

NOTICE
TO SECURITIES REGISTRANTS
AND
MUTUAL FUNDS

Curateur public du Québec
Direction générale des biens non réclamés
February 2006

INSTRUCTIONS

for remitting unclaimed mutual funds to the Curateur public du Québec

This document is published for information purposes only and is intended for securities registrants and mutual funds.

These instructions are guidelines giving details necessary to apply the *Public Curateur Act* (the "Act") (R.S.Q., c. C-81) and its regulation.

These instructions are not binding. However, they may be referred to as they reflect the administrative recommendations made by the *Curateur public du Québec* (CPQ). The schedules form an integral part of these instructions.

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IMPORTANT NOTICE

As of **April 1, 2006**, the *Direction générale des biens non réclamés* will come under **Revenu Québec** following the adoption of Bill 120 by the National Assembly in December 2005.

These instructions will continue to apply after April 1, 2006.

LEXICON

Interested Party:	Person who holds rights to unclaimed property, as owner, heir or assignee.
Client:	Investor who is a Client of the securities registrant.
Untraceable Client:	<i>Client is Untraceable, Client Determined to be Untraceable.</i> Means the Client cannot be found. See point 3.1 of this document for further information on this concept.
Debtor:	A person who is required to perform an obligation towards another.
Holder:	A person who has possession of property in any capacity whatsoever (for further information, see section 4 of this document).
Initial Intervenant:	Intervenant responsible for opening the Client account and doing business directly with the Client (for further information, see section 4 of this document).
Intermediary Intervenant:	Intervenant who represents the Initial Intervenant with the mutual fund (for further information, see section 4 of this document).

MUTUAL FUNDS

Mutual funds are organizations whose assets are made up of sums collected from investors. Those sums are then invested in accordance with the policy and investment goals of each mutual fund.

Legally, mutual funds may be set up as a trust or as a corporation. In the case of a trust, the most widespread form, trustees are responsible for the mutual fund, which issues mutual fund units in return for the sums collected. In the case of a corporation, directors are responsible for the mutual fund, which issues mutual fund shares in return for the sums collected.

The three main duties of a mutual fund are to manage the funds, act as a depositary (generally done by a trust company) and make distributions (done by intermediaries). For more information on the organizational structure of a mutual fund, see Schedule 1 of this document.

1. Intervenants affected by unclaimed mutual fund securities

Intervenants who could be involved in the management of unclaimed mutual funds are mutual funds and the intermediaries who distribute mutual fund securities.

In Québec there are the following intermediaries:

- Group savings firm

A group savings firm is a legal person offering mutual fund securities. Its activities are governed by the *Act respecting the distribution of financial products and services* (ADFPS) (R.S.Q., c. D-9.2). Mutual fund securities are sold by group savings representatives. Under section 14 of the ADFPS, all group savings representatives must be acting for a firm.

- Dealer with an unrestricted practice

A dealer with an unrestricted practice acts as an intermediary in trading securities, which covers mutual fund securities. He also gives advice on the purchase or sale of securities. His activities are governed by the *Québec Securities Act* (SA) (R.S.Q., c. V-1.1). Mutual fund securities are sold by representatives with an unrestricted practice or group savings representatives. Under section 149 of the Québec SA, any representative with an unrestricted practice must be carrying on business on behalf of a dealer with an unrestricted practice.

A specific case to note is the introducing broker. This is a dealer with an unrestricted practice, but who does not clear securities or settle trades. An introducing broker *places trades* for his clients either as a registered participant with a stock exchange or using the access of the person in charge of the account. Under the rules of the *Investment Dealers Association of Canada* (IDA), there are four arrangements between an introducing broker and a broker in charge of an account—types 1 to 4. In all cases covered by these instructions, the settlements and securities are in the name of the person in charge of the account.

- Discount broker

A discount broker acts as an intermediary in trading securities, which covers mutual fund securities. Contrary to a dealer with an unrestricted practice, a discount broker does not give advice on the purchase or sale of securities. Its activities are governed by the Québec SA. Mutual fund securities are sold by representatives of the discount broker. Under section 149 of the Québec SA, any representative of a discount broker must carry on business on behalf of a discount broker.

❑ Adviser with an unrestricted practice

An adviser with an unrestricted practice gives advice on the purchase or sale of securities or an interest in trades of securities. He also manages a portfolio of securities, which includes mutual fund securities, under a mandate. His activities are governed by the Québec SA. Advice and management relating to the purchase or sale of mutual fund securities is provided by representatives of an adviser with an unrestricted practice. An adviser with an unrestricted practice has a mandate to manage his Client's portfolio but, *to place trades for his Client*, he must use a representative registered with a brokerage firm with an unrestricted practice or a discount broker. Under section 149 of the Québec SA, all representatives of an adviser with an unrestricted practice must carry on business on behalf of an adviser with an unrestricted practice.

