

Bill 74: Act to amend various legislative provisions principally to tighten the regulation of the financial sector.

Key measures proposed

Consecutive prison sentences

- Amendment to the *Code of Penal Procedure* to specify that an offender convicted of several criminal offences may be sentenced to serve the prison terms consecutively.

Oversight of credit rating agencies

- Introduction of a legislative framework governing credit rating agencies.
 - Québec is adopting an oversight system concerning designated credit rating agencies that issue credit notes in respect of issuers of securities.
 - The Autorité des marchés financiers will exercise broad regulatory powers as regards credit rating agencies, in particular to regulate:
 - the conduct of administrators, executives and employees;
 - the management of conflicts of interest.

Amendments to the deposit insurance system

- Introduction of new powers to enable the Autorité des marchés financiers to intervene with regard to registered institutions that are in difficulty in order to:
 - establish a legal entity responsible for liquidating the assets acquired from a registered institution;
 - acquire the securities issued by a registered institution;
 - ask the court to order the merger or sale of a registered institution.
- The automatic reduction of the premium paid by financial services cooperatives that are members of a safety fund. In return, the safety fund will act as the first bulwark should intervention become necessary.

Tightening up of oversight of foreign insurers

- In order to possess a permit issued by the Autorité des marchés financiers and thus insure Quebecers, a foreign insurer must:
 - maintain in Québec and in Canada sufficient assets from the standpoint of its operations in Québec;
 - maintain sufficient capital and cash resources.

More stringent penalties

- The maximum administrative penalties will be raised:
 - by the Bureau de décision et révision, from \$100 000 to \$2 000 000;
 - by the discipline committees, from \$12 500 \$50 000.

Automobile replacement guarantee and distribution without a representative

- Exclusion of insurance products pertaining to the sale of a vehicle or of immovable property from distribution without a representative.
- However, automobile replacement guarantees will be recognized as insurance products (replacement insurance) that may be distributed under the distribution system without a representative.