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# NATIONAL ASSEMBLY

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FIRST SESSION

THIRTY-NINTH LEGISLATURE

Bill 63  
(2009, chapter 52)

## **Business Corporations Act**

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**Passed in principle 5 November 2009**  
**Passed 1 December 2009**  
**Assented to 4 December 2009**

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## **EXPLANATORY NOTES**

*This Act proposes a substantial reform of the legal framework applicable to legal persons currently governed by Parts I and IA of the Companies Act.*

*Its purpose is to modernize and streamline the internal functioning of business corporations, for instance by clarifying the unanimous shareholder agreement mechanism, doing away with prerequisites for granting financial assistance to shareholders and simplifying the rules governing the maintenance of share capital.*

*It ensures greater protection for minority shareholders by providing for remedies against oppressive or unfair conduct on the part of a corporation and granting shareholders the right to demand the repurchase of their shares if they object to any major changes in the structure or business activity of the corporation. Shareholders will also be entitled to present proposals at shareholders meetings.*

*It proposes a general framework outlining the duties of directors, and grants directors the right to present a defence of reasonable diligence with respect to acts in good faith in the exercise of their functions.*

*Under the Act, business corporations may file documents electronically with the enterprise registrar, and technological means may be used to call, participate in and vote at shareholders meetings.*

*The Act includes provisions governing the liquidation of business corporations based on the principles and provisions of the Winding-up Act.*

*Moreover, the Act makes it possible for a legal person constituted under the laws of a jurisdiction other than Québec to be continued as a Québec business corporation and, conversely, for a business corporation constituted in Québec to be continued under the laws of a jurisdiction other than Québec.*

*Lastly, the Act makes consequential amendments to several other Acts and contains transitional provisions.*

**LEGISLATION AMENDED BY THIS ACT:**

- Act respecting the acquisition of farm land by non-residents (R.S.Q., chapter A-4.1);
- Deposit Insurance Act (R.S.Q., chapter A-26);
- Act respecting insurance (R.S.Q., chapter A-32);
- Act respecting the Barreau du Québec (R.S.Q., chapter B-1);
- Charter of Ville de Montréal (R.S.Q., chapter C-11.4);
- Charter of Ville de Québec (R.S.Q., chapter C-11.5);
- Cinema Act (R.S.Q., chapter C-18.1);
- Cities and Towns Act (R.S.Q., chapter C-19);
- Code of Civil Procedure (R.S.Q., chapter C-25);
- Municipal Code of Québec (R.S.Q., chapter C-27.1);
- Companies Act (R.S.Q., chapter C-38);
- Telegraph and Telephone Companies Act (R.S.Q., chapter C-45);
- Mining Companies Act (R.S.Q., chapter C-47);
- Chartered Accountants Act (R.S.Q., chapter C-48);
- Cooperatives Act (R.S.Q., chapter C-67.2);
- Act respecting financial services cooperatives (R.S.Q., chapter C-67.3);
- Business Concerns Records Act (R.S.Q., chapter D-12);
- Mining Duties Act (R.S.Q., chapter D-15);
- Act respecting elections and referendums in municipalities (R.S.Q., chapter E-2.2);
- Public Officers Act (R.S.Q., chapter E-6);
- Family Housing Act (R.S.Q., chapter H-1);

- Education Act for Cree, Inuit and Naskapi Native Persons (R.S.Q., chapter I-14);
- Municipal Aid Prohibition Act (R.S.Q., chapter I-15);
- Act respecting administrative justice (R.S.Q., chapter J-3);
- Winding-up Act (R.S.Q., chapter L-4);
- Act respecting the marketing of agricultural, food and fish products (R.S.Q., chapter M-35.1);
- Press Act (R.S.Q., chapter P-19);
- Act respecting the legal publicity of sole proprietorships, partnerships and legal persons (R.S.Q., chapter P-45);
- Act respecting the land regime in the James Bay and New Québec territories (R.S.Q., chapter R-13.1);
- Act respecting the enterprise registrar (R.S.Q., chapter R-17.1);
- Act respecting the James Bay Native Development Corporation (R.S.Q., chapter S-9.1);
- Act respecting farmers’ and dairymen’s associations (R.S.Q., chapter S-23);
- Act respecting mixed enterprise companies in the municipal sector (R.S.Q., chapter S-25.01);
- Horticultural Societies Act (R.S.Q., chapter S-27);
- Act respecting trust companies and savings companies (R.S.Q., chapter S-29.01);
- Act respecting Québec business investment companies (R.S.Q., chapter S-29.1);
- Act respecting Northern villages and the Kativik Regional Government (R.S.Q., chapter V-6.1);
- Act to amend the Act respecting insurance and other legislative provisions (2002, chapter 70).

# Bill 63

## BUSINESS CORPORATIONS ACT

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

### CHAPTER I

#### SCOPE AND INTERPRETATION

**1.** This Act applies to any business corporation constituted, continued or amalgamated under this Act. It also applies to any business corporation constituted by or under another Act, if necessary to complement the provisions of that Act.

Unless the context indicates otherwise, “corporation” used without a qualifier in this Act means any such business corporation.

**2.** In this Act, unless the context indicates otherwise,

“affairs” means the relationships among a corporation, its affiliates and the shareholders, directors and officers of the corporation and its affiliates but does not include the business carried on by the corporation or its affiliates;

“affiliates” means legal persons one of whom is a subsidiary of the other, or legal persons who are controlled by the same person;

“beneficiary” means a person, except a securities intermediary within the meaning of that expression in the Act respecting the transfer of securities and the establishment of security entitlements (2008, chapter 20), who is the holder of a security entitlement issued by a corporation, or any other person who has rights in a security that is registered in a corporation’s securities register in the name of another person, such as an administrator of the property of others or a mandatary;

“court” means the Superior Court of Québec;

“enterprise register” means the register of sole proprietorships, partnerships and legal persons constituted under the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons (R.S.Q., chapter P-45);

“group” means any group of persons or properties, endowed with juridical personality or not, including an organization, joint venture or trust;

“officer” means the president, chief executive officer, chief operating officer, chief financial officer or secretary of a corporation or a person holding a similar position, or any person designated as an officer of the corporation by a resolution of the board of directors;

“parent legal person” means a legal person who controls one or more other legal persons;

“participation” means any title conferring rights in a legal person;

“redeemable share” means a share issued by a corporation that the corporation may redeem on the demand of the corporation at the price determined in or in accordance with its articles or that the corporation is required by its articles to redeem, on a specified or specifiable date or on the demand of a shareholder, at the price so determined;

“reporting issuer” means a reporting issuer within the meaning of that expression in the Securities Act (R.S.Q., chapter V-1.1);

“resolution” or “ordinary resolution” means a resolution that requires a majority of the votes cast at a shareholders meeting by the shareholders entitled to vote on the resolution, or a resolution that requires the signature of all such shareholders;

“security” means a share and, in the case of a reporting issuer, a debenture, bond or note that is dealt in or traded on a securities exchange or financial market;

“shareholder” means a shareholder who is registered in the securities register of a corporation, and includes a shareholder’s representative;

“special resolution” means a resolution that requires at least two thirds of the votes cast at a shareholders meeting by the shareholders entitled to vote on the resolution, or a resolution that requires the signature of all such shareholders;

“subsidiary” means a legal person controlled by another legal person or by legal persons controlled by that other legal person; a subsidiary of a subsidiary of another legal person is deemed to be a subsidiary of that other legal person; and

“to control” a legal person means to hold shares to which sufficient votes are attached to elect a majority of the legal person’s directors.

In addition, for the purposes of this Act, an associate of a person is

(1) the person’s spouse, children and relatives, and the children and relatives of the person’s spouse;

(2) a partner of the person;

(3) a succession or trust in which the person has a substantial interest similar to that of a beneficiary or in respect of which the person serves as liquidator, trustee or other administrator of the property of others, mandatary or depositary; or

(4) a legal person of whom the person owns securities making up more than 10% of a class of shares carrying voting rights at any shareholders meeting or the right to receive any declared dividend or a share of the remaining property of the legal person in the event of liquidation.

## **CHAPTER II**

### **CONSTITUTION AND ORGANIZATION**

#### **DIVISION I**

##### **CONSTITUTION**

**3.** A corporation may be constituted by one or more founders.

**4.** Any natural person qualified to be a director of a corporation may be the founder of a corporation.

A legal person may also be the founder of a corporation.

**5.** The articles of constitution must set out

(1) the name of the corporation, unless a designating number in lieu of a name has been requested from the enterprise registrar;

(2) the name and address of each founder, or the name of the founding legal person, the address of its head office and an exact reference to the Act under which it is constituted;

(3) the amount to which its share capital is limited, if applicable;

(4) the par value of its shares, if any;

(5) if there will be two or more classes of shares, the rights and restrictions attaching to the shares of each class;

(6) if a class of shares may be issued in series, the authority given to the board of directors to determine, before issue, the number of shares in, the designation of the shares of, and the rights and restrictions attaching to the shares of, each series;

- (7) any restrictions on the transfer of its instruments or shares;
- (8) the fixed number or the minimum and maximum number of directors;  
and
- (9) any restrictions on its business activity.

**6.** The articles may set out any provision permitted by this Act to be set out in the by-laws of a corporation.

In the event of a conflict, the provisions of the articles of a corporation prevail over the provisions of the by-laws.

**7.** If the articles or a unanimous shareholder agreement require a greater number of votes of directors or shareholders than that required by this Act to effect any action, the provisions of the articles or of the unanimous shareholder agreement prevail.

The articles may not require a greater number of votes of shareholders to remove a director than the number required by this Act.

**8.** The following must be filed with the articles:

- (1) a list of the directors of the corporation, containing their names and domiciles;
- (2) a notice of the address of the corporation's head office;
- (3) unless a designating number has been requested, a declaration stating that reasonable means have been taken to ensure that the name chosen is in compliance with the law; and
- (4) any other document the Minister may require.

However, the list of directors and the notice of the address of the head office are not required to be filed if the initial declaration required under the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons is filed with the articles.

**9.** The articles of a corporation, signed by the founders, the documents required to be filed with them, and the fee prescribed by government regulation must be sent to the enterprise registrar.

**10.** A corporation is constituted as of the date and, if applicable, the time shown on the certificate of constitution issued by the enterprise registrar in accordance with Chapter XVIII.

The corporation is a legal person as of that time.



## **DIVISION II**

### **ORGANIZATION MEETING**

**11.** After a corporation is constituted, the board of directors holds an organization meeting at which the directors may

- (1) make by-laws;
- (2) adopt forms of share certificates and corporation records;
- (3) authorize the issue of shares; and
- (4) appoint the officers.

A founder or a director may call the organization meeting by giving not less than five days' notice to each director, stating the time and place of the meeting.

## **CHAPTER III**

### **PRESUMPTIONS**

**12.** Third persons are not presumed to have knowledge of the information contained in a document concerning a corporation, other than the information specified in section 82 of the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons, solely because the document has been deposited in the enterprise register or may be inspected in the offices of the corporation.

**13.** Third persons may presume

- (1) that a corporation is exercising its powers in accordance with its articles and by-laws and any unanimous shareholder agreement;
- (2) that the documents relating to the corporation that are deposited in the enterprise register contain accurate information;
- (3) that the directors and officers of the corporation validly hold office and lawfully exercise the powers of their office; and
- (4) that the documents of the corporation issued by a director, officer or other mandatary of the corporation are valid.

**14.** Sections 12 and 13 do not apply to third persons in bad faith or to persons who ought to have knowledge to the contrary because of their position with or relationship to a corporation.

**15.** With respect to third persons, a corporation is deemed to be operating in compliance with any restrictions on its business activity imposed by its articles.

## **CHAPTER IV**

### **NAME, HEAD OFFICE, RECORDS AND DOCUMENTS**

#### **DIVISION I**

##### **NAME**

**16.** A corporation's name must not

- (1) contravene the Charter of the French language (R.S.Q., chapter C-11);
- (2) include an expression which the law reserves for another person or prohibits the corporation from using;
- (3) include an expression that evokes an immoral, obscene or scandalous notion;
- (4) incorrectly indicate the corporation's juridical form or fail to indicate that form when required by law;
- (5) falsely suggest that the corporation is a non-profit group;
- (6) falsely suggest that the corporation is, or is related to, a public authority determined by government regulation;
- (7) falsely suggest that the corporation is related to another person or group of persons, particularly in the cases and in view of the criteria determined by government regulation;
- (8) be identical to a name reserved for or used by another person or group of persons in Québec, particularly in view of the criteria determined by government regulation;
- (9) be confusingly similar to a name reserved for or used by another person or group of persons in Québec, particularly in view of the criteria determined by government regulation; or
- (10) be misleading in any other manner.

**17.** On application and on payment of the fee prescribed by government regulation, the enterprise registrar may reserve a name for a corporation for a period of 90 days.

However, the enterprise registrar may not reserve a name that is contrary to any of paragraphs 1 to 6 and 8 of section 16.

The reservation of a name is recorded in the enterprise register.

**18.** The persons concerned are responsible for ensuring that the name of the corporation is in compliance with the law.

**19.** The name of a corporation must appear on all of its negotiable instruments, contracts, invoices and purchase orders for goods or services.

**20.** If a corporation's name does not include the term "société par actions" or "compagnie", it must comprise the abbreviation "s.a.", "ltée" or "inc." at the end to indicate that the corporation is a limited-liability corporation.

**21.** A corporation may operate under and identify itself by a name other than its own if that other name does not contain the term "société par actions" or "compagnie" or the abbreviation "s.a.", "ltée" or "inc."

**22.** A corporation may identify itself in a language other than French outside Québec and use that name on its negotiable instruments, invoices or purchase orders for goods or services used outside Québec or in its contracts applied outside Québec.

**23.** At the request of a corporation or its founders, the enterprise registrar assigns a designating number to the corporation in lieu of a name.

**24.** The enterprise registrar may request that a corporation replace or change its name if it is contrary to any of paragraphs 1 to 6 and 8 of section 16.

If the corporation fails to comply with the enterprise registrar's request within 60 days, the enterprise registrar may, without being requested to do so, replace the name of the corporation by a designating number or another name.

**25.** If the name of a corporation is contrary to section 16, any interested person may, upon payment of the fee prescribed by government regulation, request that the enterprise registrar order the corporation to replace or change its name.

Before making a decision, the enterprise registrar must, in accordance with section 5 of the Act respecting administrative justice (R.S.Q., chapter J-3), notify all the persons concerned and give them an opportunity to submit observations.

**26.** The decision of the enterprise registrar must be in writing and give reasons. It must be forwarded without delay to the persons concerned and deposited in the enterprise register.

The decision is effective 30 days after the date of notification unless it is the subject of a proceeding before the Administrative Tribunal of Québec.

**27.** On the expiry of the time for bringing a proceeding before the Administrative Tribunal of Québec, the enterprise registrar may, at the request of an interested person, assign a designating number or a new name to a corporation if it has not complied with the enterprise registrar's decision.

The enterprise registrar may also, without being requested to do so, assign a designating number or a new name to a corporation that has not complied with the enterprise registrar's decision, on the ground that the corporation's name is contrary to any of paragraphs 1 to 6 and 8 of section 16.

**28.** On assigning a designating number or a new name to a corporation, the enterprise registrar draws up a dated certificate evidencing the change and deposits it in the enterprise register. The enterprise registrar sends a copy of the certificate to the corporation or its representative.

The change is effective as of the date shown on the certificate.

## **DIVISION II**

### **HEAD OFFICE**

**29.** The head office of a corporation must be permanently located in Québec.

**30.** A corporation may, by a resolution of its board of directors, relocate its head office within the judicial district in which it is located.

The corporation may also, by special resolution, relocate its head office to another judicial district in Québec.

The corporation must declare to the enterprise registrar any change of address of its head office in accordance with the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons.

## **DIVISION III**

### **RECORDS AND DOCUMENTS**

#### *§1. — General provisions*

**31.** A corporation must prepare and maintain, at its head office, records containing

- (1) the articles and the by-laws, and any unanimous shareholder agreement;
- (2) minutes of meetings and resolutions of shareholders;
- (3) the names and domiciles of the directors, and the dates of the beginning and end of their term of office; and
- (4) a securities register.

**32.** The shareholders may examine the corporation's records during its regular office hours, and obtain extracts from them without charge. They are also entitled, on request and without charge, to one copy of the articles and by-laws and of any unanimous shareholder agreement.

Likewise, the creditors of the corporation may examine any unanimous shareholder agreement.

**33.** The securities register of a corporation must contain the following information with respect to its shares:

- (1) the names, in alphabetical order, and the addresses of present and past shareholders;
- (2) the number of shares held by each such shareholder;
- (3) the date and details of the issue and transfer of each share; and
- (4) any amount due on any share.

The register must contain, if applicable, the same information with respect to the corporation's debentures, bonds and notes, with the necessary modifications.

**34.** A corporation must prepare and maintain accounting records and records containing the minutes of meetings and resolutions of the board of directors and its committees. The records must be kept at the corporation's head office or at any other place designated by the board.

The corporation is required to retain all accounting records for a period of six years after the end of the fiscal year to which they relate.

Except as otherwise provided by law, only the directors and the auditor may have access to the records referred to in this section.

**35.** Except as otherwise provided by law, a corporation may keep all or any of the records and accounting records it is required to keep under this Act at a place outside its head office, if

- (1) the information contained in the records is available for inspection, in an appropriate medium, during regular office hours at the head office of the corporation or any other place in Québec designated by the board of directors; and
- (2) the corporation provides technical assistance to facilitate the inspection of the information in the records.

**36.** If accounting records of a corporation are kept outside Québec, accounting records adequate to enable the directors to ascertain the financial position of the corporation with reasonable accuracy on a quarterly basis

must be kept at the head office of the corporation or any other place in Québec designated by the board of directors.