2. Unclaimed mutual fund securities

Mutual fund securities likely to be unclaimed¹ include:

- ❑ securities held in an unregistered account;
- ❑ securities held in a registered account;
 - registered retirement savings account or retirement income account, such as²:
 - a registered retirement savings plan (RRSP);
 - a locked-in registered retirement savings plan (locked-in RRSP);
 - a locked-in retirement account (LIRA);
 - a registered retirement income fund (RRIF);
 - a locked-in registered retirement income fund (locked-in RRIF);
 - a life income fund (LIF);
 - registered education savings account³, such as:
 - a family registered education savings plan (family RESP);
 - a non-family (individual) registered education savings plan (non-family RESP);
- ❑ the investment income (interest, dividends and other income) generated by the securities held in registered or unregistered accounts;
- ❑ the cash balance related to the registered and/or unregistered account.

¹ See paragraphs 3, 4, 5, 9, 10 and 11 of section 24.1 of the Public Curator Act (the Act) as well as section 6.6 of the Regulation respecting the application of the Public Curator Act.

² This list is not exhaustive.

³ Group RESPs are not covered by these instructions.

3. Concept of unclaimed mutual fund

Under the Act, a mutual fund security is deemed to be unclaimed where the Interested Party has made no claim, engaged in no transaction or given no instruction within the three years following the date on which the 3-year period began.

Such date differs depending on whether it is a mutual fund security held in a registered or an unregistered account. In the case of a registered account, the date differs if it is a security within a registered retirement savings account, a registered retirement account or a registered education savings account.

Given market realities, an additional criteria must be taken into account for property to be considered unclaimed, namely losing track of the Client, hereinafter referred to as an *Untraceable Client* (for further information on this concept, see point 3.1 of this section).

Dates on which the 3-year period begins according to the type of property

□ Mutual fund securities held in an unregistered account

The three-year period begins on the later of the following dates:

- the date of the last instruction received from the Client;
- the date on which it is determined that *the Client is Untraceable*.

□ Mutual fund securities held in a registered retirement savings account⁴

The three-year period begins no later than December 31st following the date of the 69th birthday of the *Client Determined to be Untraceable*. When a Client dies before his 69th birthday, a mutual fund security held in a registered retirement savings account becomes unclaimed property 3 years after the date of death, provided it has not been claimed by an Interested Party (the estate or another Interested Party).

Registered retirement savings accounts include RRSPs, locked-in RRSPs and LIRAs.

The rule respecting the date on which the 3-year period begins to run reflects the fact that a transformation date is necessary in the case of a registered retirement savings account. Under tax legislation, that date is currently⁵ the December 31st following the individual's 69th birthday. To the extent that mutual fund securities are kept, RRSPs must be converted into a retirement income account, namely a RRIF, at that time. Locked-in RRSPs and LIRAs must be converted into locked-in RRIFs or LIFs.

Furthermore, it must be established that the *Client is Untraceable* before the December 31st following his 69th birthday. The owner of an RRSP must, for example, be contacted since he has an election to make for the transformation of his RRSP.

⁴ This rule covers registered accounts for which the election of converting the registered retirement savings account into a registered retirement income account was not made by the Client. As a result, the securities registrant or the mutual fund must force the conversion election in order to comply with applicable tax rules.

⁵ Income Tax Act (R.S.C. (1985) ch. 1 (5th Suppl))

❑ **Mutual fund securities held in a registered retirement income fund⁶**

The three-year period begins on the later of the following dates:

- the date of the last instruction received from the Client;
- the date on which it is established that the *Client is Untraceable*.

Registered retirement income accounts include RRIFs, LIFs and locked-in RRIFs.

❑ **Mutual fund securities held in a registered education savings account**

The 3-year period begins to run on the date the registered education savings plan of the *Client determined to be Untraceable* expires.

Registered education savings accounts include, among other things, family RESPs and non-family (individual) RESPs.

The rule respecting the date on which the 3-year period begins to run is based on the fact that there is a cessation date in the case of a registered education savings account otherwise provided for in the plan. Under tax legislation, that date is currently⁷ no later than December 31st of the 25th year following the year in which the RESP was created (corresponding to December 31st of the 26th year of existence of the plan). As of December 31st of that year, the contents of the RESP must be cashed in (the repayment of contributions is not taxed)⁸, or transferred to an RRSP.

Also, the determination that a *Client is Untraceable* must be established before the RESP expiry date. The contributor to an RESP must therefore be contacted because he must make an election when the RESP expires.

- ❑ **Interest, dividends and other income produced by mutual fund securities** should be considered to be unclaimed at the same time as the property which generated them.
- ❑ Lastly, the **cash balance** must be considered to be unclaimed at the same time as the mutual fund securities (held in a registered or unregistered account).

⁶ This rule covers registered accounts for which the election of converting the registered retirement savings account into a registered retirement income account has been made by the Client. The Client has therefore become Untraceable following his election and/or the annual cashing of the minimum payments.

