

## **Derivatives Act comes into force on February 1, 2009**

### **QUÉBEC BOLSTERS LEADERSHIP ROLE IN DERIVATIVES**

**Montréal, January 26, 2009** – The *Autorité des marchés financiers* (AMF) looks forward to the coming into force of the new *Derivatives Act* on February 1, 2009. Recognizing the explosive growth in derivatives markets and products, the new Act will provide a modern, flexible framework for derivatives products that is adapted to the industry.

"Further to numerous consultations and discussions with market participants, the Canadian Securities Administrators and regulators around the world, the *Derivatives Act* is based on best practices adopted internationally in derivatives matters. We extend our gratitude to Finance Minister Monique Jérôme-Forget for helping ensure that this derivatives framework comes into force as quickly as possible," said Jean St-Gelais, AMF President and CEO. "The Act helps Québec and the AMF solidify their leadership role in Canada in matters pertaining to derivatives," added Mr. St-Gelais.

Incorporating a principles-based approach, the new legislation is accompanied by related regulations and policy statements. It specifies obligations of results and transfers the responsibility for establishing the most effective means of assuming such obligations to market participants and other regulated entities.

Since there is no limit to the design of new derivatives products, the *Derivatives Act* provides for a broad definition. It may apply to any derivative instrument, regardless of its nature or composition. As well, the Act recognizes the various components of the markets and provides for a framework tailored to the markets. Transactions between accredited counterparties – institutional investors, hedgers, etc. – will continue to be conducted without formalities. Moreover, all measures available to the AMF in the event of fraud or manipulation have been maintained, as have its intervention, inspection and investigation powers. In addition, the Act sets out penalties adapted to the derivatives industry that are similar to those prevailing in respect of securities.

The documents related to the coming into force of the *Derivatives Act* have been published in the AMF Bulletin dated January 23, 2009 in [section 6.2.2.1](#).

The *Autorité des marchés financiers* (AMF) is the regulatory and oversight body for Québec's financial sector.

– 30 –

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