**37.** A corporation must be able to reproduce, in intelligible form and within a reasonable time, the information contained in the records it prepares and maintains under this Act.

A corporation must take reasonable precautions to prevent the loss or destruction of its records, to ensure their integrity and to facilitate detection and correction of inaccuracies they may contain.

**38.** In any action or proceeding against a corporation or any shareholder, the records of the corporation are proof of their contents in the absence of any evidence to the contrary.

**39.** Notices of meetings and other notices, orders or other documents requiring authentication by a corporation may be signed by any authorized person.

§2. — *Provisions specific to certain corporations*

**40.** Any person may examine the securities register of a corporation that is a reporting issuer provided the person undertakes in writing to use the information it contains solely in connection with an effort to influence the voting of shareholders, a solicitation of proxies, an offer to acquire shares of the corporation or any other matter relating to the affairs of the corporation.

The undertaking must state the person's name and domicile. In the case of a legal person, the undertaking must be made in the legal person's name by a natural person authorized by the board of directors of the legal person.

On receipt of the undertaking, the corporation must allow access to the register during its regular office hours, and provide extracts from the register on payment of a reasonable fee.

**41.** A corporation that is a reporting issuer or that has 50 or more shareholders must prepare and maintain, in addition to the securities register, a list of its shareholders containing the name and address of and the number of shares owned by each of them.

A shareholder and, in the case of a reporting issuer, any other person may, on request and on payment of a reasonable fee, obtain from the corporation or its mandatary a copy of the list made up to a date not more than 10 days before the date of receipt of the request.

The request must be filed with an undertaking similar to that required to examine the securities register of a corporation that is a reporting issuer.

The corporation must accede to the request within 10 days of receiving it.

**42.** A person requesting a copy of the list of shareholders may, on payment of a reasonable fee, require the corporation to furnish a copy of daily updates containing any changes made to the list.

An update must be sent on the date the list is furnished if the information it contains relates to changes that took place prior to that date, or on the business day following the day to which the update relates if the information relates to changes that take place on or after the date the list is furnished.

A corporation must, on request, include on the list or update the name and address of any known holder of an option or right to acquire shares of the corporation.

## **CHAPTER V**

### **FINANCE**

#### **DIVISION I**

##### **SHARE CAPITAL**

###### **§1. — *General provisions***

**43.** The share capital of a corporation may be limited or unlimited. It may be constituted of shares with par value, of shares without par value or of both types of shares.

Unless otherwise provided in the articles, a corporation has an unlimited share capital and its shares are without par value.

**44.** The share capital of a corporation may comprise one or more classes of shares. The classes may each include one or more series of shares.

If there is more than one class of shares, the articles of the corporation must set out the rights and restrictions attaching to each class of shares.

**45.** If the articles of the corporation provide for a class of shares comprising one or more series of shares, the articles must state the number, which may be unlimited, of shares in each such series and the rights and restrictions attaching to the shares of each such series.

The articles of a corporation may also authorize the board of directors to determine the number, which may be unlimited, of shares in each series of a class of shares, and the designation, rights and restrictions attaching to the shares of each such series.

Before issuing shares of such a series, the board of directors amends the articles of the corporation without shareholder authorization to include the designation of the series and the number of shares it comprises and to set out

the rights and restrictions attaching to the shares of the series. The board of directors authorizes a director or an officer of the corporation to sign the articles of amendment.

**46.** The shares of a corporation must be in registered form.

**47.** The share capital of a corporation must include shares that carry

- (1) the right to vote at any shareholders meeting of the corporation;
- (2) the right to receive any dividend declared by the corporation; and
- (3) the right to receive a share of the remaining property of the corporation on liquidation.

All such rights are not required to be attached to one class of shares.

**48.** Unless otherwise provided in the articles, the rights mentioned in section 47 are attached to every share.

If one of those rights is not attached to any share issued by the corporation, any restriction on that right has no effect until a share to which that right is attached is issued.

**49.** Unless a class of shares includes one or more series of shares conferring different rights, the rights of the shareholders holding shares of that class are equal in all respects. The rights of the holders of shares of the same series are equal in all respects.

Unless otherwise provided in the articles, the rights of the shareholders holding shares of a class or series are equal in all respects to the rights of the shareholders holding shares of other classes or series.

The articles may provide that the shares of two or more classes or two or more series of the same class carry the same rights and restrictions.

**50.** Despite the second paragraph of section 49, if cumulative dividends or amounts payable on return of capital in respect of a series of shares are not paid in full, the shares of all series of the same class participate ratably in respect of accumulated dividends, return of capital and premiums on return of capital.

**51.** Any class or series of a corporation's share capital may include fractional shares.

Unless otherwise provided in the articles, a person holding a fractional share has, in relation to the fractional share, the rights of a shareholder in proportion to the fraction of the share held.



§2. — *Issue of shares*

**52.** Unless otherwise provided in the by-laws or in a unanimous shareholder agreement and subject to section 55, shares may be issued at the times, to the persons and for the consideration the board of directors determines.

**53.** Shares may be issued whether or not they are fully paid.

However, shares may only be considered paid if consideration equal to the issue price determined by the board of directors has been paid to the corporation.

**54.** Consideration for the shares issued by a corporation is payable in money, or in property or past services determined by the board of directors to be the fair equivalent of the money consideration, considering all the circumstances.

A promissory note or a promise to pay made by a person to whom shares are issued, or a person who does not deal at arm's length, within the meaning of that expression in the Taxation Act (R.S.Q., chapter I-3), with a person to whom shares are issued does not constitute consideration for the shares.

**55.** If the articles of a corporation or a unanimous shareholder agreement so provide, no shares of a class may be issued unless the shares have first been offered to the shareholders holding shares of that class, and those shareholders have a pre-emptive right to acquire the offered shares in proportion to their holdings in shares of that class, at the price and on the terms those shares are to be offered to others.

Shareholders have no pre-emptive right in respect of shares to be issued for consideration payable in property or in services, shares to be issued as share dividends or shares to be issued pursuant to the exercise of exchange rights, options or acquisition rights or other rights previously granted by the corporation.

**56.** A corporation may issue instruments, certificates or other evidences of an exchange right, option or right to acquire shares of the corporation.

**57.** If a corporation has granted exchange rights, options or acquisition rights and the articles limit the number of authorized shares, the corporation must reserve and continue to reserve sufficient authorized unissued shares to meet the exercise of those rights.

**58.** The board of directors may authorize the corporation to pay a reasonable commission to any person in consideration of the person's purchasing or agreeing to purchase shares or other securities of the corporation from the corporation, or procuring or agreeing to procure purchasers for any such shares or securities.

**59.** A corporation may, by a unanimous resolution of all the shareholders, whether or not their shares otherwise carry the right to vote, validate an irregular issue of shares that is in excess of the corporation's authorized share capital or is otherwise inconsistent with the articles of the corporation. By that resolution, the shareholders authorize a director or officer of the corporation to sign the articles of amendment.

The irregular issue of shares may also be validated by the court at the request of the corporation, a shareholder or another interested person if the court considers that such issue is not prejudicial to the corporation's shareholders or creditors.

**60.** The validation of an irregular issue of shares is conditional on the filing by the corporation of articles of amendment correcting the irregularity, and a copy of the court judgment, if applicable, with the enterprise registrar.

As of the time that condition is met, the validation is retroactive to the date of the irregular issue of shares.

§3. — *Certificated or uncertificated shares*

**61.** A share issued by a corporation may be a certificated share or an uncertificated share. A certificated share is represented by a paper certificate in registered form, and an uncertificated share is represented by an entry in the securities register in the name of the shareholder.

Unless otherwise provided in the articles of the corporation, shares are issued as certificated shares unless the board of directors determines, by resolution, that the shares of any class or series of shares or certain shares of a class or series are to be issued as uncertificated shares.

The board of directors may also, by resolution, determine that a certificated share becomes an uncertificated share as soon as the paper certificate is surrendered to the corporation.

Inversely, the board of directors may, by resolution, determine that an uncertificated share becomes a certificated share on delivery to the shareholder of a certificate in the shareholder's name or, in the case of a control agreement under the Act respecting the transfer of securities and the establishment of security entitlements, on delivery to the purchaser, within the meaning of that Act, of a certificate in the purchaser's name, unless there are provisions inconsistent with such an agreement, in which case those provisions apply. The board of directors must give notice of the resolution to the shareholders of the classes or series of shares concerned.

**62.** The share certificates of a corporation must be signed by at least one of the corporation's directors or officers or by a person acting in their name.

The signature may be affixed by an automatic device or electronic process.

**63.** In the case of certificated shares, the corporation must issue to the shareholder, without charge, a certificate in registered form stating the number of shares held by the shareholder and their par value, if any. The certificate must also mention, if applicable, that the shares are not fully paid.

A corporation is not required to issue more than one certificate for shares held jointly by two or more persons.

In the absence of any evidence to the contrary, the certificate is proof of the shareholder's title to the shares represented by the certificate.

In the case of uncertificated shares, the corporation must send the shareholder a written notice containing the information required under the first paragraph.

**64.** A damaged, lost or destroyed certificate must be replaced in accordance with the Act respecting the transfer of securities and the establishment of security entitlements.

**65.** The certificate representing shares issued by a corporation must set out the name of the issuing corporation and state that the corporation is constituted under this Act, that there are rights and restrictions attaching to the class or series of the shares represented and that the corporation will, on request, provide the text of those rights and restrictions to the shareholder without charge.

In the case of uncertificated shares, the corporation must send the shareholder a written notice containing that information.

**66.** The enforceability of rights in favour of the corporation with which shares are encumbered and any transfer restriction imposed on shares by the corporation are governed by the Act respecting the transfer of securities and the establishment of security entitlements.

A transfer restriction imposed on an uncertificated share by the corporation is enforceable against any transferee as soon as the corporation notifies to the transferee that it is enforcing the restriction.

A unanimous shareholder agreement is enforceable against a person who becomes a shareholder if its existence is clearly stated on the share certificates or, in the case of uncertificated shares, if notice of its existence has been given to the shareholder.

**67.** A corporation is not required to inquire into the existence of, or see to the performance or observance of, any duty owed to a third person by a shareholder or beneficiary.

§4. — *Issued and paid-up share capital account*

**68.** A corporation must maintain an issued and paid-up share capital account.

The account must be subdivided by class of shares and, if applicable, series of shares.

**69.** A corporation must pay into its issued and paid-up share capital account the money received as consideration for the shares it issues, but not more than the amount of the par value in the case of shares with par value.

**70.** A corporation that issues shares without par value may pay into the issued and paid-up share capital account all or part of the value of the consideration received for the shares issued

(1) in exchange for property of a person who, at the time of the exchange, is not dealing at arm's length with the corporation within the meaning of that expression in the Taxation Act;

(2) in exchange for property of a person who, at the time of the exchange, is dealing at arm's length with the corporation within the meaning of that expression in the Taxation Act, if the person, the corporation and all the holders of shares in the class or series of shares so issued, whether or not their shares otherwise carry voting rights, consent to the exchange; such consent is not required, however, if the issue of shares does not result in a decrease in the value obtained by dividing the value of the issued and paid-up share capital account maintained for the class or series of shares issued by the number of issued shares in the class or series;

(3) in exchange for shares of a legal person who, at the time of the exchange or immediately afterwards, is not dealing at arm's length with the corporation within the meaning of that expression in the Taxation Act; or

(4) to shareholders of an amalgamating corporation who are receiving the shares in addition to or instead of shares of the amalgamated corporation, in the case of a long-form amalgamation.

**71.** A corporation modifies its issued and paid-up share capital account every time it acquires shares of its issued share capital or reduces or increases the amount of its issued and paid-up share capital.

**72.** A corporation that acquires shares or fractional shares it has issued reduces its issued and paid-up share capital account,

(1) in the case of shares with par value, by an amount equal to the result obtained by multiplying the par value of the shares by the number of shares or fractional shares acquired; and

(2) in the case of shares without par value, by an amount equal to the result obtained by multiplying the average amount paid into or credited to the account per share at the time of issue of the shares of the class or series concerned, by the number of shares or fractional shares acquired.

**73.** On a conversion or exchange of issued shares of a class or series, a corporation

(1) deducts from the issued and paid-up share capital account maintained for the class or series of shares converted or exchanged an amount equal to the result obtained by multiplying the issued and paid-up share capital account for the shares of that class or series by the number of shares of that class or series converted or exchanged, divided by the number of issued shares of that class or series immediately before the conversion or exchange; and

(2) adds the result obtained under paragraph 1 and any additional consideration received as a result of the conversion or exchange to the issued and paid-up share capital account maintained for the new class or series of shares.

**74.** Unless otherwise provided in the articles, when a corporation issues two classes of shares, and there is attached to each such class a right to exchange a share of that class for a share of the other class, if that right is exercised in respect of a share, the amount of issued and paid-up share capital attributable to a share of either class is the aggregate of the issued and paid-up share capital of both classes divided by the number of issued shares of both classes immediately before the exchange.

#### §5. — *Unpaid shares*

**75.** Unless the terms of payment for shares are determined by contract, the board of directors may call for payment of all or part of the unpaid amounts on shares subscribed or held by the shareholders, in the manner, if any, prescribed by the by-laws.

A call for payment is deemed to be made on the day the board of directors passes a resolution providing for it. Notice of the call for payment stating the amount due and the time for payment must be sent to the shareholders.

**76.** If a shareholder does not make the required payment following a call for payment, the board of directors may confiscate, without further formality, the shares for which payment has not been made. The confiscation is recorded in the securities register.

The board of directors may transfer the shares so confiscated to a new acquirer, register their transfer and, if applicable, cancel their certificates, whether or not the shareholder has returned the endorsed certificates to the corporation, and issue a new certificate to the acquirer.

**77.** If the terms of payment for shares are determined by contract, the board of directors may, after sending a demand letter, confiscate the shares without further formality if the shareholder who subscribed for or acquired them has failed to comply with the terms.

If the acquirer is not bound by a contract with the corporation with respect to payment of the shares, the provisions relating to a call for payment apply to the acquirer.

**78.** Within 10 days after disposing of the confiscated shares, the corporation must inform the shareholder of the proceeds obtained from the disposition and remit any surplus to the shareholder. The shareholder is liable for the unpaid balance on the shares if the proceeds of disposition do not cover the amounts payable.

**79.** Instead of confiscating shares, the corporation may apply to the court in order to recover the amounts due from defaulting shareholders.

**80.** A shareholder who is in arrears with respect to a call for payment or has defaulted on payment of shares in accordance with the contract between the shareholder and the corporation may not vote at any shareholders meeting.

§6. — *Transfer of shares*

**81.** Subject to this Act, the transfer of shares is governed by the Act respecting the transfer of securities and the establishment of security entitlements.

**82.** Shares subject to transfer restrictions may not be offered to the public unless

(1) the restrictions are set out in the articles of the corporation; and

(2) the restrictions are required to allow the corporation, or another corporation in which the corporation has an interest, to obtain, maintain or renew, under the laws of Québec or a jurisdiction other than Québec, an authorization it needs to carry on all or part of its business activity.

**83.** Shares that are not fully paid but for which no instalment is payable may only be transferred with the authorization of the board of directors.

The directors must reasonably verify the acquirer's ability to pay for the shares before authorizing the transfer.

**84.** A share may not be transferred until all instalments payable up to the time of transfer have been fully paid.

§7. — *Modification of share capital*

I. — Acquisition of shares

**85.** A corporation's acquisition of a share or a fractional share of its share capital entails the cancellation of the share or fractional share, unless it was acquired under section 47 of the Act respecting the transfer of securities and the establishment of security entitlements.

However, if the articles limit the number of authorized shares, the cancelled share or fractional share becomes an unissued share or fractional share, unless otherwise provided in the articles.

**86.** A corporation may not hold its own shares. Except for a period not exceeding 30 days, it may not hold shares of its parent legal person or allow its own shares to be held by one or more of its subsidiaries.

A corporation may not exercise the voting rights attached to the shares it holds in its parent legal person.

Any act contrary to this section is null.

**87.** Despite section 86, a corporation may hold its own shares after exercising its confiscation right under this Act.

As well, a corporation may hold its own shares and, without being subject to the 30-day limit, shares of its parent legal person if it holds them in the capacity of administrator of the property of others, mandatary or hypothecary creditor.

Voting rights attached to shares held by a corporation under this section may only be exercised at the request of the shareholder and following the shareholder's instructions. However, no voting rights may be exercised with respect to confiscated shares until the corporation disposes of them in accordance with this Act.

**88.** A corporation that becomes the subsidiary of a legal person must sell or otherwise dispose of the shares it holds in that legal person within five years.

The corporation may not exercise the voting rights attached to those shares.

**89.** Unless all the shareholders consent, whether or not their shares otherwise carry voting rights, a corporation that is not a reporting issuer must, within 30 days after acquiring by agreement any of its issued shares, notify its shareholders

(1) of the number of shares it has acquired;

(2) of the names of the shareholders from whom it has acquired the shares;

(3) of the price paid for the shares;

(4) if the consideration was not in money, of the nature of the consideration given and the value attributed to it; and

(5) of the balance, if any, remaining due to shareholders from whom it acquired the shares.

A shareholder is entitled on request and without charge to a copy of the agreement under which the corporation has agreed to acquire, or has acquired, any of its own shares.

## II. — Splitting, consolidation and conversion of shares

**90.** The board of directors may authorize the splitting or consolidation of the shares of the corporation. The splitting or consolidation must be approved by special resolution if

(1) any shareholder would hold less than one share as a result of the proposed consolidation; or

(2) the corporation has issued more than one class of shares and the splitting or consolidation would affect the rights attaching to all the shares of any of those classes.

Within 30 days after a splitting or consolidation not requiring shareholder approval, the board of directors must notify the shareholders of how the issued shares have been split or consolidated.

**91.** The board of directors of a corporation may convert shares of a class or series into shares of another class or series.