⁷ Income Tax Act (R.S.C. (1985) ch. 1 (5th Suppl))

⁸ The reimbursement of contributions paid into an RESP is not required because the contributor did not have a tax deduction at the outset. Investment income accrued in an RESP which is not used to finance studies is taxed in the hands of the contributor. It is also subject to 20% tax in addition to the regular income tax. The Canadian Education Savings Grant must be fully reimbursed to the Government of Canada if it is not used.

3.1. Information regarding the concept of *Untraceable Client*

For the purposes hereof, the concept of *Untraceable Client* means that the initial intervenant and/or the Holder, as the case may be, have tried to contact the Client, without success. For example, a *Client is Untraceable* if his mail is returned with the words *unknown address* or *wrong address* and he does not respond to telephone calls.

Communication from the Client to the initial intervenant or the Holder must be explicit. Permanent instructions, such as dividend reinvestment or systematic investment, do not represent explicit communication from the Client and therefore cannot be taken into account to determine whether or not the *Client is Untraceable*. Examples of non-financial instructions which constitute explicit communication include a change of address and the updating of the account application form.

Where a Client has several securities or accounts with the securities registrant or mutual fund and only makes trades in some of the securities or some of the accounts during a three-year period, the Client is considered to be active.

3.2. Information regarding the concept of domicile of an Interested Party entitled to unclaimed property

In accordance with the initial statements of this section, mutual fund securities and the investment income they generate are considered to be unclaimed if their Interested Party is domiciled in Québec under section 24.1 of the Act (<http://www.curateur.gouv.qc.ca/cura/html/rengen/lois.html>)⁹.

Under section 24.3, the property referred to in section 24.1 is also considered to be unclaimed if the property is situated in Québec¹⁰ and the law of the place of domicile of the Interested Party does not provide for provisional administration. To facilitate your search to find out which Canadian provinces or territories and which American states have rules about unclaimed property, you may wish to refer, for consultation purposes only, to Unclaimed Property Law and Reporting Forms¹¹ or visit the web site of the National Association of Unclaimed Property Administrators (NAUPA) at the following address: <http://www.naupa.org>. Note that British Columbia does not appear on this site but that it also has provisions on the subject. For that province, please visit its web site.

⁹ As the attachment factor for unclaimed property is the domicile of their owner, the law has provided for cases where that domicile is uncertain or unknown. Thus, under section 24.2, an Interested Party is deemed to be domiciled in Québec if his last known address was in Québec or, where the address is unknown, if the act setting out the party's rights was made in Québec.

¹⁰ The concept of property situated in Québec will be discussed in a specific instruction respecting the application of section 24.3 of the Act.

¹¹ *David J. Epstein, Unclaimed Property Law and Reporting Forms, 2002 Matthew Bender & Company Inc., a member of LexisNexis Group, Newark and San Francisco (permanent update)*

4. Procedure for transferring unclaimed mutual fund securities to the CPQ

In the case of mutual fund securities, the procedure for transferring unclaimed property to the CPQ may in certain situations involve the presence of several intervenants as shown in Schedule 2 of this document. This occurs when the intervenant who was responsible for opening the Client's account and who does business directly with him (initial intervenant) is not the one who is the Holder or Debtor of the mutual fund security.

Two situations are therefore possible:

1- *Situation in which the initial intervenant is also the Holder or Debtor of unclaimed mutual fund securities*

In this situation, the account is registered with the mutual fund, for the Client, on behalf of the Initial Intervenant in trust. This type of account is called a *nominee account*. In this situation, the initial intervenant has all the information about the investor and the mutual fund has none. In addition, the initial intervenant is the Holder or Debtor of the unclaimed property.

2- *Situation in which the initial intervenant is not the Holder or Debtor of the unclaimed mutual fund securities*

This situation occurs when:

- the initial intervenant has an account in the name of each Client. This type of account is called an *account in the Client's name*. In this situation, the mutual fund also has information on the investor. The mutual fund counts on the initial intervenant to update Client files. However, the mutual fund is the Holder or Debtor of the unclaimed property.
- there is an intermediary intervenant with whom the initial intervenant does business.

Three cases are possible, as shown in Schedule 2:

- the group savings firm does business with an intermediary intervenant (such as another group savings firm, a dealer with an unrestricted practice, a discount broker or a trust company);
- the introducing broker who, due to the very nature of his activities, must go through a carrying broker;
- an adviser with an unrestricted practice who, because he cannot trade in securities, must use a dealer with an unrestricted practice or a discount broker.

In these three cases, the intermediary intervenant has an account with the mutual fund registered in the name of the intermediary intervenant in trust for the Client (*nominee account*). The intermediary intervenant is the Holder or Debtor of the unclaimed mutual fund security.

The following are the five steps for transferring unclaimed mutual fund securities to the CPQ.

Schedule 3 of this document illustrates the various steps for transferring unclaimed mutual fund securities to the CPQ depending on whether the securities are held in a registered or an unregistered account. Starting on a hypothetical date, the deadlines for each of the steps are indicated.

