally by persons residing in Québec.
- c) The most senior officer responsible for the Québec district shall report directly to the CEO of [New SRO].
- d) The Québec district shall offer its members and the investing public all necessary services in French so as to provide a quality of service equivalent to that offered in English in other offices of [New SRO].
- e) The Québec district shall ensure that French is the language used in all communications and correspondence with the AMF.
- f) [New SRO] shall obtain the prior approval of the AMF before making a change to the organizational and administrative structure of the Québec district that might have an impact on its functions and activities in Québec, and on the exercise of its decision-making powers, notably as regards the financial, human and material resources allocated to the Québec district.
- g) The Québec district shall have a separate budget which must be approved by the Board. The latter shall allocate to the Québec district the necessary resources and support to fulfil its duties, powers and activities, including material, informational and financial support, and human resources support.
- h) The Québec district shall report to the AMF biannually on its staffing of each position, specifying the positions that are authorized, filled and vacant, as well as on major staff reductions or changes, for each position.
- i) The Québec district shall report to the AMF upon request, through its most senior officer responsible for the Québec district, on the manner in which it exercises its functions and powers and performs its activities.

- j) [New SRO] recognizes that the AMF, pursuant to the *Act respecting the regulation of the financial sector*, CQLR c. E-6.1 (“LESF”) and the *Québec Securities Act*, CQLR, c. V-1.1 (“LVM”), has established a specific regulatory framework for the management of complaints and disputes (“LESF/LVM process”). [New SRO] recognizes that the complaints and disputes management process stipulated in its rules or in any other document shall not have the effect of limiting the application of the LESF/LVM process. [New SRO] undertakes to comply with and promote the LESF/LVM process, including the terms and conditions and time frames provided in the LESF and LVM and to cooperate fully in regard to its administration.
- k) In the event of an incompatibility or a divergence between the LESF/LVM process and that of [New SRO], the LESF/LVM process shall prevail.
- l) It is expressly understood that the coexistence of the LESF/LVM process and that of [New SRO], as provided in paragraph j) above, shall not constitute, either directly or indirectly, an agreement relative to the examination of complaints made by persons who are dissatisfied with their examination or the result of said examination, or to the mediation between interested parties pursuant to section 33.1 of the LESF.
- m) [New SRO] recognizes and undertakes to respect the applicable laws of Québec.
- n) [New SRO] shall ensure that firms registered as mutual fund dealers in Québec (« MFDs registered in Québec ») benefit from an adequate transition period, the duration of which shall be agreed upon with the AMF, for their integration with [New SRO] in regard to their activities in Québec.
- o) During the transition period, [New SRO] for the activities carried out by MFDs in Québec:
  - i. shall ensure that its bylaws, rules, decisions, notices or other instruments that do not apply to MFDs registered in Québec, with the exception of provisions required to ensure the smooth operation of [New SRO], as well as the implementation of the requirements stipulated in paragraph n) and in subparagraphs ii and iii of this paragraph o),
  - ii. shall authorize MFDs registered in Québec to participate as members in the consultations of [New SRO] and on the committees that the latter shall create,
  - iii. shall ensure that MFDs registered in Québec pay [New SRO] a reduced fee, the amount of which shall be proportional to the services offered to them.
- p) [New SRO] shall obtain the prior approval of the AMF before making any change to its bylaws, rules, decisions, notices or other instruments concerning elements that are subject to the requirements stipulated in paragraphs n) and o) with the goal of ending or changing the conditions applicable to the transitional period, or

before taking any action that might have the effect of forcing an MFDs registered in Québec to subscribe to the guarantee fund of [New SRO] for its activities in Québec.