The conversion must not increase or decrease the amount paid up or payable on the corporation's issued shares, and must be approved by special resolution.

**92.** Changes to the maximum number or par value of shares, and any other change to the authorized share capital, arising from the splitting, conversion or consolidation of shares must be set out in articles of amendment.



## **DIVISION II**

### **MAINTENANCE OF SHARE CAPITAL**

#### *§1. — Acquisition of shares*

**93.** Unless otherwise provided in the articles and subject to this subdivision, a corporation may, by purchase, redemption, exchange or otherwise, acquire fully paid shares it has issued.

**94.** A corporation may redeem shares unilaterally in accordance with its articles only if it pays their redemption price in full. Moreover, it may not purchase unilaterally redeemable shares for a price that is higher than their redemption price.

**95.** A corporation may not make a payment to purchase or redeem shares if there are reasonable grounds for believing that it is, or would after the payment be, unable to pay its liabilities as they become due.

**96.** A corporation may not make a payment to purchase or redeem shares if the payment would make it unable, in the event of liquidation, to repay shares ranking higher than or equally with the shares so purchased or redeemed, taking into account any waiver of repayment by the higher- or equal-ranking shareholders.

**97.** A corporation may not be compelled to pay for shares of its share capital that it has acquired if it shows that by doing so it would contravene section 95 or 96.

In such a case, the former holder of the shares becomes a creditor of the corporation and is entitled to be paid as soon as the corporation may legally do so or, in the event of liquidation, to be collocated ahead of the shareholders of the same class and of equal-ranking classes, but behind the other creditors of the corporation.

The corporation must provide an evidence of indebtedness to the former shareholder.

**98.** An acquisition of shares or a payment for shares contrary to this subdivision may not be declared null if the shareholder was in good faith, unless the corporation remains in the situation described in section 95 or 96 at the time the action in nullity is instituted.

**99.** A corporation may accept a gift or legacy of shares of its share capital if they are fully paid.

#### *§2. — Increase and reduction of share capital*

**100.** Unless the increase results from the payment of shares, a corporation may only increase the amount of its issued and paid-up share capital if authorized to do so by special resolution.

**101.** A corporation may, if authorized to do so by special resolution, reduce the amount of its issued share capital, in particular to reduce or extinguish the shareholders' obligation to pay for the shares issued, or to repay any part of the issued share capital exceeding its needs to the shareholders.

However, a corporation may not reduce the amount of its issued share capital if there are reasonable grounds for believing that it is, or would after the reduction be, unable to pay its liabilities as they become due.

**102.** A creditor of a corporation is entitled to apply to the court for an order compelling a shareholder to pay the corporation an amount equal to any liability of the shareholder that was reduced or extinguished contrary to this subdivision or to pay or deliver to the corporation any money or property that was paid or distributed to the shareholder as a consequence of a reduction of share capital made contrary to this subdivision.

§3. — *Declaration and payment of dividends*

**103.** Unless otherwise provided in the articles or in a unanimous shareholder agreement, the board of directors may declare and the corporation may pay a dividend either in money or property or by issuing fully paid shares or options or rights to acquire fully paid shares of the corporation.

If shares of a corporation are issued in payment of a dividend, the corporation may add all or part of the value of those shares to the appropriate issued and paid-up share capital account.

**104.** A corporation may not declare and pay a dividend, except by issuing shares or options or rights to acquire shares, if there are reasonable grounds for believing that the corporation is, or would after the payment be, unable to pay its liabilities as they become due.

**105.** A corporation may deduct from the dividends payable to a shareholder any amount due to the corporation by the shareholder, on account of calls for payment or otherwise.

## **CHAPTER VI**

### **DIRECTORS AND OFFICERS**

#### **DIVISION I**

##### **BOARD OF DIRECTORS**

**106.** The board of directors of a corporation is composed of one or more directors.

If the corporation is a reporting issuer, the board of directors is composed of not fewer than three directors, at least two of whom must not be officers or employees of the corporation or an affiliate of the corporation.

**107.** The term of office of the first directors of a corporation designated by the founders in the list of directors or in the initial declaration filed with the articles of constitution begins on the date the corporation is constituted and ends at the close of the first shareholders meeting.

**108.** Any natural person may be a director of a corporation, except persons disqualified for the office of director under the Civil Code or persons declared incapable by decision of a court of another jurisdiction.

**109.** Unless otherwise provided in the articles, a director is not required to be a shareholder.

**110.** The directors are elected by the shareholders, in the manner and for the term, not exceeding three years, set out in the by-laws.

It is not necessary that all the directors elected hold office for the same term.

A director not elected for an expressly stated term ceases to hold office at the close of the first annual shareholders meeting following the director's election.

If circumstances prevent a shareholders meeting from electing the fixed number or minimum number of directors required by the articles, the directors elected at that meeting may exercise all the powers of the directors if the number of directors so elected constitutes a quorum.

**111.** The articles may provide for cumulative voting for the election of directors. In such a case, the shareholders are called upon to elect a fixed number of directors required by the articles, and each elector has the right to cast a number of votes equal to the number of votes attached to the shares held by the shareholder multiplied by the number of directors to be elected, and may cast all of those votes in favour of one candidate or distribute them among the candidates in any manner.

The following rules apply to cumulative voting:

(1) a separate vote of the shareholders is to be taken with respect to each candidate unless a resolution is passed unanimously permitting two or more persons to be elected by a single resolution;

(2) if a shareholder has voted for more than one candidate without specifying the distribution of votes, the shareholder is deemed to have distributed the votes equally among those candidates;

(3) if the number of candidates exceeds the number of positions to be filled, the candidates who receive the lowest number of votes are eliminated until the number of candidates remaining equals the number of positions to be filled;

(4) each director ceases to hold office at the close of the first annual shareholders meeting following the director's election; and

(5) a director may be removed from office or the number of directors may be decreased only if the number of votes cast in favour of the removal or the decrease is greater than the product of the number of directors required by the articles and the number of votes cast against the removal or the decrease.

## **DIVISION II**

### **FUNCTIONS AND POWERS OF BOARD OF DIRECTORS**

**112.** Subject to a unanimous shareholder agreement, the board of directors exercises all the powers necessary to manage, or supervise the management of, the business and affairs of the corporation.

Except to the extent provided by law, such powers may be exercised without shareholder approval and may be delegated to a director, an officer or one or more committees of the board.

**113.** Unless otherwise provided in the articles or in a unanimous shareholder agreement, the board of directors adopts the corporation's by-laws. The by-laws are effective as of the date of the resolution of the board.

The by-laws must be submitted to the shareholders for approval at the next shareholders meeting, and the shareholders may, by ordinary resolution, ratify, reject or amend them. They cease to be effective at the close of the meeting if they are rejected by or not submitted to the shareholders. However, by-law amendments relating to procedural matters with respect to shareholders meetings take effect only once they have received shareholder approval.

A by-law adopted by the shareholders on a shareholder proposal submitted in accordance with subsection 6 of Division I of Chapter VII is effective as of its adoption and requires no other approval. It may only be repealed with the approval of the shareholders.

The rules of this section apply, with the necessary modifications and subject to the by-laws, to the amendment or repeal of by-laws.

**114.** Despite section 113, any new by-law made by the board of directors that has substantially the same purpose or effect as a by-law previously rejected by or not submitted to the shareholders at the meeting is not effective until confirmed by the shareholders.

**115.** Unless otherwise provided in the by-laws or in a unanimous shareholder agreement, the board of directors of a corporation may, on behalf of the corporation,

- (1) borrow money;
- (2) issue, reissue, sell or hypothecate its debt obligations;
- (3) enter into a suretyship to secure performance of an obligation of any person; and
- (4) hypothecate all or any of its property, owned or subsequently acquired, to secure any obligation.

**116.** Unless otherwise provided in the by-laws or in a unanimous shareholder agreement, the board of directors may designate the offices of the corporation, appoint directors or other persons as officers and specify their functions.

The officers are mandataries of the corporation.

The board of directors may create one or more committees made up of directors.

**117.** Unless otherwise provided in the by-laws or in a unanimous shareholder agreement, the board of directors determines the remuneration of the corporation's directors and officers.

**118.** The board of directors may not delegate its power

- (1) to submit to the shareholders any question or matter requiring their approval;
- (2) to fill a vacancy among the directors or in the office of auditor or to appoint additional directors;
- (3) to appoint the president of the corporation, the chair of the board of directors, the chief executive officer, the chief operating officer or the chief financial officer regardless of their title, and to determine their remuneration;
- (4) to authorize the issue of shares;
- (5) to approve the transfer of unpaid shares;
- (6) to declare dividends;
- (7) to acquire, including by purchase, redemption or exchange, shares issued by the corporation;

- (8) to split, consolidate or convert shares;
- (9) to authorize the payment of a commission to a person who purchases shares or other securities of the corporation, or procures or agrees to procure purchasers for those shares or securities;
- (10) to approve the financial statements presented at the annual meetings of shareholders;
- (11) to adopt, amend or repeal by-laws;
- (12) to authorize calls for payment;
- (13) to authorize the confiscation of shares;
- (14) to approve articles of amendment allowing a class of unissued shares to be divided into series, and to determine the designation of and the rights and restrictions attaching to those shares; or
- (15) to approve a short-form amalgamation.

### **DIVISION III**

#### **DUTIES OF DIRECTORS AND OFFICERS**

##### *§1. — General provisions*

**119.** Subject to this division, the directors are bound by the same obligations as are imposed by the Civil Code on any director of a legal person.

Consequently, in the exercise of their functions, the directors are duty-bound toward the corporation to act with prudence and diligence, honesty and loyalty and in the interest of the corporation.

In their capacity as mandataries of the corporation, the officers are bound, among other things, by the same obligations as are imposed on the directors under the second paragraph.

**120.** Subject to the provisions of section 214, no provision of the articles, the by-laws, a resolution or a contract may relieve a director from their obligations, or from liability for a breach of their obligations.

##### *§2. — Good faith reliance*

**121.** A director of a corporation is presumed to have fulfilled the obligation to act with prudence and diligence if the director relied, in good faith and based on reasonable grounds, on a report, information or an opinion provided by

(1) an officer of the corporation who the director believes to be reliable and competent in the functions performed;

(2) legal counsel, professional accountants or other persons retained by the corporation as to matters involving skills or expertise the director believes are matters within the particular person's professional or expert competence or as to which the particular person merits confidence; or

(3) a committee of the board of directors of which the director is not a member if the director believes the committee merits confidence.

§3. — *Disclosure of interest*

**122.** A director or officer of a corporation must disclose the nature and value of any interest he or she has in a contract or transaction to which the corporation is a party.

For the purposes of this subdivision, "interest" means any financial stake in a contract or transaction that may reasonably be considered likely to influence decision-making. Furthermore, a proposed contract or a proposed transaction, including related negotiations, is considered a contract or transaction.

**123.** A director or an officer must disclose any contract or transaction to which the corporation and any of the following are a party:

(1) an associate of the director or officer;

(2) a group of which the director or officer is a director or officer;

(3) a group in which the director or officer or an associate of the director or officer has an interest.

The director or officer satisfies the requirement if he or she discloses, in a case specified in subparagraph 2, the directorship or office held within the group or, in a case specified in subparagraph 3, the nature and value of the interest he or she or his or her associate has in the group.

**124.** Unless it is recorded in the minutes of the first meeting of the board of directors at which the contract or transaction is discussed, the disclosure of an interest, contract or transaction must be made in writing to the board of directors as soon as the director becomes aware of the interest, contract or transaction.

**125.** In the case of an officer who is not a director, the disclosure required by sections 122 and 123 must be made as soon as

(1) the officer becomes an officer;

(2) the officer becomes aware that the contract or transaction is to be discussed or has been discussed at a meeting of the board; or

(3) the officer or the officer's associate acquires an interest in the contract or transaction, if it was entered into earlier.

**126.** The disclosure required by sections 122 and 123 must be made even in the case of a contract or transaction that does not require approval by the board of directors.

**127.** No director may vote on a resolution to approve, amend or terminate the contract or transaction described in section 122 or 123 or be present during deliberations concerning the approval, amendment or termination of such a contract or transaction unless the contract or transaction

(1) relates primarily to the remuneration of the director or an associate of the director as a director of the corporation or an affiliate of the corporation;

(2) relates primarily to the remuneration of the director or an associate of the director as an officer, employee or mandatary of the corporation or an affiliate of the corporation, if the corporation is not a reporting issuer;

(3) is for indemnity or liability insurance under Division VII; or

(4) is with an affiliate of the corporation, and the sole interest of the director is as a director or officer of the affiliate.

**128.** If no quorum exists for the purpose of voting on a resolution to approve a contract or transaction only because a director is not permitted by section 127 to be present during deliberations, the other directors present are deemed to constitute a quorum for the purpose of voting on the resolution.

**129.** If all the directors are required by section 127 to abstain from voting, the contract or transaction may be approved solely by the shareholders entitled to vote, by ordinary resolution.

The disclosure required by sections 122 and 123 must be made to the shareholders in a sufficiently clear manner before the contract or transaction is approved.

**130.** The shareholders of a corporation may, during the usual office hours of the corporation, examine the portions of any minutes of the meetings of the board of directors or of any other document that contain disclosures by directors or officers under sections 122 and 123.

**131.** If a director or officer fails to comply with this subdivision, the corporation or a shareholder may ask the court to declare the contract or transaction null and to require the director or officer to account to the



corporation for any profit or gain realized on it by the director or officer or the associates of the director or officer, and to remit the profit or gain to the corporation, according to the conditions the court considers appropriate.

**132.** A contract or transaction for which a disclosure required by section 122 or 123 was made may not be declared null if the contract or transaction was approved by the board of directors and the contract or transaction was in the interest of the corporation when it was approved.

Nor may the director or officer concerned, in such a case, be required to account for any profit or gain realized or to remit the profit or gain to the corporation.

**133.** Despite this subdivision, a contract or transaction may not be declared null only because a director or officer did not make the disclosure required by sections 122 and 123, if

(1) the contract or transaction was approved by ordinary resolution by the shareholders entitled to vote who do not have an interest in the contract or transaction;

(2) the disclosure required by sections 122 and 123 was made to the shareholders in a sufficiently clear manner before the contract or transaction was approved; and

(3) the contract or transaction was in the best interests of the corporation when it was approved.

If the director or officer acted honestly and in good faith, he or she may not be required to account for the profit or gain realized and to remit the profit or gain to the corporation.

#### **DIVISION IV**

#### **MEETINGS OF BOARD OF DIRECTORS**

**134.** Unless otherwise provided in the by-laws, the board of directors may meet at any place.

**135.** A notice of a meeting of the board of directors must be sent to each director within the time and in the manner specified in the by-laws.

The notice must state the time and place of the meeting and specify any matter to be dealt with relating to powers the board may not delegate. Unless otherwise provided in the by-laws, the notice need not specify the purpose or the business to be transacted at the meeting.

**136.** A director may, in writing, waive a notice of a meeting of the board. Attendance of a director at a meeting of the board is a waiver of notice of the meeting unless the director attends the meeting for the sole purpose of objecting to the holding of the meeting on the grounds that it was not lawfully called.

**137.** Unless otherwise provided in the by-laws, the directors may, if all consent, participate in a meeting of the board by means of equipment enabling all participants to communicate directly with one another.

In such a case, they are deemed to be present at the meeting.

**138.** Unless otherwise provided in the by-laws, a majority of the directors in office constitutes a quorum at any meeting of the board. A quorum of directors may exercise all the powers of the directors despite any vacancy on the board.

**139.** A director who is present at a meeting of the board or a committee of the board is deemed to have consented to any resolution passed at the meeting unless

(1) the director's dissent has been entered in the minutes;

(2) the director sends a written dissent to the secretary of the meeting before the meeting is adjourned; or

(3) the director delivers a written dissent to the chair of the board, sends it to the chair by any means providing proof of the date of receipt or delivers it to the head office of the corporation immediately after the meeting is adjourned.

A director is not entitled to dissent after voting for or consenting to a resolution.

A director who was not present at a meeting at which a resolution was passed is deemed to have consented to the resolution unless the director records his or her dissent in accordance with this section within seven days after becoming aware of the resolution.

**140.** A resolution in writing, signed by all the directors entitled to vote on the resolution, has the same force as if it had been passed at a meeting of the board or, as the case may be, of a committee of the board.

If a corporation has only one director, the director may pass a resolution in lieu of holding a meeting.

A copy of the resolution must be kept with the minutes of meetings of the board of directors.

**141.** Notice of an adjourned meeting of the board of directors is not required to be given if the time and place of the adjourned meeting is announced at the same time as the adjournment.

## **DIVISION V**

### **CESSATION OF OFFICE AND VACANCY ON BOARD OF DIRECTORS**

**142.** A director ceases to hold office when he or she becomes disqualified from being a director of a corporation, resigns or is removed from office.

The resignation of a director becomes effective at the time the director's written resignation is received by the corporation, or at the time specified in the resignation, whichever is later.

**143.** Despite the expiry of a director's term, the director, unless he or she resigns, remains in office until re-elected or replaced.

**144.** Unless the articles provide for cumulative voting, the shareholders may by ordinary resolution at a special meeting remove any director or directors.

If certain shareholders have an exclusive right to elect one or more directors, a director so elected may only be removed by ordinary resolution of those shareholders.

A vacancy created by the removal of a director may be filled at the shareholders meeting at which the director is removed or, if it is not, at a subsequent meeting of the board of directors.

**145.** A quorum of directors may fill a vacancy on the board.

**146.** If there is no quorum of directors or if there has been a failure to elect the fixed number or minimum number of directors required by the articles, the directors then in office must without delay call a special shareholders meeting to fill the vacancies on the board.

If the directors refuse or fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.