4.1. Step I: Determine that a mutual fund security has become unclaimed property

This is up to the intervenant who was responsible for opening the Client's account and who does business directly with the Client (initial intervenant), which is logical given market realities and the legislation applicable¹² to him. The initial intervenant bases himself on the concept of unclaimed mutual fund security described in section 3 of this document.

The initial intervenant is one of the intermediaries who form the distribution network for mutual fund securities (group savings firm, dealer with an unrestricted practice, discount broker, adviser with an unrestricted practice). Under the Autorités des marchés financiers (AMF) legislation, these intermediaries are responsible for keeping information on their clients up to date.

- Group savings firms: “A representative shall make a diligent and professional effort to get to know a Client's financial and personal situation as well as his investment goals. The information he obtains from a Client shall describe this situation as well as any developments with respect thereto.” (*Regulation respecting the rules of ethics in the securities sector*, Division II, section 3).
- Dealers¹³ and securities advisers: “When an account is opened, the dealer or adviser shall complete a form which contains, in particular, the following information (...) The information in the form shall be kept up-to-date.” (*Policy Statement Q-9 Dealers, Advisers and Representatives*, section 57).

As mentioned above, in certain cases the person in charge of this step is not the Holder or Debtor of the property. In this situation, the Holder or Debtor must cooperate with the initial intervenant from the beginning of the process¹⁴ through to the end to update the information in the Client account, which will establish whether the *Client is Untraceable* and thus whether the property is unclaimed.

When mailings (annual reports, statements of account, etc.) are returned, the mutual fund must send a notice to the initial intervenant, who has an *account in the Client's name* with the mutual fund, in order to obtain the Client's new coordinates. The same applies to the intermediary intervenant who must send the initial intervenant a request to update the Client's coordinates when mailings are returned. Thereafter, it is up to the initial intervenant to do the necessary searches to trace the Client or conclude that he is Untraceable.

¹² Applicable legislation means AMF legislation and the IDA rules referred to in section 4.1 of this document.

¹³ Similarly, to comply with the “know your client” rule, dealers who are members of the IDA must (...) “establish procedures to maintain accurate and complete information on each client.” (IDA, Policy No. 2, section II).

¹⁴ When it is established that the Client is Untraceable within the meaning of point 3.1 of this document.

The following is a non-exhaustive list of the methods which are considered by the CPQ to be "reasonable means" to be taken to trace a Client

- ❑ sending of a letter to the last known address;
- ❑ telephone call to the last known number;
- ❑ telephone search (telephone book, 411 assistance or www.canada411.ca);
- ❑ search using a search engine such as Cole or InfoSpace Canada (www.infospace.com/canada/).

Where the value of the property is significant, use of the services of an investigator should also be considered in order to trace the Client.

The search effort, using the means identified above or any other appropriate means chosen by the initial intervenant, is a question of judgement and must be in relation to the value of the property which could become unclaimed.

Where the CPQ finds that, to receive property, minimum efforts were not used to find the Interested Party, a penalty may be applied under section 69 of the Act.

4.2. Step II: Inform the Holder or Debtor of the mutual fund security that the security has become unclaimed

This step is only necessary when the initial intervenant is not the Holder or Debtor of the mutual fund security. As mentioned at the beginning of section 4, the Holder or Debtor of the mutual fund security is either the mutual fund or an intermediary intervenant with whom the initial intervenant does business.

Considering market realities and legislation applicable¹² to him, the AMF and the CPQ believe that the initial intervenant must officially inform the Holder or Debtor of the mutual fund security no later than the date on which the mutual fund security becomes unclaimed. This information may be sent in paper or electronically using normal forms of communication.

4.3. Step III: Inform the CPQ that the mutual fund security has become unclaimed

This step is only necessary when the initial intervenant is not the Holder or Debtor of the mutual fund security. The AMF and the CPQ believe that the initial intervenant also has this responsibility given market realities and legislation applicable¹² to him. The initial intervenant must notify the CPQ, with a certified true copy, that the mutual fund security has become unclaimed, when he informs the Holder or Debtor (see Step II). Information must be sent¹⁵ to the CPQ in the same manner as in the previous step.

¹⁵ Nominative information is not required by the CPQ at this stage.

4.4. Step IV: Sending of the notice of unclaimed mutual fund security to the Interested Party

Under the Act, the sending of the final notice to the Interested Party entitled to the unclaimed property is up to the Holder or Debtor of the mutual fund security. This step is the culmination of steps I to III. As indicated above, the Holder or Debtor of the mutual fund security may be the same as or different from the initial intervenant.

According to section 26 of the Act, the Holder or Debtor of unclaimed property must give the Interested Party written notice describing the said property and informing him that, if he fails to claim the property in question within the prescribed time, it will be transferred to the CPQ. The written notice must be sent at least three months before the date the unclaimed property is transferred to the CPQ.

The Holder or Debtor is not, however, required to send the notice if he cannot, using *reasonable means*¹⁶, find the address of the Interested Party or if the value of all property unclaimed by the Interested Party is less than \$100.

