

# AUTORITÉ DES MARCHÉS FINANCIERS

Regulation and oversight  
of Québec's financial sector



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## AUTORITÉ DES MARCHÉS FINANCIERS

The *Autorité des marchés financiers* (AMF) is the body mandated by the government of Québec to regulate Québec's financial sector and to offer assistance to consumers of financial products and services.

It protects consumers by enforcing the laws and regulations governing the following areas of activity: insurance, securities, deposit institutions (other than federally chartered banks) and distribution of financial products and services.

The AMF has some 500 employees in its offices in Québec City, where its headquarters are located, and in Montréal. It is headed by a President and CEO appointed by the government of Québec.

To enforce its governance rules, the AMF is supported by an internal auditor and by the *Conseil consultatif de régie administrative*.

### Background

Established on February 1, 2004, the AMF was created pursuant to the *Act respecting the Autorité des marchés financiers* (R.S.Q., c. A-33.2), whose purpose is to better integrate the supervision of all financial sector participants under the government's jurisdiction.





### ACTS AND REGULATIONS administered by the AMF

In addition to the powers and responsibilities conferred on it by the *Act respecting the Autorité des marchés financiers*, the AMF administers the following Acts:

- ▶ *Automobile Insurance Act* (Title VII)  
(R.S.Q., c. A-25)
- ▶ *Deposit Insurance Act* (R.S.Q., c. A-26)
- ▶ *Act respecting insurance* (R.S.Q., c. A-32)
- ▶ *Act respecting financial services cooperatives*  
(R.S.Q., c. C-67.3)
- ▶ *Act respecting the distribution of financial products and services*  
(R.S.Q., c. D 9.2)
- ▶ *Act respecting the disclosure of the compensation received by the executive officers of certain legal persons*  
(R.S.Q., c. I-8.01)
- ▶ *Act respecting the Mouvement Desjardins*  
(R.S.Q. 2000, c. 77)
- ▶ *Act respecting trust companies and savings companies*  
(R.S.Q., c. S 29.01)
- ▶ *Securities Act* (R.S.Q., c. V-1.1)

All of these Acts, as well as the related regulations and directives, may be consulted on the AMF's website ([www.lautorite.qc.ca](http://www.lautorite.qc.ca)).

### CONSEIL CONSULTATIF DE RÉGIE ADMINISTRATIVE (CCRA)

Created under the provisions of section 48 of the *Act respecting the Autorité des marchés financiers*, the CCRA is an advisory board composed of no more than seven members appointed by the government. It advises the AMF on the compatibility of its actions with its mission and on its corporate governance, particularly as regards its budget estimates, its staffing plan and activity plan.

It makes recommendations to the AMF President and CEO on the appointment of AMF's senior officers and the renewal of their terms. It also reports to the Minister of Finance on any matter submitted to it by the Minister and makes recommendations concerning the administration of the AMF and the efficient use of its resources.

## Two key functions: financial market supervision and consumer assistance

### FINANCIAL MARKET SUPERVISION

- ▶ *Enforcement of Acts and regulations*
- ▶ *Issuing rights to practice (authorization to offer financial products and services)*
- ▶ *Inspection and investigations*
- ▶ *Oversight of markets and distribution practices*
- ▶ *Monitoring solvency of deposit institutions and insurance companies*

The AMF enforces the Acts and regulations governing Québec's financial sector. This sector encompasses all activities related to the production and distribution of financial products and services intended for consumers.

The AMF's supervisory activities focus primarily on the following four areas: securities, insurance, deposit institutions, and the distribution of financial products and services.

Almost 15,000 businesses and approximately 48,000 individuals operate in these areas and they hold a right to practice issued by the AMF that authorizes them to produce or distribute these products and services. They must also comply with various obligations prescribed by law.

#### SECURITIES

***Ensure the smooth functioning of the securities markets and protect investors.***

We analyze disclosures related to securities investments or public offerings.

We ensure that reporting issuers, i.e. any organization that has issued securities to the public, provide the holders of their securities – the shareholders – and the market with financial statements, management discussions and analyses, and other documents required by law and regulation.

We monitor compliance with the obligations applicable to issuers and other financial sector participants, such as the timely filing of insider reports.

Lastly, we ensure the development and implementation of policies and regulations pertaining to the capital markets.