**147.** Unless otherwise provided in the articles, if the holders of any class or series of shares have an exclusive right to elect one or more directors and a vacancy occurs among those directors, the vacancy may be filled by the remaining directors elected by the holders of that class or series of shares or, if there are no such remaining directors, by the holders of that class or series of shares by ordinary resolution at a special meeting they call for that purpose.

**148.** The articles may provide that a vacancy on the board of directors may only be filled by a vote of all the shareholders, or by a vote of the holders of a class or series of shares having an exclusive right to do so.

**149.** A director appointed or elected to fill a vacancy holds office for the unexpired term of his or her predecessor.

**150.** A director whose removal is to be proposed at a shareholders meeting may attend the meeting and be heard or, if not in attendance, may explain, in a written statement read by the person presiding over the meeting or made available to the shareholders before or at the meeting, why he or she opposes the resolution proposing his or her removal.

**151.** The articles may be amended to increase or decrease the fixed number of directors or the minimum or maximum number of directors.

The articles are deemed to be amended as of the date of the special resolution authorizing the amendment, and the shareholders may, at the meeting at which they pass the resolution, elect the number of directors authorized by the resolution.

**152.** An amendment to the articles that decreases the number of directors does not terminate the term of any incumbent director.

**153.** If the articles so provide, the directors of a corporation that is a reporting issuer or has 50 or more shareholders may appoint one or more additional directors to hold office for a term expiring not later than the close of the next annual shareholders meeting, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual shareholders meeting.

## **DIVISION VI**

### **LIABILITY OF DIRECTORS**

#### *§1. — Unpaid wages of employees*

**154.** Directors of a corporation are solidarily liable to the employees of a corporation for all debts not exceeding six months' wages payable to each such employee for services performed for the corporation while they are directors of the corporation respectively.

However, a director is not liable unless the corporation is sued for the debt within one year after it becomes due and the writ of execution is returned unsatisfied in whole or in part or unless, during that period, a liquidation order is made against the corporation or it becomes bankrupt within the meaning of that expression in the Bankruptcy and Insolvency Act (Revised Statutes of Canada, 1985, chapter B-3) and a claim for the debt is filed with the liquidator or the syndic.

§2. — *Prohibited acts*

**155.** Directors of a corporation who vote for or consent to a resolution authorizing the issue of shares for consideration payable in property or in past services are solidarily liable to the corporation for any amount by which the consideration received is less than the amount of money the corporation would have received if the shares had been issued for money on the date of the resolution.

However, a director who proves that he or she did not know and could not reasonably have known that the shares were issued for a consideration less than the amount of money the corporation should have received is not liable under the first paragraph.

**156.** Directors of a corporation who vote for or consent to a resolution authorizing any of the following are solidarily liable to restore to the corporation any amounts involved and not otherwise recovered by the corporation:

- (1) a payment of a commission contrary to section 58;
- (2) a transfer of not fully paid shares contrary to section 83;
- (3) a purchase, redemption or other acquisition of shares contrary to section 94, 95 or 96;
- (4) a payment of a dividend contrary to section 104;
- (5) a payment of an indemnity contrary to section 160; or
- (6) a payment to a shareholder contrary to the second paragraph of section 451.

**157.** A director liable under section 156 may apply to the court for an order compelling a shareholder or any other recipient under a resolution referred to in that section to pay or deliver to the director any money or property that was paid or distributed to the shareholder or other recipient.

If the court is satisfied that it is equitable to do so, it may grant the application and also make any further order it thinks fit; it may, in particular, order the corporation to return or issue shares to a person from whom the corporation has purchased, redeemed or otherwise acquired shares.

§3. — *Relief from liability*

**158.** A director cannot be held liable under section 154, 155, 156, 287, 314 or 392 if the director acted with a reasonable degree of prudence and diligence in the circumstances.

Furthermore, for the purposes of sections 155, 156, 287, 314 and 392, the court may, after considering all the circumstances and on the terms the court considers appropriate, relieve a director, either wholly or partly, from the liability the director would otherwise incur if it appears to the court that the director has acted reasonably, honestly and loyally, and ought fairly to be excused.

## **DIVISION VII**

### **INDEMNIFICATION AND LIABILITY INSURANCE**

**159.** Subject to section 160, a corporation must indemnify a director or officer of the corporation, a former director or officer of the corporation, a mandatary, or any other person who acts or acted at the corporation's request as a director or officer of another group against all costs, charges and expenses reasonably incurred in the exercise of their functions, including an amount paid to settle an action or satisfy a judgment, or arising from any investigative or other proceeding in which the person is involved if

(1) the person acted with honesty and loyalty in the interest of the corporation or, as the case may be, in the interest of the other group for which the person acted as director or officer or in a similar capacity at the corporation's request; and

(2) in the case of a proceeding that is enforced by a monetary penalty, the person had reasonable grounds for believing that his or her conduct was lawful.

The corporation must also advance moneys to such a person for the costs, charges and expenses of a proceeding referred to in the first paragraph.

**160.** In the event that a court or any other competent authority judges that the conditions set out in subparagraphs 1 and 2 of the first paragraph of section 159 are not fulfilled, the corporation may not indemnify the person and the person must repay to the corporation any monies advanced under that section.

**161.** A corporation may, with the approval of the court, in respect of an action by or on behalf of the corporation or other group referred to in section 159, against a person referred to in that section, advance the necessary monies to the person or indemnify the person against all costs, charges and expenses reasonably incurred by the person in connection with the action, if the person fulfills the conditions set out in that section.

**162.** A corporation may purchase and maintain insurance for the benefit of its directors, officers and other mandataries against any liability they may incur as such or in their capacity as directors, officers or mandataries of another group, if they act or acted in that capacity at the corporation's request.

**CHAPTER VII**  
**SHAREHOLDERS**

**DIVISION I**  
**ANNUAL SHAREHOLDERS MEETING**

§1. — *Calling of meeting*

**163.** An annual meeting of shareholders entitled to vote at such a meeting must be held not later than 18 months after the corporation is constituted and, subsequently, not later than 15 months after the last preceding annual shareholders meeting.

The board of directors calls the annual shareholders meeting. Otherwise, the meeting may be called by the shareholders in accordance with sections 208 to 211.

**164.** The annual shareholders meeting is held at the place within Québec provided in the by-laws or, in the absence of such provision, at the place within Québec determined by the board of directors.

The meeting may be held at a place outside Québec if the articles so allow or, in the absence of such a provision, if all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place.

**165.** Notice of a shareholders meeting must be sent to each shareholder entitled to vote at the meeting and to each director within the period provided in the by-laws or, in the absence of such provision, not less than 10 days before the meeting.

However, if the corporation is a reporting issuer, the notice of meeting must be sent not less than 21 days and not more than 60 days before the meeting.

**166.** If a director or a shareholder entitled to vote at a shareholders meeting gives written notice not less than 10 days before the meeting to the auditor or a former auditor of the corporation, the auditor or former auditor attends the meeting at the corporation's expense and answers any question relating to their duties as auditor.

**167.** The notice of meeting must specify the time and place of the meeting of shareholders as well as the business to be transacted. It must also specify the time, not exceeding 48 hours, excluding Saturdays and holidays, preceding the meeting or the resumption of a meeting after an adjournment, before which the corporation must receive the proxies of the shareholders who wish to be represented at the meeting.

The notice of meeting must state the business on the agenda in sufficient detail to permit the shareholders to form a reasoned judgment on it, and contain the text of any special resolution to be submitted to the meeting.

Business usually discussed at meetings of shareholders, such as the examination of the financial statements and the auditor's report, the renewal of the auditor's term and the election of directors, need not be included on the agenda.

**168.** A shareholder or director may waive notice of a shareholders meeting. Their attendance at the meeting is a waiver of notice of the meeting unless they attend the meeting for the sole purpose of objecting to the holding of the meeting on the grounds that it was not lawfully called or held.

**169.** The by-laws of a corporation that is a reporting issuer or that has 50 or more shareholders may provide for the fixing in advance, in a specified manner, of a date as the record date for the purpose of determining shareholders entitled to receive notice of a shareholders meeting, receive payment of a dividend, participate in a liquidation distribution and vote at a shareholders meeting or for any other purpose.

For the purpose of determining which shareholders are entitled to receive notice of a shareholders meeting or vote at the meeting, the record date must be not less than 21 days and not more than 60 days before the meeting.

## §2. — *Proxies*

**170.** A shareholder may be represented at a shareholders meeting by a proxyholder.

A shareholder so represented is deemed to be present at the meeting.

**171.** Any person, whether or not a shareholder of the corporation, may be appointed a proxyholder.

**172.** A proxy must be in writing and signed by the shareholder.

In addition to the date, the proxy must include the name of the proxyholder and, if applicable, revoke any former proxy.

Unless otherwise indicated, a proxy lapses one year after the date it is given. It may be revoked at any time.

**173.** A proxyholder has the same rights as the shareholder represented to speak at a shareholders meeting in respect of any matter and to vote at the meeting.

However, a proxyholder who has conflicting instructions from more than one shareholder may not vote by a show of hands.



§3. — *Conduct of meeting*

**174.** Unless otherwise provided in the by-laws, any person entitled to attend a shareholders meeting may participate in the meeting by means of any equipment enabling all participants to communicate directly with one another.

A person participating in a meeting by such means is deemed to be present at the meeting.

**175.** A shareholders meeting may be held solely by means of equipment enabling all participants to communicate directly with one another, if the by-laws so allow.

**176.** Unless otherwise provided in the by-laws, a quorum of shareholders is present at a shareholders meeting if, at the opening of the meeting, the holders of a majority of the shares that carry the right to vote at the meeting are present in person or represented by proxy.

If a quorum is not present at the opening of the meeting, the shareholders present may adjourn the meeting to a specific time and place but may not transact any other business.

**177.** If a corporation has only one shareholder, or only one holder of any class or series of shares, the shareholder present in person or represented by proxy constitutes a shareholders meeting.

**178.** A resolution in writing signed by the sole shareholder of the corporation or by all the shareholders entitled to vote on the resolution is as valid as if it had been passed at a shareholders meeting.

The resolution must be kept with the minutes of the shareholders meeting.

**179.** Unless otherwise provided in the articles, each share of a corporation entitles the holder to one vote.

**180.** A natural person authorized by a resolution of the board of directors or of the management of a shareholder who is a legal person or a group may participate in and vote at a shareholders meeting.

**181.** A person acting for a shareholder as administrator of the property of others may participate in and vote at a shareholders meeting.

**182.** Unless otherwise provided in the by-laws, if two or more persons hold shares jointly, one of those shareholders present at a shareholders meeting may, in the absence of the others, exercise the voting right attached to those shares.

If two or more of such shareholders are present at the meeting, they must vote as one.

**183.** Unless otherwise provided in the by-laws, voting is conducted by a show of hands unless a ballot is demanded by a shareholder entitled to vote at the shareholders meeting.

A shareholder may demand a ballot either before or after a vote by show of hands.

Unless otherwise provided in the by-laws, a vote may be held by any means of communication made available by the corporation.

**184.** Unless otherwise provided in the by-laws, any shareholder participating in a shareholders meeting by means of equipment enabling all participants to communicate directly with one another may vote by any means enabling votes to be cast in a way that allows them to be verified afterwards and protects the secrecy of the vote when a secret ballot has been requested.

**185.** At a shareholders meeting, unless a vote is demanded, a declaration by the chair of the meeting that a resolution of the shareholders has been carried and that an entry to that effect has been made in the minutes of the meeting is, in the absence of any evidence to the contrary, proof of that fact, without it being necessary to prove the number or proportion of the votes recorded for and against the resolution.

**186.** Unless otherwise provided in the by-laws, the president of the corporation chairs a shareholders meeting.

If the person who is to chair the meeting is not present at the meeting within 15 minutes after the time appointed for the meeting, the shareholders present choose one of their number to chair the meeting.

**187.** The chair of a shareholders meeting must allow shareholders to raise and discuss, for a reasonable period of time, any matter whose primary purpose relates to the business or affairs of the corporation and is not to enforce a personal claim or redress a personal grievance against the corporation or its directors, officers or shareholders.

**188.** Unless otherwise provided in the by-laws, in the case of a tie, the chair of the meeting casts the tie-breaking vote.

**189.** A corporation must, for at least three months after a shareholders meeting, keep at its head office the ballots cast and the proxies presented at the meeting.

Any shareholder or proxyholder who was entitled to vote at the meeting may, without charge, inspect the ballots and proxies kept by the corporation.

**190.** If a shareholders meeting is adjourned for less than 30 days, it is not necessary, unless otherwise provided in the by-laws, to give notice of the adjourned meeting other than by announcement at the original meeting.

If a shareholders meeting is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting must be given as for an original meeting.

§4. — *Voting by class*

**191.** A special resolution that favours certain shareholders of a class or series of shares or changes prejudicially the rights attaching to all the shares of a class or series of shares must be approved by the shareholders of that class or series.

The same applies to a special resolution authorizing the articles to be amended in order to allow the board of directors to change prejudicially the rights attaching to all the shares of a class or series of shares without shareholder authorization.

Approval is given by a special resolution adopted separately by the holders of each class or series of shares concerned, whether or not the shares otherwise carry voting rights.

Such approval is not required if

(1) the special resolution changes prejudicially in the same manner the rights attaching to all the shares issued by the corporation; or

(2) under the amendment to the articles authorized by the special resolution, it is only possible to change prejudicially the rights attaching to all the shares issued by the corporation.

**192.** A special resolution authorizing a corporation to reduce its issued share capital must be approved in the same manner as a special resolution changing prejudicially the rights attaching to all the shares of a class or series.

However, such approval is not required if the reduction in the amount of share capital changes prejudicially in the same manner all the shares issued by the corporation.

§5. — *Powers of the court*

**193.** On the application of a director or a shareholder who is entitled to vote at a shareholders meeting, the court, if it thinks fit, may order a shareholders meeting to be called and held in the manner the court directs, including if it is impracticable to call or hold the meeting within the regular time or in the regular manner.

The court may vary or dispense with the required quorum.

§6. — *Shareholder proposals*

**194.** Any holder or beneficiary of voting shares of a corporation that is a reporting issuer or has 50 or more shareholders may submit to the board of directors notice of any matter the person proposes to raise at an annual shareholders meeting.

The number of proposals presented by a person for a meeting may not exceed the number prescribed by government regulation.

**195.** To be eligible to submit a shareholder proposal, a person must be, for at least the period prescribed by government regulation, the holder or beneficiary of, or have the support of persons who, including the person submitting the proposal, have been, for at least the prescribed period, holders or beneficiaries of, at least the number or value prescribed by government regulation of outstanding shares of the corporation.

The number or value of the voting shares is calculated as at the date the period mentioned in the first paragraph begins. A person submitting a proposal is not required to acquire additional shares in the event of a downward fluctuation in the value of the person's shares; however, the person must keep the shares until the shareholders meeting at which the proposal is to be discussed.

**196.** Any shareholder proposal must be attached to the management proxy circular or, if the management is not soliciting proxies, to the notice of meeting for the annual shareholders meeting.

The proposal must be accompanied by the following information:

(1) the name and address of the person and, if applicable, of the person's supporters; and

(2) the number or percentage of shares owned by the person and, if applicable, by the person's supporters, and the date the shares were acquired.

**197.** If so requested by the person who submits a shareholder proposal, the corporation must attach to the management proxy circular or, as the case may be, to the notice of meeting, a statement in support of the proposal by the person and the name and address of the person. The statement and the proposal must together not exceed the maximum number of words prescribed by government regulation.

The corporation may include in the management proxy circular a statement on the proposal. The statement must not exceed the maximum number of words prescribed under the first paragraph.

**198.** A shareholder proposal may include nominations for the election of directors if the proposal is signed by one or more holders of shares representing not less than 5% of the shares or 5% of the shares of a class of shares of the corporation that carry the right to vote at the shareholders meeting to which the proposal is to be presented.

This section does not preclude other nominations at the meeting.

**199.** The presiding officer at a shareholders meeting must allow the person presenting a shareholder proposal to speak in respect of the proposal for a reasonable period of time.

**200.** A corporation is not required to comply with sections 196 and 197 if

(1) the shareholder proposal is not submitted to the corporation within the period prescribed by government regulation;

(2) the primary purpose of the proposal is to enforce a personal claim or redress a personal grievance against the corporation or its directors, officers or shareholders;

(3) the primary purpose of the proposal does not relate in a significant way to the business or affairs of the corporation, including making or amending by-laws, amending the articles or liquidating or dissolving the corporation;

(4) within the period, prescribed by government regulation, before the receipt of a proposal, a person failed to present, at a shareholders meeting, a proposal that, at the person's request, had been attached to a management proxy circular or the notice of meeting;

(5) substantially the same proposal attached to a management proxy circular or a dissident's proxy circular was presented to the shareholders at a shareholders meeting held within the period, prescribed by government regulation, before the receipt of the proposal and did not receive at the meeting the minimum amount of support prescribed by government regulation; or

(6) the right to present a proposal is being abused to secure publicity.

**201.** If a person who submits a shareholder proposal fails to continue to be the registered holder or beneficiary of the shares up to and including the day of the shareholders meeting, the corporation is not required to attach to the management proxy circular any proposal submitted by that person for any meeting held within the period prescribed by government regulation.

**202.** No corporation or mandatary of a corporation incurs any liability by reason only of circulating a shareholder proposal or statement in compliance with this subdivision.

**203.** If a corporation refuses to include a shareholder proposal in a management proxy circular or a notice of meeting, the corporation must, within the period prescribed by government regulation, notify in writing the person submitting the proposal of its intention to omit the proposal from the management proxy circular or notice of meeting and of the reasons for the refusal.

**204.** On the application of a person submitting a shareholder proposal who claims to have suffered prejudice following a corporation's refusal to present the person's proposal, the court may postpone the shareholders meeting to which the proposal was sought to be presented and make any further order it thinks fit.