4.5. Step V: Transfer of an unclaimed mutual fund security to the CPQ

This is up to the Holder or Debtor of the mutual fund security. Under section 26.1 of the Act, once a year he must transfer to the Public Curator any property that has remained unclaimed¹⁷.

When transferring unclaimed property, the Holder or Debtor must also file a statement about the property, as prescribed by the *Regulation respecting the application of the Public Curator Act*.

- ❑ This statement must contain the signed declaration (section A of the statement) to the effect that the required notice (see Step IV) was given to the Interested Parties or indicate, where such notice was not required, why it was not required. The Holder or Debtor of the unclaimed mutual fund security must send the statement to the CPQ by registered mail, priority post or specialized mail to the address indicated in section 6 of this document.
- ❑ The statement must also contain a description of the unclaimed mutual fund securities (section B of the statement) along with statements of account as of the transfer date for each of the Interested Parties, a cheque (for the cash in the account, cheques not cashed by the Client) made payable to the *Curateur public du Québec*¹⁸ as well as necessary information on the Interested Parties. This inventory of the securities must be sent at the same time as the declaration by attaching it to the declaration or by electronic transmission to the address indicated in section 6 of this document (see point 4.5.3 concerning the format used).

For administrative purposes, two separate statements must be filed, one for unregistered products and one for registered products. These separate statements are available upon request from the CPQ (for its coordinates, see section 6 of this document).

¹⁶ See step I, point 4.1 of this document.

¹⁷ Where applicable, under section 26.4 the Holder or Debtor must also pay the CPQ interest for a late transfer.

¹⁸ As of April 1, 2006, the cheque must be made payable to the order of the *Sous-ministre de Revenu Québec*.

The transfer of unclaimed property and the production of the statements involving the property must take place in the first quarter following the end of the year in which the mutual fund securities become unclaimed. If the Holder or Debtor runs a business or is a legal person, it must be done within the first quarter following the end of the fiscal year in which the property becomes unclaimed. Where the Debtor or Holder is a dealer with an unrestricted practice or a group savings firm, the fiscal year is deemed to terminate respectively on February 28th and July 31st of each year, as prescribed by the *Regulation respecting the application of the Public Curator Act*.¹⁹ The CPQ, and any Holder or Debtor, may also agree on a date deemed to be the end of his fiscal year.

For administrative purposes, the Holder or Debtor is asked to indicate the date of his fiscal year-end on the declaration he signs.

4.5.1. Details regarding the transfer of mutual fund securities held in an unregistered account

The statement of property (mutual fund units, cash, income) held in an unregistered account must include the following information (non-exhaustive list):

- With respect to the Interested Party²⁰:
 - First and last name;
 - Social insurance number (SIN);
 - Date of birth;
 - Sex;
 - Civil status;
 - Language of use;
 - Last known address;
 - Telephone number;

- With respect to unclaimed property:
 - Account number;
 - Identification code of the mutual fund security;
 - Number of securities held for each mutual fund security;
 - Market value of the account (for each mutual fund security and for all securities);
 - Currency code for investment;
 - Type of income;
 - Cash balance;
 - Are they mutual fund securities from a terminated (de-registered) RESP?

Once this step is complete, the Holder or Debtor of the unclaimed mutual fund securities sends the property statement to the CPQ. The Holder or Debtor must attach to this sending the proceeds from cashing in the unregistered accounts.

¹⁹ See section 6.2 of the *Regulation respecting the application of the Public Curator Act*. Note that, given the legislative changes made in 1999, the term group savings dealer in that section refers to a group savings firm within the meaning of the ADFPS.

²⁰ In the case of a de-registered RESP, this information involves the subscriber.

However, the account registration for mutual fund securities in an unregistered account transferred to the CPQ must be changed to ensure that the name of the Public Curator is added "in his capacity as such" as of the date of the transfer to the CPQ, as such securities continue to be held by the Holder or Debtor.

Such securities held in an unregistered account must eventually be transferred to a securities registrant designated by the CPQ or liquidated, as the case may be. The CPQ will send instructions on how to transfer or liquidate the mutual fund securities later.

4.5.2. Details about the transfer of mutual fund securities held in a registered account

The statement of property (mutual fund securities, cash, income) held in a registered account must include following information (non-exhaustive list):

□ With respect to the Interested Party²¹:

- First and last name;
- Social insurance number (SIN);
- Date of birth;
- Sex;
- Civil status;
- Language of use;
- Last known address;
- Telephone number;

In the case of retirement savings accounts, information about the contributing spouse must be added:

- First and last name;
- Date of birth;
- Social insurance number (SIN);

□ With respect to unclaimed property:

- Account number;
- Identification code of the mutual fund security;
- Number of securities held for each mutual fund security;
- Market value of the account (for each mutual fund security and for all securities);
- Currency code for the investment;
- Type of income;
- Cash balance;
- Type of source plan (RRSP, locked-in RRSP, RRIF, locked-in RRIF, LIRA, LIF, RESP);
- Registration number of source plan;
- Reference year of the plan (before 1993, or 1993 and later) governing the amount of annual withdrawals from the RRIF or LIF;
- All other relevant information concerning the RESP;
- Type of target plan, where applicable (RRSP, locked-in RRSP, RRIF, LIRA, LIF).