## INSURANCE AND DEPOSIT INSTITUTIONS

*Supervise and monitor insurance companies and deposit institutions that operate in Québec.*

### Monitoring the right to practice

We ensure that financial institutions hold all the necessary authorizations to operate in Québec and that they meet the various statutory and regulatory requirements. We manage in particular licensing, legal status and the updating of company records.

### Compliance

To manage risk, we thoroughly analyze the financial statements and other documents obtained from financial institutions. We also conduct off-site or on-site inspections of these organizations and we make recommendations, if necessary. In addition, we assess their commercial practices.

### Advisory role for the enforcement of Acts and regulations

We develop normative tools such as guidelines or standards to assist financial institutions with their operations.

## DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES

*Supervise the distribution of financial products and services by administering the rules of eligibility and practice applicable to representatives and businesses.*

We also supervise the distribution of financial products and services by administering the rules of eligibility and practice applicable to representatives, advisers and brokers/dealers in all sectors.

We manage in particular the certification of representatives and the registration of firms operating in insurance of persons, damage insurance, claims adjustment, financial planning, group savings, investment contracts and scholarship plans.

## SUPERVISORY ACTIVITIES

### Inspection and investigations

The AMF has, with respect to all market participants, supervisory powers such as the power to conduct inspections to verify practice compliance and investigation powers to examine special situations. These powers are exercised pursuant to the *Act respecting the Autorité des marchés financiers* as well as the Acts governing each area of activity under its jurisdiction.

## CONSUMER ASSISTANCE

- ▶ *Examining complaints and resolving disputes*
- ▶ *Activities to inform and educate consumers*
- ▶ *Deposit Insurance Fund*
- ▶ *Financial Services Compensation Fund*
- ▶ *Fund for Investor Education and the Promotion of Good Governance*

The AMF assists consumers by examining their complaints and claims and by managing protection and compensation programs for consumers of financial products and services.

We respond to information requests and receive consumer complaints concerning financial sector participants. We can also recommend services for examining complaints and resolving disputes or pay compensation directly to the consumer, if applicable.

We disseminate consumer education programs with respect to financial products and services in partnership with consumer protection organizations.

In addition, as part of our efforts to protect consumers of financial products and services, we administer the following three funds:

### DEPOSIT INSURANCE FUND

With the Deposit Insurance Fund, we protect depositors in the event that an institution registered with the fund becomes insolvent. This fund is used to reimburse any person who makes one or more deposits with an institution registered with the AMF. Amounts of up to \$100,000 per person and per registered institution may be reimbursed if an institution becomes insolvent. This fund is financed through the premiums paid by registered institutions.

### FINANCIAL SERVICES COMPENSATION FUND

We use the Financial Services Compensation Fund to compensate victims of fraud, fraudulent tactics or embezzlement that may occur when they deal with persons and businesses authorized to practice under the *Act respecting the distribution of financial products and services*.

The fund is financed by mandatory annual contributions paid by firms, independent representatives and independent partnerships registered with the AMF.

### FUND FOR INVESTOR EDUCATION AND THE PROMOTION OF GOOD GOVERNANCE

The Fund for Investor Education and the Promotion of Good Governance financially supports various initiatives related to the following four components: investor protection; investor education; promotion of good governance; and improving knowledge of the financial sector.

This fund is financed through fees collected by the AMF and administrative penalties imposed on persons who fail to comply with an obligation prescribed by a law or regulation under AMF's jurisdiction.



### Daily contact with financial sector consumers and businesses

#### AMF INFORMATION CENTRE

The AMF provides consumers and industry participants with an information centre to answer their queries.

Information agents help meet requests from consumers in particular for information on whether representatives and businesses operating in the financial sector are authorized to practice. They also assist consumers who wish to file a complaint concerning services rendered by a representative, partnership or firm registered with the AMF.

As well, our agents answer questions from financial sector participants supervised by the AMF. They provide them with information on such matters as career training requirements and their obligations. In addition, they help them find, if necessary, relevant publications, texts and regulatory provisions.

In addition to the assistance available to our various clients from the information centre, the AMF's website is useful to consumers for the following: news and press releases, guidelines for compensation claims, general information on deposit insurance, securities, etc. Industry members can also consult the regulations and legislation administered by the AMF as well as bulletins and publications. The procedures and forms required for professional practice as well as information on professional liability insurance and various matters related to their operations are also available on our website.