**205.** The corporation or any person claiming to suffer prejudice from a shareholder proposal may apply to the court for an order permitting the corporation to omit the proposal from the management proxy circular or the notice of meeting.

**206.** An application under section 204 or 205 that concerns a corporation governed by one of the Acts listed in Schedule 1 to the Act respecting the Autorité des marchés financiers (R.S.Q., chapter A-33.2), other than a private issuer within the meaning of that expression in the regulations under the Securities Act that is not governed by another Act listed in that schedule, must be notified to the Autorité des marchés financiers.

## **DIVISION II**

### **SPECIAL SHAREHOLDERS MEETING**

**207.** The board of directors may at any time call a special shareholders meeting.

**208.** The holders of not less than 10% of the issued shares that carry the right to vote at a shareholders meeting sought to be held may requisition the board of directors to call a shareholders meeting for the purposes stated in the requisition.

The requisition, signed by at least one shareholder, must state the business to be transacted at the meeting and must be sent to each director and to the head office of the corporation.

**209.** On receiving the requisition, the board of directors calls a shareholders meeting to transact the business stated in the requisition.

If the board of directors does not within 21 days after receiving the requisition call a meeting, any shareholder who signed the requisition may call the meeting.

**210.** Unless the shareholders otherwise resolve at a meeting called by shareholders, the corporation must reimburse the shareholders for the expenses reasonably incurred by them in requisitioning, calling and holding the meeting.

**211.** No shareholders meeting may be called

(1) to discuss business in respect of which a shareholders meeting has already been called;

(2) to transact business that is not within the powers of the shareholders;

(3) to enforce a personal claim or redress a personal grievance against the corporation or its directors, officers or shareholders;

(4) to transact business that does not relate in a significant way to the business or affairs of the corporation; or

(5) to discuss a matter or business that has been submitted to and rejected by the shareholders within the year preceding the requisition.

**212.** Subdivisions 1 to 5 of Division I apply to special shareholders meetings, with the necessary modifications.

### **DIVISION III**

#### **UNANIMOUS SHAREHOLDER AGREEMENT**

**213.** All the shareholders of a corporation, whether or not their shares carry voting rights, may agree in writing among themselves or among themselves and one or more third persons to restrict the powers of the board of directors to manage, or supervise the management of, the business and affairs of the corporation, or to withdraw all such powers from the board.

A sole shareholder may make a written declaration that restricts the powers of the board of directors or withdraws all powers from the board. The declaration is equivalent to a unanimous shareholder agreement.

**214.** To the extent that a unanimous shareholder agreement restricts the powers of the board of directors to manage, or supervise the management of, the business and affairs of the corporation, or withdraws all such powers from the board, parties to the unanimous shareholder agreement who are given those powers have all the rights, powers, duties, obligations and liabilities of directors of the corporation, whether they arise under this Act or otherwise, including any defences available to the directors, and the directors are relieved of their rights, powers, duties and liabilities, including their liability for the wages of the corporation's employees, to the same extent.

**215.** The corporation must, in accordance with the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons, declare to the enterprise registrar, for entry in the enterprise register, the existence or the termination, including on the corporation becoming a reporting issuer, of a unanimous shareholder agreement.

**216.** If a unanimous shareholder agreement withdraws all powers from the board of directors and confers them on shareholders or third persons, the corporation must declare to the enterprise registrar the name and domicile of those who have assumed those powers.

The shareholders are in such a case subject to the rules of Divisions I and II, unless otherwise provided in the unanimous shareholder agreement or the by-laws.

The shareholders may choose not to establish a board of directors.

**217.** Decisions of a sole shareholder on whom all of the powers of the board of directors have been conferred may be made by written resolution.

Any act by such a sole shareholder on behalf of the corporation is deemed to be authorized.

Such a sole shareholder may choose not to establish a board of directors and not to appoint an auditor, and is not required to comply with the requirements of this Act relating to the by-laws, shareholders meetings and meetings of the board of directors.

**218.** A person who becomes a shareholder subsequent to the signing of a unanimous shareholder agreement is deemed to be a party to the agreement.

However, a person who, on becoming a shareholder, is not given notice of the existence of the unanimous shareholder agreement, by its existence being stated or a reference to the agreement being noted on the share certificate or otherwise, may, no later than 30 days after becoming aware of the existence of the unanimous shareholder agreement, have the transaction by onerous title by which the person became a shareholder annulled.

**219.** A unanimous shareholder agreement terminates when the corporation becomes a reporting issuer or, subject to the provisions of the amalgamation agreement, when the corporation amalgamates by the long-form process.

**220.** Nothing in this subdivision prevents shareholders or third persons from fettering their discretion when exercising the powers conferred on them under a unanimous shareholder agreement.



## **DIVISION IV**

### **PROTECTION AGAINST SQUEEZE-OUT TRANSACTIONS**

**221.** A squeeze-out transaction is a transaction by a corporation that results in the rights of one or more shareholders in every share they hold of a class of the corporation's shares being terminated by any transaction other than by purchase by agreement, without substituting rights of equivalent value in shares issued by the corporation to which are attached equal or greater rights and privileges than the affected shares.

**222.** A transaction by which a shareholder's rights in shares that are not unilaterally redeemable by the corporation are replaced by rights in unilaterally redeemable shares or in shares that could be converted into unilaterally redeemable shares without shareholder authorization is considered a squeeze-out transaction.

**223.** Even if a squeeze-out transaction is authorized or approved by the shareholders of a corporation in accordance with its articles or this Act, the corporation, if it is not a reporting issuer, may not carry out the transaction without also being authorized to do so by ordinary resolution of the shareholders concerned, whether or not their shares carry voting rights.

However, affiliates of the corporation and shareholders who, following the squeeze-out transaction, retain shares to which are attached equal or greater rights than the shares of the class affected by the squeeze-out transaction or who would be entitled to consideration of greater value or to superior rights than those available to the other squeezed-out shareholders do not have the right to vote on the resolution.

## **DIVISION V**

### **LIABILITY OF SHAREHOLDERS**

**224.** Shareholders are not, as shareholders, liable for any act of the corporation.

However, they are debtors to the corporation for any unpaid amount on shares they hold in its share capital.

## **CHAPTER VIII**

### **FINANCIAL STATEMENTS AND AUDITOR**

#### **DIVISION I**

##### **FINANCIAL STATEMENTS**

**225.** At every annual shareholders meeting, the board of directors of a corporation must present the corporation's financial statements for the fiscal year ended not more than six months before the meeting.

The board of directors must also present at every annual meeting any further financial information required by the articles, the by-laws or a unanimous shareholder agreement.

As soon as the financial statements are presented at the annual meeting, every shareholder is entitled to a copy upon request.

**226.** The financial statements of a corporation must include at least a balance sheet and an income statement.

The financial statements must also include the other statements and the notes and other information usually included in audited financial statements, if such statements or information have been approved by the board of directors.

**227.** The financial statements of a corporation may not be issued, published or circulated unless they have been approved by the board of directors.

The approval of the financial statements by the board of directors is evidenced by the signature of one or more directors, regardless of the means used to sign them.

**228.** A corporation must keep the financial statements of each of its subsidiaries, and of each other legal person whose accounts are consolidated in the financial statements of the corporation, at the corporation's head office or at any other place within Québec designated by the board of directors.

Shareholders of the corporation may, on request, examine the financial statements during the usual office hours of the corporation and make extracts free of charge, subject to a court order under section 229. However, the corporation may deny a request if the value of the assets, the revenues and the income before taxes of the subsidiary or legal person each represent less than 10% of the corresponding amount in the financial statements of the corporation.

Within 15 days after the corporation denies a shareholder's request, the shareholder may apply to the court for a review of the decision. In such a case, it is up to the corporation to show that the condition set out in the second paragraph is fulfilled.

An application for a review that concerns a corporation governed by one of the Acts listed in Schedule 1 to the Act respecting the Autorité des marchés financiers, other than a private issuer within the meaning of that expression in the regulations under the Securities Act that is not governed by another Act listed in that schedule, must be notified to the Autorité des marchés financiers.

**229.** A corporation may apply to the court for an order barring examination of the financial statements of one of the corporation's subsidiaries, or of a legal person whose accounts are consolidated in the financial statements of the corporation, if the corporation shows that such examination would be prejudicial to the corporation or one of its subsidiaries.

The application must be filed with the court within 15 days after the shareholder's request to examine the financial statements, and be notified to the shareholder; it must also be notified to the Autorité des marchés financiers if the application concerns a corporation governed by one of the Acts listed in Schedule 1 to the Act respecting the Autorité des marchés financiers, other than a private issuer within the meaning of that expression in the regulations under the Securities Act that is not governed by another Act listed in that schedule.

When ruling on the application, the court may make any order it thinks fit.

**230.** If they have been audited, the financial statements presented at the annual shareholders meeting or otherwise issued, published or distributed must be accompanied by the auditor's report.

## **DIVISION II**

### **AUDITOR**

**231.** The shareholders of a corporation appoint an auditor at each annual shareholders meeting.

The auditor is appointed by ordinary resolution.

**232.** The term of the auditor begins on appointment.

The auditor's remuneration is fixed by ordinary resolution of the shareholders at the time of appointment. If it is not fixed at that time, it is fixed by the board of directors.

**233.** The auditor may, as part of the auditing mandate, demand any information relating to the corporation, its subsidiaries and any other legal person whose accounts are consolidated in the financial statements of the corporation, and demand access to any of their books, records, accounts, files or other documents. The present and former directors, officers, employees or mandataries of the corporation must, on request, communicate the documents to and facilitate their examination by the auditor.

The board of directors of the corporation must obtain from the present or former directors, officers, employees or mandataries of a subsidiary of the corporation the information demanded by the auditor and make it available to the auditor.

**234.** The term of the auditor ends when the auditor's successor is appointed, unless it is terminated earlier by the auditor's death, resignation or removal or the auditor's becoming bankrupt or being placed under protective supervision.

**235.** The auditor's resignation becomes effective on the date a written resignation is sent to the corporation, or on the date specified in the resignation, whichever is later.

**236.** The shareholders may, by ordinary resolution at a special meeting, remove the auditor from office.

They may appoint a new auditor by ordinary resolution at the same meeting.

**237.** Subject to the shareholders' right to fill the vacancy after removing an auditor, the board of directors fills a vacancy in the office of auditor without delay for the unexpired term.

If there is no quorum on the board of directors, the directors must, within 21 days after a vacancy in the office of auditor occurs, call a special shareholders meeting to fill the vacancy.

If the directors fail to call a meeting or if there are no directors, the shareholders meeting may be called by any shareholder at the expense of the corporation.

**238.** The articles may provide that a vacancy in the office of auditor is only to be filled by a vote of the shareholders. In such a case, unless otherwise provided in the articles, the vacancy is filled by ordinary resolution of the shareholders.

**239.** The shareholders of a corporation other than a reporting issuer may decide not to appoint an auditor.

The decision must be made by unanimous resolution of the shareholders of the corporation, including shareholders not otherwise entitled to vote.

The decision of the shareholders has effect only until the next annual shareholders meeting. It terminates the term of any auditor in office.

## **CHAPTER IX**

### **AMENDMENT, CORRECTION, CONSOLIDATION AND CANCELLATION OF ARTICLES**

#### **DIVISION I**

##### **AMENDMENT OF ARTICLES**

**240.** The articles of a corporation may be amended to add any provision that is permitted by this Act to be set out in the articles, or to replace or remove any existing provision.

**241.** An amendment to the articles must be authorized by special resolution, unless otherwise provided in this Act.

By that resolution, the shareholders authorize a director or an officer of the corporation to sign the articles of amendment.

The shareholders may, by the same resolution or by a separate special resolution, permit the board of directors not to proceed with the amendment.

**242.** The board of directors of a corporation that has no shareholders may make any amendment to the articles that would otherwise require shareholder authorization. In such a case, the board of directors authorizes a director or an officer of the corporation to sign the articles.

**243.** Unless otherwise provided in this Act, the articles of a corporation are amended by articles of amendment.

The following must be filed with the articles of amendment:

(1) if the amendment is to the name of the corporation, the declaration required under section 8; and

(2) any other document the Minister may require.

**244.** The articles of amendment, signed by the director or officer authorized to sign them, any other documents required to be filed with them, and the fee prescribed by government regulation must be sent to the enterprise registrar.

**245.** Unless otherwise provided in this Act, the articles of amendment are effective as of the date and, if applicable, the time shown on the certificate of amendment issued by the enterprise registrar in accordance with Chapter XVIII.

## **DIVISION II**

### **CORRECTION OF ARTICLES**

#### *§1. — General provisions*

**246.** The articles of a corporation may be amended to correct errors, irregularities or illegal provisions they contain.

For the purposes of this division, a reference, typographical, transcription or similar error is considered an obvious error.

**247.** Court authorization is required if correction of the articles could be prejudicial to the rights of the corporation's creditors.

The same applies if the correction could be prejudicial to the rights of shareholders, unless the correction is authorized by resolution of all the shareholders whose rights would be affected by the correction, including the shareholders not otherwise entitled to vote.

**248.** A corporation or any interested person may apply to the court for authorization to correct the articles of the corporation.

The application must be notified to the enterprise registrar.

The court may make any order it thinks fit to correct the error, irregularity or illegality.

**249.** A correction to the articles of a corporation is retroactive to the date and, if applicable, the time shown on the certificate issued by the enterprise registrar in respect of the articles being corrected unless a judgment orders a later date and, if applicable, time.

However, if the date or time on the certificate issued in respect of the articles is corrected, the correction is effective as of the corrected date or time, provided that date or time is later than the date on which the enterprise registrar received the articles being corrected.

**250.** The enterprise registrar may, on the registrar's own initiative or at the request of any interested person, ask a corporation to correct an obvious error in the articles deposited in the enterprise register.

#### *§2. — Correction of articles on initiative of board of directors*

**251.** The board of directors of a corporation may, without shareholder authorization, correct errors, irregularities and illegal provisions contained in the articles of the corporation.

The board of directors authorizes a director or an officer of the corporation to sign the documents required to correct the articles.

**252.** An irregularity, illegal provision or error other than an obvious error is corrected by articles of amendment in accordance with sections 243 and 244.

If there is no risk that the correction will prejudice the rights of the creditors or the shareholders of the corporation, a declaration to that effect, signed by the director or officer authorized to sign it, must be filed with the articles of amendment. If the correction could be prejudicial to the rights of the shareholders but the shareholders have authorized it under section 247, the shareholder resolution must be filed with the articles of amendment.

If the correction could be prejudicial to the rights of the creditors or the shareholders of the corporation and the shareholders have not authorized it, a judgment authorizing the correction must be filed with the articles of amendment.

**253.** An obvious error in the articles of the corporation is corrected by means of a correction request addressed to the enterprise registrar.

An obvious error may also be corrected in accordance with section 252, at the same time as a correction is made under that section.

**254.** The corrected articles, and the related certificate if it contains an error, must be filed with the correction request.

If there is no risk that the correction will prejudice the rights of the creditors or the shareholders of the corporation, a declaration to that effect, signed by the director or officer authorized to sign it, must be filed with the correction request. However, if the correction could be prejudicial to the rights of the shareholders but the shareholders have authorized it under section 247, the shareholder resolution must be filed with the correction request.

If the correction could be prejudicial to the rights of the creditors or the shareholders of the corporation and the shareholders have not authorized it, a judgment authorizing the correction must be filed with the correction request.

**255.** The correction request, the other documents required to be filed with it, and the fee prescribed by government regulation must be sent to the enterprise registrar.

**256.** On receipt of the correction request and the other required documents, the enterprise registrar replaces the articles deposited in the enterprise register with the corrected articles.

The enterprise registrar draws up a new certificate only if the correction request makes it necessary to change the text of the certificate issued for the articles being corrected. In that case, the enterprise registrar sends a copy of the corrected articles and the certificate to the corporation or its representative.

§3. — *Correction of obvious error at request of representative of corporation*

**257.** After receiving from the enterprise registrar articles of the corporation containing an obvious error, and the related certificate, a representative of the corporation may make a correction request without the authorization of the board of directors or the shareholders.

**258.** The correction request must reflect the original intention and be sent to the enterprise registrar within 60 days after the issue by the enterprise registrar of the certificate relating to the articles containing the error.

**259.** The following must be filed with the correction request:

- (1) the corrected articles;
- (2) the related certificate, if it contains an error; and
- (3) any document showing the original intention or, failing that, a statement attesting that the correction reflects the original intention.

**260.** Sections 255 and 256 apply to a correction request under this subdivision.

### **DIVISION III**

#### **CONSOLIDATION OF ARTICLES**

**261.** The board of directors of a corporation may consolidate the corporation's articles without shareholder authorization. It is required to do so when the enterprise registrar so requests.

The board of directors authorizes a director or an officer of the corporation to sign the articles of consolidation.

**262.** When it consolidates the articles, the board of directors may make the changes of wording or form necessary to obtain a uniform mode of expression and presentation, and correct obvious reference, typographical, transcription and similar errors.

**263.** The articles of consolidation, signed by the director or officer authorized to sign them, and the fee prescribed by government regulation must be sent to the enterprise registrar.



The articles of consolidation must contain the text of the consolidated articles.

**264.** The consolidated articles replace the articles as of the date and, if applicable, the time shown on the certificate of consolidation issued by the enterprise registrar in accordance with Chapter XVIII.

#### **DIVISION IV**

##### **CANCELLATION OF ARTICLES**

**265.** The board of directors may request the cancellation of the corporation's articles, other than its articles of constitution, and of the related certificate, if the articles were sent to the enterprise registrar by mistake.

The board of directors authorizes a director or an officer of the corporation to sign the documents required to cancel the articles.

**266.** Court authorization is required if the cancellation of the articles could be prejudicial to the rights of the creditors of the corporation.