²¹ In the case of an RESP, this information is about the subscriber.

Once this step is complete, the Holder or Debtor of the unclaimed mutual fund securities must send the statement to the CPQ.

As is the case for securities held in an unregistered account, mutual fund securities held in a registered account transferred to the CPQ continue to be held by the Holder or Debtor. However, the account registration must be changed to ensure that the name of the Public Curator is added "in his capacity as such" on behalf of the Interested Party, as of the date of the transfer to the CPQ.

Such registered securities must eventually be transferred to a securities registrant designated by the CPQ or liquidated, as the case may be, according to the instructions given by the CPQ.

Where the CPQ gives instructions to liquidate the mutual fund securities and the proceeds of liquidation are of a value equal to or greater than \$1,000, it must be transferred to the trustee designated by the CPQ (for the trustee's coordinates, see section 6 of this document), provided it is a retirement savings account. However, where the liquidation proceeds are less than \$1,000, the sums must be given to the CPQ directly, net of deductions at source made by the Holder or Debtor. The Holder or Debtor must issue the tax slips and send a copy to the tax authorities and the copies for the Interested Party to the CPQ.

For registered mutual fund securities held in a registered account subject to a direct transfer to the trustee designated by the CPQ (for the trustee's coordinates, see section 6 of this document), the Holder or Debtor must indicate, depending on the specifics of the plan, the target plan or plans to which such sums may be transferred, as well as the amounts applicable to each of them on the statement of property.

With respect to mutual fund securities held in a registered education savings account, the proceeds of such liquidation, regardless of the amount, must be transferred to the CPQ directly, net of deductions at source made by the Holder or Debtor and net of the repayment of grants received from the Government of Canada, where applicable. The Holder or Debtor must issue the tax slips and send a copy to the tax authorities and the copies for the Interested Party to the CPQ.

4.5.3. Format used to send the information contained in the statement of property

For transfers relating to less than 50 inactive accounts, the statement must be sent on a paper form. However, for administrative purposes, the CPQ prefers electronic sendings (ex.: Excel).

For sendings covering 50 or more inactive accounts, the statement must be sent in the form of an electronic file developed by the CPQ's *Direction des technologies de l'information*. The Holder or Debtor may obtain it by contacting the CPQ (for its coordinates, see section 6 of this document).

5. Other questions

5.1. No liability²²

Provided the Holder or Debtor applies the provisions of the Act, he will not be liable for any harm which may result from the performance of the obligations imposed on him by the Act regarding unclaimed property, toward any Interested Party.

The Holder or Debtor will not be liable for failing to comply with the terms of the Act when the situation results from a failure of the initial intervenant (who is not the Holder or Debtor) regarding his responsibility for determining whether a mutual fund security qualifies as being unclaimed (see Step I, point 4.1 of this document).

5.2. Payment and reimbursement of costs²³

The Holder or Debtor cannot claim from the Interested Party the payment of costs other than those of which the amount is expressly stipulated in the act setting out its rights or which the Debtor or Holder is otherwise authorized by law to claim. The Holder or Debtor has the right, when he transfers unclaimed property to the CPQ, to be reimbursed such costs and he may deduct them from the sums he is required to transfer to the CPQ. However, the reimbursement of the costs to which the Holder or Debtor is entitled may not exceed the value of the transferred property.

The Holder of assets does not have the legal capacity to bind the patrimony of the Client to obtain it. The Holder of assets who uses a professional firm to obtain relevant information is responsible for paying the fees directly. He cannot use the capital held in the Client account.

When the Holder or Debtor receives from the Interested Party a claim for unclaimed mutual fund securities transferred to the CPQ which are kept “in its capacity as such” with the Holder or Debtor, he must refer the Interested Party to the CPQ. The CPQ will look after transferring the securities to the Interested Party and charge him the fees prescribed by the *Regulation respecting the application of the Public Curator Act*.

5.3. Personal information²⁴

The fact that information or documents are protected by the *Act respecting the protection of personal information in the private sector* (R.S.Q., c. P-39.1) does not release the Holder or Debtor from the obligation of providing the information or documents required under section 26.1 of the Act. However, nominative information concerning an Interested Party must be communicated in a manner which ensures that it is kept confidential²⁵.

Note that the file of a person whose property is administered by the CPQ is confidential²⁶. In addition, no one may look at a record kept by the CPQ except those persons specifically identified in the Act²⁷.

²² See section 26.8 of the Act.

²³ See section 26.5 of the Act.

²⁴ See sections 26.3, 51 and 52 of the Act.

²⁵ See section 26.3 of the Act.

²⁶ See section 51 of the Act.

²⁷ See section 52 of the Act.