## AMF'S ROLE IN QUÉBEC, CANADA AND THE WORLD

As a legal person and a mandatary of the government of Québec, the AMF is, under such government jurisdiction, the sole agency responsible for providing market regulation and oversight and assisting consumers of financial products and services in Québec.

The AMF ensures that all practices related to the production and distribution of financial products and services are thorough and transparent, that investor complaints are handled efficiently and equitably and that investors receive fair compensation when so entitled. The AMF's inspection and investigation role is therefore of prime importance in ensuring full compliance with the many laws and regulations under its jurisdiction.

In addition, the AMF may, on terms and conditions it deems appropriate, delegate to a recognized organization all or some of the functions and powers conferred on it by law.

The self-regulatory organizations recognized by the AMF are:

- ▶ Investment Dealers Association of Canada (IDA);
- ▶ Montréal Exchange Inc.;
- ▶ The Canadian Depository for Securities Limited (CDS);
- ▶ *Chambre de la sécurité financière* (CSF);
- ▶ *Chambre de l'assurance de dommages* (ChAD);
- ▶ Canadian Derivatives Clearing Corporation (CDCC);
- ▶ NASDAQ;
- ▶ Market Regulation Services Inc. (RS).



### Self-regulatory organization (SRO)

Under the *Act respecting the Autorité des marchés financiers*, a legal person, a partnership or any other entity whose objectives are related to the mission of the AMF may, on the conditions determined by the latter, be recognized as a self-regulatory organization responsible for supervising an activity governed by an Act enforced by the AMF.

The conditions for recognizing self-regulatory organizations and approving the rules that govern them are under the direct and exclusive authority of the AMF.

The AMF ensures that Québec plays a strong, proactive role in Canadian and international bodies, including the following:

- ▶ International Association of Insurance Supervisors (IAIS/AICA);
- ▶ Canadian Securities Administrators (CSA/ACVM);
- ▶ *Institut francophone pour la régulation financière* (IFREFI);
- ▶ Canadian Council of Insurance Regulators (CCIR/CCRRA);
- ▶ International Organization of Securities Commissions (IOSCO/OICV).

This collaboration with various organizations enables the AMF to benefit from national and international initiatives intended to harmonize regulations.

## CONSUMER PROTECTION AND FINANCIAL MARKET DEVELOPMENT

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In Québec and around the world, the financial sector is constantly evolving. Consequently, regulation of this sector is of vital importance in protecting consumers and promoting the development of the financial markets. The establishment of the AMF in 2004 reflects not only Québec's leading role in this area but also its determination to supervise the financial sector more effectively and rigorously.

We must protect consumers of financial products and services by enforcing the laws governing the financial sector, while seeking to strike a proper balance between rigorous oversight of the sector and the implementation of measures that also foster the development of the financial markets.

To do so, we intend to increase supervisory activities to ensure that the various financial sector participants comply with the prevailing laws and regulations. At the same time, we will harmonize regulations and streamline administrative procedures, in other words, set up a regulatory framework that takes into account the industry's expectations and the many changes taking place in the financial sector.

Protecting Québec consumers also involves stepping up efforts to combat economic crime, promote good corporate governance in the financial sector and enhance compliance monitoring.



## **To reach the AMF**

### **In Québec City**

Place de la Cité, tour Cominar  
2640, boulevard Laurier, bureau 400  
Québec (Québec) G1V 5C1  
(418) 525-0337

### **In Montréal**

800, square Victoria, 22<sup>e</sup> étage  
C.P. 246, tour de la Bourse  
Montréal (Québec) H4Z 1G3  
(514) 395-0337

### **Elsewhere in Québec**

Toll-free number: 1 877 525-0337

## **Information Centre**

### **For consumers**

(418) 525-0311  
(514) 395-0311  
Toll-free number: 1 866 526-0311  
Fax: (418) 647-0376  
[renseignements-consommateur@lautorite.qc.ca](mailto:renseignements-consommateur@lautorite.qc.ca)

### **For financial sector participants**

(418) 525-2263  
(514) 395-2263  
Toll-free number: 1 877 395-2263  
[renseignements-industrie@lautorite.qc.ca](mailto:renseignements-industrie@lautorite.qc.ca)

You can also consult the AMF's website  
at **[www.lautorite.qc.ca](http://www.lautorite.qc.ca)**