The same applies if the cancellation could be prejudicial to the rights of the shareholders, unless the cancellation is authorized by resolution of all the shareholders whose rights would be affected by the cancellation, including the shareholders not otherwise entitled to vote.

**267.** A corporation or any other interested person may apply to the court for authorization to cancel the articles of the corporation.

The application must be notified to the enterprise registrar.

The court may, to that end, make any order it thinks fit.

**268.** The cancellation request and the fee prescribed by government regulation must be sent to the enterprise registrar.

If there is no risk that the cancellation will prejudice the rights of the creditors or the shareholders of the corporation, a declaration to that effect, signed by the director or officer authorized to sign it, must be filed with the cancellation request. If the cancellation could be prejudicial to the rights of the shareholders but the shareholders have authorized it under section 266, the shareholder resolution must be filed with the request.

If the cancellation could be prejudicial to the rights of the creditors or the shareholders of the corporation and the shareholders have not authorized it, a judgment authorizing the cancellation must be filed with the request.

The cancellation request must also be filed with

- (1) a copy of the articles to be cancelled; and
- (2) any other document the Minister may require.

**269.** The articles and the related certificate are cancelled by the issue of a certificate attesting the cancellation by the enterprise registrar in accordance with Chapter XVIII.

**270.** Subject to the rights of third persons, the cancelled articles and the related certificate are deemed never to have existed.

## **CHAPTER X**

### **ALIENATION AFFECTING SIGNIFICANT BUSINESS ACTIVITY**

**271.** A corporation may not make an alienation of its property if, as a result of the alienation, the corporation would be unable to retain a significant part of its business activity, unless the alienation is authorized by the shareholders or is in favour of a wholly-owned subsidiary of the corporation.

For the purposes of this chapter, alienation of property means the sale, exchange or lease of its property.

**272.** Shareholder authorization is given by special resolution.

The shareholders may, by the same resolution or by a separate special resolution,

- (1) fix or authorize the board of directors to fix the terms of the alienation; and
- (2) permit the board of directors not to proceed with the alienation.

A copy or summary of the proposed act of alienation must be attached to the notice of meeting.

**273.** A corporation must prevent its subsidiary from alienating property if, assuming the subsidiary's property were the corporation's property and the subsidiary's business activity were included in the corporation's business activity, the corporation would be unable, as a result of the alienation, to retain a significant part of its business activity.

However, the corporation is not obliged to prevent such an alienation if

- (1) the alienation occurs in the ordinary course of business of the subsidiary;
- (2) the alienation is in favour of a wholly-owned subsidiary of the subsidiary; or

(3) the corporation has been authorized by special resolution of its shareholders to allow the alienation of the subsidiary's property.

A copy or summary of the proposed act of alienation must be attached to the notice of meeting.

**274.** A corporation is deemed to retain a significant part of its business activity after an alienation if the business activity retained

(1) required the use of at least 25% of the value of the corporation's assets as at the date of the end of the most recently completed fiscal year; and

(2) generated at least 25% of either the corporation's revenues or its income before taxes during the most recently completed fiscal year.

In the case of the alienation of property of a subsidiary, the assets, revenues and income referred to in the first paragraph are computed on the basis of the consolidated financial information of the subsidiary and of the parent corporation.

**275.** For the purposes of this chapter, a corporation's loss of control of a subsidiary is deemed to be an alienation of all of the property of the subsidiary.

## **CHAPTER XI**

### AMALGAMATION

#### **DIVISION I**

##### GENERAL PROVISIONS

**276.** Two or more corporations may amalgamate and continue as one corporation.

The regular or long form of amalgamation may, in cases allowing it, be replaced by a short-form process.

#### **DIVISION II**

##### LONG-FORM AMALGAMATION

**277.** Each corporation proposing to amalgamate must enter into an amalgamation agreement containing

(1) in respect of the amalgamated corporation, the provisions that are required to be included in the corporation's articles of constitution, except the particulars concerning the founders;

(2) the name and domicile of each director of the amalgamated corporation;

(3) the manner in which the shares of each amalgamating corporation are to be converted into shares of the amalgamated corporation;

(4) if the shares of one of the amalgamating corporations are not to be wholly converted into shares of the amalgamated corporation, the amount of money or other form of payment the shareholders holding those shares are to receive in addition to or instead of shares of the amalgamated corporation;

(5) if applicable, the amount of money or other form of payment that is to be received instead of fractional shares of the amalgamated corporation;

(6) if applicable, a provision stating that any shares of an amalgamating corporation that are held by another amalgamating corporation are to be cancelled when the amalgamation becomes effective without any repayment of capital in respect of the shares, and that such shares are not to be converted into shares of the amalgamated corporation;

(7) the by-laws proposed for the amalgamated corporation, or a statement that the by-laws of the amalgamated corporation are to be those of one of the amalgamating corporations; and

(8) details of any arrangements necessary to complete the amalgamation and to provide for the subsequent management and operation of the amalgamated corporation.

**278.** The amalgamation agreement must be submitted for approval to the shareholders of each amalgamating corporation by its board of directors.

A copy or summary of the amalgamation agreement must be attached to the notices of meeting.

**279.** The amalgamation agreement must be approved by a separate special resolution of the shareholders of each amalgamating corporation.

By that resolution, the shareholders of each amalgamating corporation authorize a director or an officer of the corporation to sign the articles of amalgamation.

**280.** If the amalgamation agreement so permits, it may be terminated by the board of directors of an amalgamating corporation.

That right may not be exercised once the enterprise registrar has issued the amalgamation certificate.

### **DIVISION III**

#### **SHORT-FORM AMALGAMATION**

**281.** Corporations may amalgamate by simple resolution of the board of directors of each amalgamating corporation if all of their issued shares are held either by the shareholder who controls the amalgamating corporations or by that shareholder and one or more of the amalgamating corporations.

Each such resolution must provide that

(1) all shares of the amalgamating corporations, except the shares held in one amalgamating corporation by the shareholder who controls the amalgamating corporations, are to be cancelled without any repayment of capital in respect of the shares;

(2) the articles of amalgamation are to be the same as the articles of the corporation whose shares are not cancelled, except as concerns the name of the amalgamated corporation, which may be the name of one of the other amalgamating corporations; and

(3) the issued and paid-up share capital account of the amalgamating corporations is to be added, to the extent determined by the corporations, to that of the amalgamating corporation whose shares are not cancelled.

By the same resolution, each board of directors authorizes a director or an officer of the corporation to sign the articles of amalgamation.

**282.** A parent corporation and its subsidiaries may amalgamate by a simple resolution of the board of directors of each amalgamating corporation if all of the shares issued by the subsidiaries are held by one or more of the amalgamating corporations.

Each such resolution must provide that

(1) the shares of the subsidiaries are to be cancelled without any repayment of capital in respect of the shares;

(2) the articles of amalgamation are to be the same as the articles of the parent corporation, except as concerns the name of the amalgamated corporation, which may be the name of one of the other amalgamating corporations;

(3) no shares are to be issued by the amalgamated corporation in connection with the amalgamation; and

(4) the directors of the amalgamated corporation are to be those of the parent corporation and its by-laws are to be those of the parent corporation or those determined by the board of directors of the parent corporation; in the latter case, the by-laws are to be submitted for approval at the next shareholders meeting.

By the same resolution, each board of directors authorizes a director or an officer of the corporation to sign the articles of amalgamation.

## **DIVISION IV**

### **ARTICLES OF AMALGAMATION**

**283.** An amalgamation of corporations requires the filing of articles of amalgamation.

**284.** In addition to the other provisions permitted by this Act to be set out in articles of amalgamation, the articles of amalgamation must contain

(1) in the case of a long-form amalgamation, the elements required under paragraphs 1, 3, 4 and 5 of section 277; and

(2) in the case of a short-form amalgamation, the provisions required under subparagraph 2 of the second paragraph of section 281 or 282, as the case may be.

In the case of a long-form amalgamation, the articles must be filed with the documents required under section 8. However, the declaration required under that section with respect to the name chosen is not necessary if the amalgamated corporation keeps the name of one of the amalgamating corporations.

**285.** The articles of amalgamation, signed by the director or officer of each amalgamating corporation who is authorized to sign them, any other document required to be filed with them, and the fee prescribed by government regulation must be sent to the enterprise registrar.

**286.** A certificate of amalgamation, issued by the enterprise registrar in accordance with Chapter XVIII, attests the amalgamation of the corporations as of the date and, if applicable, the time shown on the certificate.

As of that time, the amalgamating corporations are continued as one corporation and, as of that time, their patrimonies are joined together to form the patrimony of the amalgamated corporation. The rights and obligations of the amalgamating corporations become rights and obligations of the amalgamated corporation and the latter becomes a party to any judicial or administrative proceeding to which the amalgamating corporations were parties.

## **DIVISION V**

### **LIABILITY FOR DEBTS**

**287.** Directors of corporations that amalgamated although there were reasonable grounds for believing that the amalgamated corporation would be unable to pay its liabilities as they became due are solidarily liable for the debts of the amalgamated corporation that subsist after discussion of its property.

## **CHAPTER XII**

### **CONTINUANCE**

#### **DIVISION I**

##### **CONTINUANCE UNDER THIS ACT**

**288.** A legal person constituted under the laws of Québec or a jurisdiction other than Québec may, if so authorized to do so by the Act governing it, be continued as a corporation under this Act.

**289.** The continuance of a legal person requires the filing of articles of continuance.

A legal person continued as a corporation under this Act may, by means of articles of continuance, make any amendment to the legal person's constituting instrument that a corporation may make to its articles under this Act.

**290.** The articles of continuance must contain the provisions required to be set out in a corporation's articles of constitution, except the particulars concerning the founders.

The articles of continuance of a legal person constituted under the laws of a jurisdiction other than Québec must also contain the title of and exact reference to the Act under which the legal person was constituted and the date of constitution or, if applicable, the date of the most recent continuance or conversion.

**291.** The list of the directors of the corporation and the notice of the address of the head office, required under section 8, must be filed with the articles of continuance.

However, those documents need not be filed if the initial declaration required under the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons is filed with the articles or if the legal person is already registered in accordance with that Act.

The articles of continuance must also be filed with

(1) the declaration required under section 8 with respect to the name chosen; and

(2) any other document the Minister may require.

**292.** The articles of continuance, signed by the director or officer authorized to sign them, any other document required to be filed with them, and the fee prescribed by government regulation must be sent to the enterprise registrar.

**293.** The certificate of continuance, issued by the enterprise registrar in accordance with Chapter XVIII, attests the continuance of a legal person as a corporation under this Act as of the date and, if applicable, the time shown on the certificate.

As of that time, the articles of continuance are deemed to be the articles of constitution of the continued corporation.

**294.** The rights, obligations and acts of a legal person continued as a corporation under this Act, and those of the members of the legal person, are unaffected by the continuance.

The continued corporation remains a party to any judicial or administrative proceeding to which the legal person was a party.

**295.** The enterprise registrar sends a copy of the certificate of continuance to the authority responsible for the administration of the Act that governed the legal person before its continuance.

**296.** Any participation issued by a legal person before the continuance is deemed to have been issued in accordance with the articles of the legal person and this Act.

## **DIVISION II**

### **CONTINUANCE UNDER THE LAWS OF A JURISDICTION OTHER THAN QUÉBEC**

**297.** A corporation may, if so authorized by its shareholders and by the enterprise registrar, apply to the appropriate authority of a jurisdiction other than Québec requesting that the corporation be continued as if it had been constituted under the laws of that other jurisdiction.

**298.** Shareholder authorization is given by special resolution.

By that resolution, the shareholders authorize a director or an officer of the corporation to sign the documents required for its continuance.

The shareholders may, by the same resolution or a separate special resolution, authorize the board of directors not to proceed with the continuance.

**299.** To obtain the authorization of the enterprise registrar, a request for authorization must be filed with

(1) a declaration, signed by the director or officer authorized to sign it, attesting that the shareholders of the corporation will not suffer prejudice as a result of the continuance;



(2) a certified copy of the special resolution authorizing the corporation to apply for continuance;

(3) any other document the Minister may require; and

(4) the fee prescribed by government regulation.

**300.** The enterprise registrar grants a request for authorization if

(1) the corporation shows in the request that, once continued, it will remain a legal person, retain its rights and obligations as such and remain a party to any judicial or administrative proceeding to which it is a party; and

(2) the corporation has complied with its obligations under the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons.

**301.** If the enterprise registrar authorizes a corporation to apply for continuance, the enterprise registrar issues an authorization certificate to the corporation.

**302.** On receipt of a document from the appropriate authority of a jurisdiction other than Québec attesting the continuance or any other conversion of a corporation under those laws, the enterprise registrar deposits the document in the enterprise register.

The enterprise registrar issues a certificate of discontinuance attesting that the corporation is continued under the laws of the jurisdiction concerned, stating the date and, if applicable, the time shown on the document received from the authority. The enterprise registrar deposits the certificate in the enterprise register and sends a copy to the corporation or the corporation's representative.

**303.** This Act ceases to apply to the corporation as of the date and, if applicable, the time shown on the certificate of discontinuance issued by the enterprise registrar.

## **CHAPTER XIII**

### **DISSOLUTION, LIQUIDATION AND REVIVAL**

#### **DIVISION I**

##### **DISSOLUTION**

###### *§1. — General provisions*

**304.** A corporation may be dissolved by consent of the shareholders, by consent of the directors or by the filing of a declaration of dissolution by the sole shareholder of the corporation.

A corporation may also be dissolved by a decision of the court in accordance with subdivision 8 of Division II of Chapter XVII.

**305.** The shareholders of a corporation at the time of its dissolution are, as of that time, liable for the performance of the corporation's obligations up to the value of the share of the remaining property they received and any amount outstanding on the shares they held at the time of dissolution.

**306.** Despite its dissolution, a corporation remains a party to any judicial or administrative proceeding to which it was a party before its dissolution, and a proceeding may be brought against it within three years after its dissolution.

**307.** Service or notification of a document in connection with a judicial or administrative proceeding to which a dissolved corporation is a party may be effected by serving the document on or notifying it to any person who was a director or an officer of the corporation at the time of its dissolution.

§2. — *Dissolution of corporation by consent of shareholders*

**308.** Shareholder consent to dissolution of a corporation is given by special resolution.

By that resolution, the shareholders authorize a director or an officer of the corporation to sign the declaration of dissolution.

The resolution by which the shareholders consent to the dissolution of the corporation does not in any case confer on a shareholder the right to demand that the corporation repurchase the shareholder's shares in accordance with Chapter XIV.

**309.** The dissolution of the corporation by consent of the shareholders requires that it first be liquidated, if the corporation has obligations or property.

Liquidation is not required, however, if the shareholders whose shares entitle them to participate in the distribution of the remaining property of the corporation, whether or not they otherwise carry the right to vote, demand by special resolution that the board of directors perform the obligations of the corporation, obtain forgiveness of those obligations or otherwise make provision for them.

The special resolution is adopted at the shareholders meeting at which the shareholders consent to the dissolution of the corporation.

**310.** If the shareholders have demanded that the board of directors perform the obligations of the corporation, obtain forgiveness of those obligations or otherwise make provision for them, the board of directors distributes the remaining property of the corporation in money, unless authorized to distribute

it otherwise by special resolution of all the shareholders whose shares entitle them to participate in the distribution of the remaining property, whether or not they otherwise carry the right to vote.

If the board of directors is authorized to distribute the remaining property otherwise than in money, it follows, as needed, the rules governing the distribution of the remaining property of a corporation in the event of liquidation.

**311.** Unless otherwise provided in the articles, the board of directors distributes the remaining property of the corporation among the shareholders in proportion to their holdings in shares.

§3. — *Dissolution of corporation by filing of declaration of sole shareholder*

**312.** A corporation may be dissolved by the filing of a declaration of dissolution by the shareholder who holds all the shares issued by the corporation.

A shareholder who, without holding all the shares of the corporation, holds at least 90% of them may, in anticipation of filing a declaration of the dissolution, acquire the shares held by the other shareholders of the corporation in accordance with Chapter XV.

However, unless the corporation is a reporting issuer, the notice of intention under section 401 must state the offeror's intention to dissolve the corporation and the price offered for the shares held by the other shareholders instead of stating the shareholders' acceptance of the bid; the shareholder is not required to send the notice to the Autorité des marchés financiers.

**313.** As of the dissolution of the corporation, its rights and obligations become those of the shareholder, and the shareholder becomes a party to any judicial or administrative proceeding to which the corporation was a party.

Sections 305 to 307 do not apply to a dissolution under this subdivision.

**314.** If the sole shareholder of the corporation is a legal person, the directors of the legal person, if it filed a declaration of dissolution although there were reasonable grounds for believing that the legal person would be unable to pay the liabilities of the corporation as they became due, are solidarily liable for any obligations of the corporation that the legal person is unable to perform.

**315.** A creditor of the corporation who suffers prejudice from the dissolution of the corporation by the filing of a declaration of dissolution by the sole shareholder although there were reasonable grounds for believing that the shareholder would be unable to pay the liabilities of the corporation as they became due may ask the court to declare the dissolution unenforceable against the creditor.

§4. — *Dissolution of corporation by consent of board of directors*

**316.** A corporation that has no obligations, no property and no shareholders may be dissolved by consent of the board of directors.

The board of directors authorizes a director or an officer of the corporation to sign the declaration of dissolution.

§5. — *Declaration of dissolution*

**317.** A declaration of dissolution is required to dissolve a corporation unless its liquidation is required under section 309 or its dissolution is ordered by the court.

**318.** The declaration of dissolution is sent to the enterprise registrar.

The declaration of dissolution must state whether

(1) the corporation's board of directors has performed the corporation's obligations, obtained forgiveness of those obligations or otherwise made provision for them and, if applicable, whether the remaining property of the corporation has been distributed;

(2) the corporation's rights and obligations become those of its sole shareholder who is filing the declaration of dissolution, and the sole shareholder is able to pay the liabilities of the corporation as they become due; or

(3) at the time of consent to the dissolution, the corporation had no obligations, no property and, if applicable, no shareholders.