6. Further information

For further information, please contact the *Direction des produits financiers non réclamés du Curateur public du Québec*^{*}:

UNTIL APRIL 1, 2006	AFTER APRIL 1' 2006
Curateur public du Québec Direction des produits financiers non réclamés 500, boul. René-Lévesque Ouest, 10 ^e étage Montréal (Québec) H2Z 1W7 Telephone (toll-free): 1 866 840-6939 Fax: 514 864-2440 Web site: www.curateur.gouv.qc.ca	Revenu Québec Direction des produits financiers non réclamés 500 René-Lévesque Ouest, 10 ^e étage Montréal (Québec) H2Z 1W7 Telephone (toll free): 1 866 840-6939 Fax: 514 864-2440 Web site: www.revenu.gouv.qc.ca

Sums relating to transfers of unclaimed registered financial products must be sent to the following trustee:

LAURENTIAN TRUST OF CANADA INC.
Centre administratif des REER et Fonds de placement (734)
555, rue Chabanel Ouest, bureau 520
Montréal (Québec)
H2M 2H8

7. Transition period

In order to facilitate the transition, for the first transfer following the coming into effect of these instructions, Holders or Debtors must make a transfer no later than 9 months following the end of their fiscal year. Note that this 6-month period, which is in addition to the 3-month period which normally applies²⁸, only covers transfers relating to the current fiscal year in which these instructions came into effect.

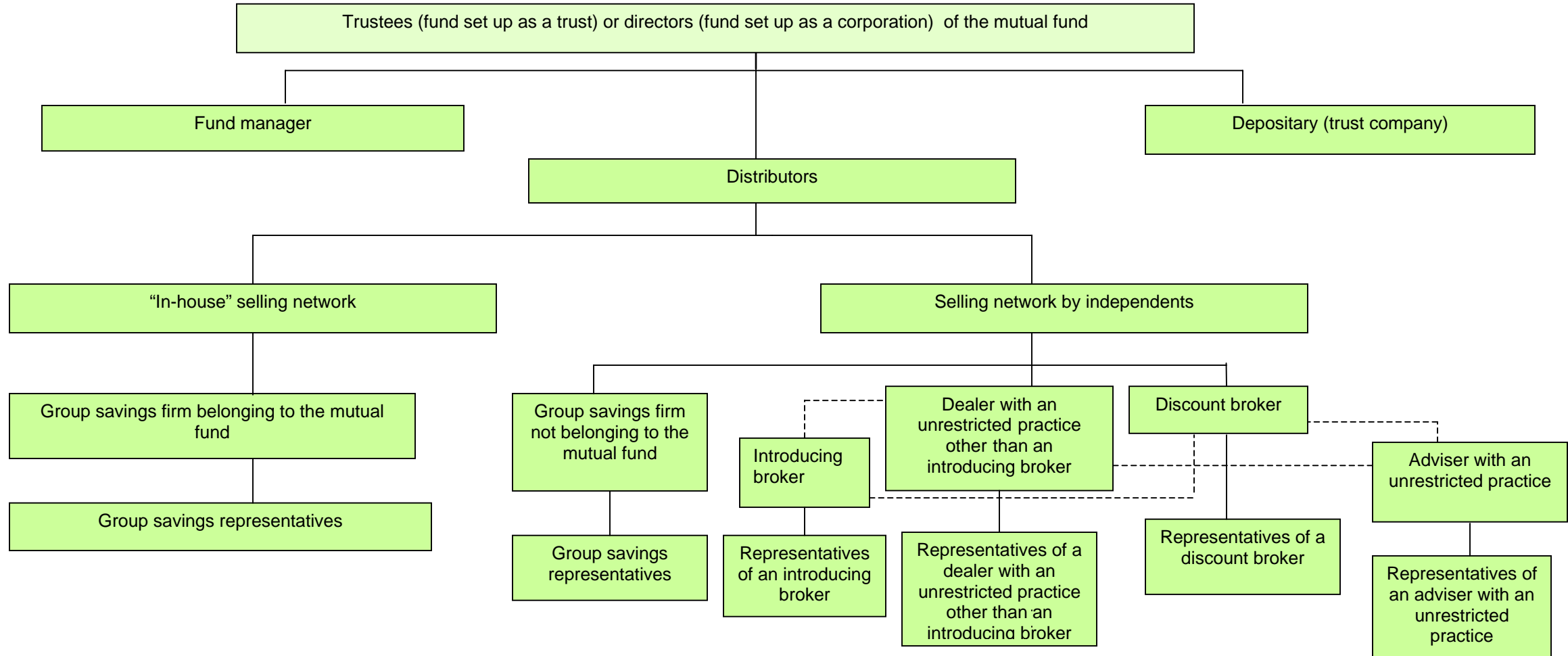
* IMPORTANT NOTICE

As of April 1, 2006, the Direction générale des biens non réclamés will come under **Revenu Québec**, following the adoption of Bill 120 by the National Assembly in December 2005.

These instructions will continue to apply after April 1, 2006.

²⁸ See point 4.5 of this document.

**SCHEDULE 1
Mutual fund²⁹**



Note: the dotted line means that some intermediaries (introducing broker, adviser with an unrestricted practice) must go through another intermediary (dealer with an unrestricted practice or discount broker) to clear securities or settle trades.

²⁹ Does not cover all situations which could involve the presence of intermediaries in the distribution network.

SCHEDULE 2

Responsibility of various intervenants for unclaimed mutual fund securities³⁰

Intervenant responsible for opening the Client account doing business directly with the Client (initial intervenant)	Presence of an intermediary intervenant with whom the initial intervenant does business	Situation at the mutual fund	Person in charge of steps I, II and III (Initial intervenant)	Person in charge of steps IV and V (Holder or Debtor of the property)
Group savings firm	No	The group savings firm uses an account in the name of each Client (<i>client account</i>)	Group savings firm	Mutual fund
Group savings firm	No	The group savings firm uses an account registered in the name of the initial intervenant in trust for the Client (<i>nominee account</i>)	Group savings firm	Group savings firm
Group savings firm	Other group savings firm, dealer with an unrestricted practice, discount broker, trust company	The intermediary intervenant uses an account registered in the name of the intermediary intervenant in trust for the Client (<i>nominee account</i>)	Group savings firm (Initial intervenant)	Intermediary intervenant
Dealer with an unrestricted practice (introducing broker types 1 to 4)	Dealer with an unrestricted practice or discount broker (Account manager)	The intermediary intervenant uses an account registered in the name of the intermediary intervenant in trust for the Client (<i>nominee account</i>)	Introducing broker	Carrying broker
Dealer with an unrestricted practice other than an introducing broker	n/a	A dealer with an unrestricted practice uses an account in the name of each Client (<i>client account</i>)	Dealer with an unrestricted practice	Mutual fund
Dealer with an unrestricted practice other than an introducing broker	n/a	A dealer with an unrestricted practice uses an account registered in the name of the initial intervenant in trust for the Client (<i>nominee account</i>)	Dealer with an unrestricted practice	Dealer with an unrestricted practice
Discount broker	n/a	The discount broker uses an account in the name of each Client (<i>client account</i>)	Discount broker	Mutual fund
Discount broker	n/a	The discount broker uses an account registered in the name of the initial intervenant in trust for the Client (<i>nominee account</i>)	Discount broker	Discount broker
Adviser with an unrestricted practice	Dealer with an unrestricted practice or discount broker	The intermediary intervenant uses an account registered in the name of the intermediary intervenant in trust for the Client (<i>nominee account</i>)	Adviser with an unrestricted practice	Dealer with an unrestricted practice or discount broker

³⁰ This schedule, for information purposes, looks at possible situations on the market, without being exhaustive.

SCHEDULE 3										
Stages for transferring unclaimed mutual fund securities to the CPQ										
Example: the date corresponding to the trigger element is November 1, 2005										
	Step I: Determine that a mutual fund security has become unclaimed property				Step II: Inform the Holder or Debtor of the mutual fund security that the security is unclaimed ³¹	Step III: Inform the CPQ that the mutual fund security is unclaimed ³¹	Step IV: Send a notice to the Interested Party of the unclaimed mutual fund security	Step V: Transfer the unclaimed mutual fund security to the CPQ		
	Responsibility: Initial intervenant				Responsibility: Initial intervenant	Responsibility: Initial intervenant	Responsibility: Holder or Debtor of the security	Responsibility: Holder or Debtor of the security	Responsibility: Holder or Debtor of the security	Responsibility: Holder or Debtor of the security
	Trigger			Date on which the three-year period begins	Date on which the property is considered to be unclaimed					
	Date of the last instruction and <i>Client Untraceable</i>	Date of the 69 th birthday and <i>Client Untraceable</i>	Date of the 25 th year following the opening of the RESP and <i>Client Untraceable</i>			No later than the following date	No later than the following date	No later than the following date	No later than the following date ³²	
Mutual fund securities held in an unregistered account	November 1, 2005			November 1, 2005	November 1, 2008	November 1, 2008	November 1, 2008	December 31, 2008	March 31, 2009	
Mutual fund securities held in a registered retirement savings account ³³		November 1, 2005		December 31, 2005	December 31, 2008	December 31, 2008	December 31, 2008	December 31, 2008	March 31, 2009	
Mutual fund securities held in a registered retirement income account ³⁴	November 1, 2005			November 1, 2005	November 1, 2008	November 1, 2008	November 1, 2008	December 31, 2008	March 31, 2009	
Mutual fund securities held in a registered education savings account ³⁵			November 1, 2005	December 31, 2006	December 31, 2009	December 31, 2009	December 31, 2009	December 31, 2009	March 31, 2010	

³¹ Does not apply unless the initial intervenant is not the Holder or Debtor of the security.

³² Example: the date of the end of the fiscal year of the Holder is December 31st (see section 6.2 of the *Regulation respecting the application of the Public Curator Act*).

³³ RRSP, locked-in RRSP, LIRA

³⁴ RRIF, locked-in RRIF, LIF

³⁵ Family RESP, non-family (individual) RESP