**319.** The declaration of dissolution sent to the enterprise registrar must be signed by the director or officer authorized to sign it or, if applicable, the sole shareholder of the corporation who is filing the declaration of dissolution.

**320.** Unless it is filed by the sole shareholder of the corporation, the declaration of dissolution must be filed with a certified copy of the resolution by which the shareholders or the directors consented to the dissolution.

**321.** The corporation ceases to exist on the date and, if applicable, the time shown on the certificate of dissolution issued by the enterprise registrar in accordance with Chapter XVIII.

**322.** The person who signs the declaration of dissolution must preserve or ensure the preservation of the records of the corporation for five years after the date shown on the certificate of dissolution, or for a longer period if the records are required as evidence in a judicial or administrative proceeding.

## **DIVISION II**

### **LIQUIDATION**

#### *§1. — General provisions*

**323.** Liquidation consists in determining the assets of a corporation, recovering its claims, performing or obtaining forgiveness of its obligations or otherwise making provision for them, paying the liquidation expenses, and subsequently giving a final account to the shareholders and distributing the remaining property of the corporation among them.

**324.** Only those shareholders whose shares entitle them to participate in the distribution of the remaining property of the corporation, whether or not their shares otherwise carry voting rights, may vote on resolutions concerning decisions relating to the liquidation of the corporation.

#### *§2. — Appointment, removal and replacement of liquidator*

**325.** The shareholders of a corporation whose liquidation is required under section 309 must appoint one or more liquidators, who are appointed by special resolution at the shareholders meeting at which the shareholders consent to the dissolution of the corporation.

If the court orders the liquidation of a corporation, it appoints one or more liquidators.

**326.** Any natural person fully capable of exercising his or her civil rights may be appointed liquidator.

A legal person authorized by law to administer the property of others may also be appointed liquidator.

**327.** The remuneration of the liquidator is determined by the shareholders or the court, as the case may be.

When the shareholders determine the remuneration of the liquidator, they do so by ordinary resolution.

The liquidator is entitled to the reimbursement of the expenses incurred in the performance of the duties of office.

**328.** The liquidator is not obliged to take out insurance or to provide security for the performance of the liquidator's obligations, unless the shareholders require it by ordinary resolution, or the court orders it.

If the liquidator is required to provide security but refuses or neglects to do so, the liquidator forfeits office, unless relieved from the default by the shareholders or, as the case may be, by the court.

**329.** The shareholders may, by special resolution, remove a liquidator from office.

They may, by the same resolution, appoint a new liquidator.

A shareholders meeting may be called by any shareholder. The notice of meeting must mention that the removal or replacement of a liquidator is to be proposed.

**330.** A court may remove a liquidator from office on the application of a shareholder or any other interested person giving sufficient grounds.

**331.** The shareholders must, without delay, fill a vacancy in the office of liquidator by special resolution.

A shareholders meeting may be called by any shareholder or by any remaining liquidator.

**332.** If the shareholders fail to appoint a liquidator, or to replace a liquidator within 15 days after the day on which the office becomes vacant, a shareholder or any other interested person may ask the court to do so.

**333.** As of the appointment of a liquidator, the board of directors is dissolved and the corporation may act only for the purposes of the liquidation and dissolution of the corporation.

### §3. — *Conduct of liquidation*

#### I. — General provisions

**334.** As of the appointment of the liquidator and for the time required for the liquidation, the liquidator is seized of the property of the corporation.

The liquidator acts as administrator of the property of others entrusted with full administration.

The directors, officers and shareholders of the corporation must, at the request of the liquidator, communicate any document and provide any explanation to the liquidator concerning the rights and obligations of the corporation.

**335.** The liquidator sends a notice of liquidation without delay to the enterprise registrar, who deposits it in the enterprise register.

The notice must be filed with a certified copy of the special resolution by which the shareholders consented to the dissolution of the corporation.

**336.** If the liquidation continues for more than one year, the liquidator must, at the end of the first year and at least once a year after that, render a summary account to the shareholders.

## II. — Recovery of claims and performance of obligations

**337.** The liquidator recovers the claims of the corporation. The liquidator may demand payment of any amount outstanding on shares held by the shareholders, even if they are not yet due.

**338.** The liquidator performs the obligations of the corporation of which forgiveness has not been obtained, as and when the creditors come forward or in accordance with terms agreed on with the creditors. However, the liquidator may instead constitute adequate provision for the performance of those obligations.

## III. — Final account

**339.** After performing or obtaining forgiveness of the obligations of the corporation or otherwise making provision for them, the liquidator produces a final account.

**340.** The purpose of the final account is to determine the assets of the corporation at the time the liquidator is appointed and the remaining property to be distributed among the shareholders at the close of the liquidation.

In the final account, the liquidator reports on the disposal of the corporation's property, the sums realized, the obligations of the corporation that were performed, those of which the liquidator obtained forgiveness and those for which the liquidator otherwise made provision, and the overall manner in which the liquidation was conducted.

The final account must be approved by special resolution of the shareholders. If such approval cannot be given, the liquidation continues under the supervision of the court.

## IV. — Distribution proposal and distribution of remaining property

**341.** The distribution proposal sets out how the remaining property is to be distributed. The liquidator may, among other things, propose that the remaining property be sold or otherwise alienated and that the proceeds be distributed among the shareholders, or that the remaining property be distributed in kind.

In the proposal, the liquidator specifies the share of the remaining property that each shareholder is to receive, in money or in kind.

**342.** Unless otherwise provided in the articles, each shareholder shares in the distribution of the remaining property in proportion to the person's holdings in shares ; however, any unpaid amounts on those shares are deducted from the person's share in the distribution.

**343.** The liquidator may not distribute the remaining property unless the distribution proposal has been approved by the shareholders.

**344.** No distribution proposal may be submitted to the shareholders for approval before the filing of the liquidator's final account unless the liquidator has made clearly adequate provision for the performance of the obligations of the corporation.

**345.** A distribution proposal that suggests that the distribution be entirely in money must be approved by special resolution. In all other cases, it must be approved by resolution of all the shareholders, who may make their approval subject to the amendment of the distribution terms proposed by the liquidator.

If approval is not given, the liquidation continues under court supervision.

**346.** The liquidator distributes the remaining property in accordance with the distribution proposal approved by the shareholders or the directives of the court, as the case may be.

§4. — *Closure of liquidation*

**347.** The liquidation of a corporation is terminated by sending the enterprise registrar a notice of closure of the liquidation.

The liquidator states in the notice that the final account and, if applicable, the distribution proposal have been approved, describes the conduct of the liquidation in accordance, if applicable, with the orders of the court, and signs the notice.

**348.** A corporation ceases to exist from the date and, if applicable, the time shown on the certificate of dissolution issued by the enterprise registrar in accordance with Chapter XVIII.

**349.** Within 30 days after the certificate of dissolution is issued, the liquidator remits to the Minister of Revenue the dividends and sums that have not been claimed and paid by that time, with a statement of the dividends and sums indicating the name and last known address of the persons entitled to them and the date of remittance to the Minister of Revenue.

The provisions of the Public Curator Act (R.S.Q., chapter C-81) relating to unclaimed property apply, with the necessary modifications, to the remitted dividends and sums.

**350.** The liquidator must preserve the records of a corporation for five years after the closure of the liquidation, or for a longer period if they are required as evidence in a judicial or administrative proceeding.



§5. — *Liquidation under court supervision*

**351.** As of the time the shareholders of a corporation consent to its dissolution, a shareholder or any other interested person may ask the court to order the liquidation of the corporation under court supervision.

At any time during the liquidation of the corporation, a shareholder or any other interested person may ask the court to order that the liquidation continue under court supervision.

**352.** As soon as the judgment ordering that the corporation be liquidated, or that the liquidation of the corporation be continued, under the supervision of the court is rendered, the clerk of the court sends a copy of the judgment to the enterprise registrar, who deposits it in the enterprise register.

If the judgment is appealed, the clerk sends notice of the appeal without delay to the enterprise registrar, who deposits it in the enterprise register.

**353.** An application under this subdivision concerning a corporation governed by one of the Acts listed in Schedule 1 to the Act respecting the Autorité des marchés financiers, other than a private issuer within the meaning of that expression in the regulations under the Securities Act that is not governed by another Act listed in that schedule, must be notified to the Autorité des marchés financiers.

**354.** When ruling on an application under this subdivision, the court may make any order concerning the liquidation of the corporation. It may, among other things,

(1) suspend any judicial or administrative proceeding against the corporation, on the conditions the court considers appropriate;

(2) prescribe any measure to identify and perform the obligations of the corporation or make provision for them;

(3) give instructions to the liquidator;

(4) approve the performance of any obligation of the corporation;

(5) order that provision be made for the performance of any obligation of the corporation;

(6) fix, on the conditions it determines, a time after which no person may, without the authorization of the court, make a claim against the corporation, the shareholders who received a share of the remaining property of the corporation or those who held unpaid shares at the time of the dissolution;

(7) approve any measure that could exclude or limit the liability of shareholders receiving a share of the remaining property of the corporation or of those who held unpaid shares at the time of the dissolution;

(8) specify each shareholder's share of the remaining property of the corporation; and

(9) approve the liquidator's final account or the distribution proposal.

§6. — *Discontinuation of liquidation*

I. — Common provisions

**355.** The liquidation of a corporation may be discontinued as long as the corporation's remaining property has not been distributed.

**356.** If the liquidation arises from the dissolution of the corporation by consent of the shareholders, such consent must be withdrawn in order to discontinue the liquidation; in other cases, the discontinuation of the liquidation must be ordered by the court.

**357.** The liquidation is discontinued as soon as the fixed number or minimum number of directors required by the articles has been attained. As of that time, the liquidator ceases to hold office and the corporation may act for any purpose other than the liquidation.

While the liquidation is suspended, the liquidator has simple administration of the corporation's property.

**358.** The discontinuation of the liquidation does not entail the annulment of the acts of the liquidator performed prior to the discontinuation.

**359.** The board of directors sends a notice of the discontinuation of the liquidation without delay to the enterprise registrar, who deposits it in the enterprise register.

II. — Withdrawal of shareholder consent

**360.** Withdrawal of consent to the dissolution of the corporation is effected in the same manner consent was given.

A shareholders meeting may be called by the holders of not less than 10% of the issued voting shares of the corporation. The notice of meeting stating that withdrawal of consent to the dissolution of the corporation is to be proposed must be sent to the liquidator.

**361.** Withdrawal of consent suspends the liquidation, the board of directors of the corporation is re-established and the most recent directors, if they consent, resume their term of office.

If the fixed number or minimum number of directors required by the articles has not been attained, the liquidator must call a special shareholders meeting as soon as possible to fill the vacancies on the board of directors. If the liquidator fails to call a meeting, any shareholder may do so.

The liquidation resumes if the fixed number or minimum number of directors required by the articles is not attained within 90 days after shareholder consent to the dissolution is withdrawn.

**362.** If the liquidation of the corporation is being carried out under the supervision of the court, a shareholder or any other interested person may ask the court to determine the terms on which the shareholders may, within the period determined by the court,

- (1) withdraw consent to the dissolution of the corporation; and
- (2) elect the fixed number or minimum number of directors required by the articles.

The liquidation is suspended as of the time the court grants the request.

The liquidation resumes if the shareholders fail to reach a decision with respect to withdrawing consent to the dissolution or to elect directors within the period fixed by the court.

The request must be notified to the liquidator.

### III. — Discontinuation of liquidation by court

**363.** A shareholder or any other interested person may ask the court to order the discontinuation of the liquidation if it arises from a court decision to dissolve the corporation. The court may make the discontinuation subject to shareholder approval, on the terms determined by the court, in particular with respect to the vote required for that purpose.

If the court grants the request, it determines how the directors are to be elected following the re-establishment of the board of directors, unless it is shown to the court that the fixed number or minimum number of directors required by the articles will be attained.

The request must be notified to the liquidator.

**364.** The liquidation is suspended from the time the court orders the discontinuation until the fixed number or minimum number of directors required by the articles has been attained.

However, if the discontinuation is subject to shareholder approval, the liquidation is suspended until the time the shareholders vote on the matter.

## **DIVISION III**

### **REVIVAL**

**365.** The enterprise registrar may, on an application by any interested person and on the conditions determined by the enterprise registrar, revive a corporation dissolved in accordance with this chapter.

Likewise, the enterprise registrar may revive, as a corporation governed by this Act, a corporation to which the Companies Act applied and that was dissolved or liquidated, voluntarily or by the sole operation of law.

**366.** Any interested person may ask the court to order the revival of a corporation dissolved by a decision of the court.

When granting an order under this section, the court may subject the revival to the conditions it determines.

**367.** The application for revival or, as the case may be, the judgment ordering the revival, the documents the Minister may require and the fee prescribed by government regulation must be sent to the enterprise registrar.

**368.** The enterprise registrar sends notice of the application for revival to the most recent directors and shareholders registered in the enterprise register at the address appearing in the register.

**369.** If the name of the corporation is not in compliance with the requirements of any of paragraphs 1 to 6 and 8 of section 16 at the time of the application for revival, the enterprise registrar assigns a designating number to the corporation.

**370.** A corporation is revived as of the date and, if applicable, the time shown on the certificate of revival issued by the enterprise registrar in accordance with Chapter XVIII.

**371.** Subject to section 24, to the conditions determined under this division and to rights acquired by a third party after the dissolution of the corporation, the revived corporation is deemed never to have been dissolved.

The articles of the corporation at the time of dissolution are the articles of the revived corporation.

## CHAPTER XIV

### RIGHT TO DEMAND REPURCHASE OF SHARES

#### DIVISION I

##### GENERAL PROVISIONS

###### §1. — *Conditions giving rise to right*

**372.** The adoption of any of the resolutions listed below confers on a shareholder the right to demand that the corporation repurchase all of the person's shares if the person exercised all the voting rights carried by those shares against the resolution:

(1) an ordinary resolution authorizing the corporation to carry out a squeeze-out transaction;

(2) a special resolution authorizing an amendment to the articles to add, change or remove a restriction on the corporation's business activity or on the transfer of the corporation's shares;

(3) a special resolution authorizing an alienation of corporation property if, as a result of the alienation, the corporation is unable to retain a significant part of its business activity;

(4) a special resolution authorizing the corporation to permit the alienation of property of its subsidiary;

(5) a special resolution approving an amalgamation agreement;

(6) a special resolution authorizing the continuance of the corporation under the laws of a jurisdiction other than Québec; or

(7) a resolution by which consent to the dissolution of the corporation is withdrawn if, as a result of the alienation of property begun during the liquidation of the corporation, the corporation is unable to retain a significant part of its business activity.

The adoption of a resolution referred to in any of subparagraphs 3 to 7 of the first paragraph confers on a shareholder whose shares do not carry voting rights the right to demand that the corporation repurchase all of the person's shares.

**373.** The adoption of a special resolution described in section 191 confers on a shareholder holding shares of the class or series specified in that section the right to demand that the corporation repurchase all of the person's shares of that class or series. That right is subject to the shareholder having exercised all the person's available voting rights against the adoption and approval of the special resolution.

That right also exists if there is only one class of shares; in that case, the right is subject to the shareholder having exercised all of the person's available voting rights against the adoption of the special resolution.

**374.** The right to demand a repurchase conferred by the adoption of a resolution is subject to the corporation carrying out the action approved by the resolution.

**375.** A notice of a shareholders meeting at which a special resolution that could confer the right to demand a repurchase may be adopted must mention that fact.

The action approved by the resolution is not invalidated solely because of the absence of such a mention in the notice of meeting.

Moreover, if the meeting is called to adopt a resolution described in section 191 or in any of subparagraphs 3 to 7 of the first paragraph of section 372, the corporation notifies the shareholders whose shares do not carry voting rights of the possible adoption of a resolution that could give rise to the right to demand a repurchase of shares.

## §2. — *Conditions for exercise of right and terms of repurchase*

### I. — Prior notices

**376.** Shareholders intending to exercise the right to demand the repurchase of their shares must so inform the corporation; otherwise, they are deemed to renounce their right, subject to Division II.

To inform the corporation of the intention to exercise the right to demand the repurchase of shares, a shareholder must send a notice to the corporation before the shareholders meeting or advise the chair of the meeting during the meeting. In the case of a shareholder described in the second paragraph of section 372 none of whose shares carry voting rights, the notice must be sent to the corporation not later than 48 hours before the shareholders meeting.

**377.** As soon as a corporation takes the action approved by a resolution giving rise to the right to demand a repurchase of shares, it must give notice to all shareholders who informed the corporation of their intention to exercise that right.

The repurchase notice must mention the repurchase price offered by the corporation for the shares held by each shareholder and explain how the price was determined.

If the corporation is unable to pay the full redemption price offered because there are reasonable grounds for believing that it is or would be unable to pay its liabilities as they become due, the repurchase notice must mention that fact and indicate the maximum amount of the price offered the corporation will legally be able to pay.

**378.** The repurchase price is the fair value of the shares as of the close of the offices of the corporation on the day before the resolution conferring the right to demand a repurchase is adopted.

When the action approved by the resolution is taken following a take-over bid with respect to all the shares of a class of shares issued by a corporation that is a reporting issuer and the bid is closed within 120 days before the resolution is adopted, the repurchase price may be determined to be the fair value of the shares on the day before the take-over bid closed if the offeror informed the shareholders, on making the take-over bid, that the action would be submitted to shareholder authorization or approval.

**379.** The repurchase price of all shares of the same class or series must be the same, regardless of the shareholder holding them.

**380.** Within 30 days after receiving a repurchase notice, shareholders must confirm to the corporation that they wish to exercise their right to demand a repurchase. Otherwise, they are deemed to have renounced their right.

The confirmation may not be limited to only part of the repurchasable shares. It does not affect a shareholder's right to demand an increase in the repurchase price offered.

## II. — Payment of repurchase price

**381.** A corporation must pay the offered repurchase price to all shareholders who confirmed their decision to exercise their right to demand the repurchase of their shares within 10 days after such confirmation.

However, a corporation that is unable to pay the full repurchase price offered because there are reasonable grounds for believing that it is or would be unable to pay its liabilities as they become due is only required to pay the maximum amount it may legally pay the shareholders. In that case, the shareholders remain creditors of the corporation for the unpaid balance of the repurchase price and are entitled to be paid as soon as the corporation is legally able to do so or, in the event of the liquidation of the corporation, are entitled to be collocated after the other creditors but by preference over the other shareholders.

## III. — Increase in repurchase price

**382.** To contest a corporation's appraisal of the fair value of their shares, shareholders must notify the corporation within the time given to confirm their decision to exercise their right to demand a repurchase.

Such contestation is a confirmation of a shareholder's decision to exercise the right to demand a repurchase.

**383.** A corporation may increase the repurchase price offered within 30 days after receiving a notice of contestation.

The increase in the repurchase price of the shares of the same class or series must be the same, regardless the shareholder holding them.

**384.** If a corporation does not follow up on a shareholder's contestation within 30 days after receiving a notice of contestation, the shareholder may ask the court to determine the increase in the repurchase price. The same applies when a shareholder contests the increase in the repurchase price offered by the corporation.

The shareholder must, however, make the application not less than 90 days after receiving the repurchase notice.

**385.** As soon as an application is filed under section 384, it must be notified by the corporation to all the other shareholders who are still contesting the appraisal of the fair value of their shares or the increase in the repurchase price offered by the corporation.

**386.** All shareholders to whom the corporation notified the application are bound by the court judgment.

**387.** The court may entrust the appraisal of the fair value of the shares to an expert.

**388.** The corporation must, without delay, pay the increase in the repurchase price to all shareholders who did not contest the increase offered. It must pay the increase determined by the court to all shareholders who, under section 386, are bound by the court judgment, within 10 days after the judgment.

However, a corporation that is unable to pay the full increase in the repurchase price because there are reasonable grounds for believing that it is or would be unable to pay its liabilities as they become due is only required to pay the maximum amount it may legally pay the shareholders. In such a case, the shareholders remain creditors of the corporation for the unpaid balance of the repurchase price and are entitled to be paid as soon as the corporation is legally able to do so or, in the event of the liquidation of the corporation, are entitled to be collocated after the other creditors but by preference over the other shareholders.

## **DIVISION II**

### **SPECIAL PROVISIONS FOLLOWING FAILURE TO NOTIFY SHAREHOLDERS**

**389.** If shareholders were unable to inform the corporation of their intention to exercise the right to demand the repurchase of their shares within the period prescribed by section 376 because the corporation failed to notify



them of the possible adoption of a resolution giving rise to that demand, they may demand the repurchase of their shares as though they had informed the corporation and had voted against the resolution.

Shareholders entitled to vote may not exercise the right to demand the repurchase of their shares if they voted in favour of the resolution or were present at the meeting but abstained from voting on the resolution.

A shareholder is presumed to have been notified of the proposed adoption of the resolution if notice of the shareholders meeting was sent to the address entered in the security register for that shareholder.

**390.** A shareholder must demand the repurchase of shares within 30 days after becoming aware that the action approved by the resolution conferring the right to demand a repurchase has been taken.

However, the repurchase demand may not be made later than 90 days after that action is taken.

**391.** As soon as the corporation receives a repurchase demand, it must notify the shareholder of the repurchase price it is offering for the shareholder's shares.

The repurchase price offered for the shares of a class or series must be the same as that offered to shareholders, if any, who exercised their right to demand a repurchase after informing the corporation of their intention to do so in accordance with Division I.

**392.** The corporation may not pay the repurchase price offered to the shareholder if such payment would make it unable to pay the maximum amount mentioned in the repurchase notice sent to the shareholders who informed the corporation, in accordance with section 376, of their intention to exercise their right to demand the repurchase of their shares.

If the corporation cannot pay to the shareholder the full amount offered to the shareholder, the directors are solidarily liable for payment to the shareholder of the sums needed to complete the payment of that amount. The directors are subrogated to the shareholder's rights against the corporation, up to the sums they have paid.

### **DIVISION III**

#### **SPECIAL PROVISIONS WITH RESPECT TO BENEFICIARY**

**393.** A beneficiary who may give instructions to a shareholder as to the exercise of rights attaching to a share has the right to demand the repurchase of that share as though the beneficiary were a shareholder; however, the beneficiary may only exercise that right by giving instructions for that purpose to the shareholder.

The beneficiary's instructions must allow the shareholder to exercise the right in accordance with this chapter.

**394.** A shareholder is required to notify the beneficiary of the calling of any shareholders meeting at which a resolution that could give rise to the right to demand a repurchase may be adopted, specifying that the beneficiary may exercise that right as though the beneficiary were a shareholder.

The shareholder is presumed to have fulfilled that obligation if the beneficiary is notified in accordance with any applicable regulations under the Securities Act.

**395.** A shareholder must inform the corporation of the identity of a beneficiary who intends to demand the repurchase of shares, and of the number of shares to be repurchased, within the period prescribed by section 376.

**396.** A shareholder who demands the repurchase of shares in accordance with the instructions of a beneficiary may demand the repurchase of part of the shares to which that right is attached.

**397.** The beneficiary's claim with respect to shares for which the full repurchase price could not be paid, as well as the other rights granted to a beneficiary under this chapter, may be exercised directly against the corporation.

Likewise, after the repurchase price has been fully paid, the rights granted to a beneficiary under this chapter regarding an increase in the repurchase price may be exercised directly against the corporation.

## **CHAPTER XV**

### **COMPELLED ACQUISITION OF SHARES**

#### **DIVISION I**

##### **GENERAL CONDITIONS OF ACQUISITION**

**398.** A person (the "offeror") who makes a take-over bid for all the shares of a class of shares issued by a corporation that is a reporting issuer is entitled, on complying with the rules of this chapter, to acquire the shares of that class held by shareholders who do not accept the take-over bid (the "dissenting shareholders"), if within 120 days after the date of the take-over bid, the bid is accepted by the holders of not less than 90% of the shares of the class concerned, other than the shares held at that date by the offeror or the offeror's affiliates or associates.

**399.** For the purposes of this chapter, shares include instruments convertible into shares governed by this chapter within 60 days after the take-over bid, as well as options or rights to acquire such shares or securities that are exercisable within 60 days after the take-over bid.

**400.** This chapter applies, with the necessary modifications, to issuer bids with respect to all the issued shares of a class.

## **DIVISION II**

### **EXERCISE OF RIGHT TO ACQUIRE**

**401.** An offeror who intends to acquire the shares held by dissenting shareholders must send a notice of intention by registered mail to the dissenting shareholders, the corporation and the Autorité des marchés financiers within 60 days after termination of the take-over bid and not later than 180 days after the take-over bid.

The notice must state the acceptance of the bid by the holders of not less than 90% of the shares of the class concerned, and set out the obligations of the dissenting shareholders under section 402.

As of receipt of the notice, the corporation is, for the purposes of the Act respecting the transfer of securities and the establishment of security entitlements, considered to have notice of the offeror's adverse claim on the shares concerned.

As of receipt of the notice, dissenting shareholders may not transfer to a third party their shares to which the take-over bid relates. The notice is considered to be a restriction on transfer within the meaning of that expression in paragraph 5 of section 85 of the Act respecting the transfer of securities and the establishment of security entitlements.

**402.** Within 20 days after receiving the notice sent by the offeror, the dissenting shareholders must

(1) return to the corporation, in the case of certificated shares, the share certificates to which the take-over bid relates, endorsed to the offeror or blank; and

(2) sell their shares to which the take-over bid relates to the offeror on the same terms as those accepted by the other holders of such shares, or notify the offeror of their intention to demand payment of the fair value of their shares.

Dissenting shareholders who fail to give the notice referred to in subparagraph 2 of the first paragraph within the time prescribed in that paragraph are deemed to accept the take-over bid.

**403.** Within 20 days after sending the notice, the offeror must pay or transfer to the corporation the amount of money or other consideration necessary to acquire all the dissenting shareholders' shares to which the take-over bid relates at the take-over bid price.

If the offeror fails to pay or transfer the money or consideration within the prescribed time, the offeror is deemed to renounce the right to acquire the shares of the dissenting shareholders.

**404.** The corporation holds in trust for the dissenting shareholders the money or other consideration received from the offeror.

The corporation must deposit the money in a separate account in a financial services cooperative, trust company, bank or other institution governed by the Deposit Insurance Act (R.S.Q., chapter A-26) or the Canada Deposit Insurance Corporation Act (Revised Statutes of Canada, 1985, chapter C-3) and place any other consideration in the custody of such an institution.

**405.** If the offeror has complied with section 403, a corporation must without delay

(1) transfer to the offeror all the shares to which the take-over bid relates that were held by the dissenting shareholders, register their transfer and, if applicable, cancel the certificates received and issue a certificate to the offeror for the total number of those shares;

(2) give to the dissenting shareholders who accepted or are deemed to have accepted the take-over bid and who, if applicable, returned their share certificates to the corporation the money or other consideration they are entitled to;

(3) send to the dissenting shareholders who accepted or are deemed to have accepted the take-over bid and who, if applicable, have not returned their share certificates a notice stating that

(a) their shares to which the take-over bid relates have been transferred to the offeror;

(b) the corporation holds in trust for them the money or other consideration they are entitled to; and

(c) the corporation will send that money or other consideration to them as soon as it receives their share certificates;

(4) send to the dissenting shareholders who sent notice of their intention to demand payment of the fair value of their shares a notice stating that

(a) their shares to which the take-over bid relates have been transferred to the offeror;

(b) the corporation holds in trust for them the money or other consideration they are entitled to;

(c) they have 20 days from the payment or transfer required under section 403 to ask the court to set the fair value of the shares they held, and that if no shareholder makes such an application to the court, they will be deemed to have accepted the terms of the take-over bid;

(d) the corporation will send to them the money or other consideration they are entitled to in accordance with an irrevocable court judgment setting the fair value of the shares they held, unless, if applicable, the corporation has not received the related share certificates, in which case the corporation will send the money or other consideration on receipt of the share certificates; and

(e) if no dissenting shareholder applies within the prescribed time to the court to set the fair value of the shares held by the shareholder, the corporation will send to all the dissenting shareholders the money or any other consideration they are entitled to, unless, if applicable, the corporation has not received the related share certificates, in which case the corporation will send the money or other consideration on receipt of the share certificates.

**406.** If the offeror has not complied with section 403, the corporation must, within the 30 days after the offeror sends the notice,

(1) notify the dissenting shareholders and the offeror that the offeror has failed to pay the money or other consideration for the shares to which the take-over bid relates and that the offeror is deemed to have renounced the right to acquire those shares; and

(2) return to the dissenting shareholders the share certificates they sent to the corporation.

**407.** Within 20 days after the payment or transfer required under section 403, a dissenting shareholder may ask the court to set the fair value of all the dissenting shareholders' shares.

If no application is made to the court within that time, all the dissenting shareholders are deemed to have accepted the terms of the offer.

**408.** If an application under section 407 is made to the court, the offeror must, within 10 days after notification of the application, send to all the dissenting shareholders who notified the offeror of their intention to demand payment of the fair value of their shares a notice informing them that an application has been filed with the court, that they may intervene in the proceedings and that they will be bound by the decision.

In addition to the parties to the application, the decision binds all the dissenting shareholders who were notified within the prescribed period.

**409.** In connection with an application under section 407, the court may make any order it thinks fit, including

(1) an order determining any money or other consideration the offeror must pay or transfer to the corporation in addition to the money and other consideration paid or transferred to the corporation under section 403; and

(2) an order granting each dissenting shareholder interest at a reasonable rate for the period between the date the conditions set out in section 402 are met and the date on which the offeror pays the shareholder.

**410.** On an irrevocable judgment setting the fair value of the dissenting shareholders' shares to which the take-over bid relates, an offeror must pay or transfer the additional money or consideration to the corporation.

If it has the money or other consideration, the corporation must

(1) send to the dissenting shareholders, except, if applicable, those who have not returned their share certificates to the corporation, the money or other consideration they are entitled to;

(2) if applicable, send to the dissenting shareholders who have not returned their share certificates a notice stating that

(a) the court has rendered an irrevocable judgment setting the fair value of their shares to which the take-over bid relates;

(b) the corporation holds in trust for them the money or other consideration they are entitled to; and

(c) the corporation will send that money or other consideration as soon as it receives their share certificates; and

(3) reimburse any amount remaining to the offeror.

## **CHAPTER XVI**

### **REORGANIZATION AND ARRANGEMENT**

#### **DIVISION I**

##### **REORGANIZATION**

**411.** When ruling on an application for approval of a proposal under the Bankruptcy and Insolvency Act (Revised Statutes of Canada, 1985, chapter B-3) or any other application under the Companies' Creditors Arrangement Act (Revised Statutes of Canada, 1985, chapter C-36), the court may make any order it thinks fit, including an order directing

(1) the amendment of the articles of the corporation in order to add, change or remove any provision that is permitted by this Act to be set out in the articles;

(2) the issue by the corporation of debt obligations, whether or not convertible into shares of any class of the corporation or carrying any rights or options to acquire shares of any class, and fixing the terms of such issue; and

(3) the appointment or replacement of directors of the corporation.

**412.** If the court orders the amendment of the articles of the corporation, the board of directors must send without delay to the enterprise registrar a copy of the order and of the articles of amendment required by this Act, with any documents required by the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons.

**413.** Actions ordered by the court under section 411 do not require shareholder authorization or approval unless the court decides otherwise.

## **DIVISION II**

### **ARRANGEMENT**

**414.** A corporation that is not insolvent may, in the absence of adequate legal provisions or if existing provisions are impracticable or too onerous in the circumstances, apply to the court for the approval of an arrangement proposed by the corporation.

An application concerning a corporation governed by one of the Acts listed in Schedule 1 to the Act respecting the Autorité des marchés financiers, other than a private issuer within the meaning of that expression in the regulations under the Securities Act that is not governed by another Act listed in that schedule, must be notified to the Autorité des marchés financiers.

**415.** An arrangement submitted to a court for approval may relate to, among other things, one or more of the following actions:

(1) an amendment to the articles of the corporation to add, change or remove any provision that is permitted by this Act to be set out in the articles;

(2) the amalgamation of the corporation with another corporation or another legal person to form a corporation;

(3) a division of the business carried on by the corporation;

(4) a transfer of property of the corporation if, as a result of the alienation, the corporation would be unable to retain a significant part of its business activity;

(5) an exchange of securities, participations or debt obligations of the corporation for money or other securities, participations or debt obligations or other property of the corporation or of another legal person;

(6) the dissolution and liquidation of the corporation;

(7) a change in the business or affairs of the corporation if the change would affect the rights of the holders of options or rights to acquire any of the corporation's securities or participations;

(8) a limitation on the right of the creditors or a group of creditors of the corporation to demand full and prompt performance of the corporation's obligations; or

(9) the squeezing-out of a shareholder.

**416.** Before ruling on an application for approval, the court may, if the corporation so requests, subject the arrangement to a procedure that is different from that provided by law for the action or actions included in the arrangement; the court is not bound by any procedure proposed by the corporation.

The court may also, before ruling on the application for approval, make any order it thinks fit in order, among other things, to protect the rights of interested persons, including

(1) an order determining the notice to be given to those persons or dispensing with notice to any person;

(2) an order appointing an advocate, at the corporation's expense, to defend the rights of those persons;

(3) an order requiring the corporation to call a meeting of those persons in the manner the court directs;

(4) an order directing the arrangement proposed be submitted to those persons for authorization, in the manner directed by the court, in particular as regards the vote required for that purpose; and

(5) an order allowing the exercise by those persons of the right to demand the repurchase of their shares, on the terms determined by the court.

**417.** The court may make its approval subject to the corporation amending the arrangement in the manner directed by the court.

**418.** An arrangement approved by a court requires the filing of articles of arrangement.



The articles of arrangement must be prepared in the manner directed by the court; the court authorizes a director or an officer of the corporation to sign the articles.

**419.** The articles of arrangement, signed by the director or the officer authorized to sign them, the other documents that must be filed with them, and the fee prescribed by government regulation must be sent to the enterprise registrar.

The articles of arrangement must be filed with the documents required under section 8 and a copy of the court judgment.

**420.** An arrangement is effective as of the date and, if applicable, the time shown on the certificate of arrangement issued by the enterprise registrar in accordance with Chapter XVIII.

## **CHAPTER XVII**

### **MONITORING AND CONTROL MECHANISMS**

#### **DIVISION I**

##### **INVESTIGATION**

**421.** A registered holder or beneficiary of a corporation's securities may apply to the court for an order directing an investigation to be made of the corporation and any of its affiliates.

The application may be presented in the absence of the corporation and, in such a case, is heard *in camera*. However, if the court considers the absence to be unwarranted, it may order that the corporation be given such notice as the court directs.

**422.** The court may order the investigation applied for to be made if it considers that such an investigation would help or permit facts to be established and allow the applicant, if necessary, to seek a remedy under Division II, and if it appears to the court that

(1) the business of the corporation or any of its affiliates is or has been carried on with intent to defraud any person, or the corporation or any of its affiliates was formed or is to be dissolved for a fraudulent or unlawful purpose;

(2) persons concerned with the constitution, business or affairs of the corporation or any of its affiliates have acted fraudulently or dishonestly in connection therewith; or

(3) the business or affairs of the corporation or any of its affiliates are or have been carried on or conducted, or the powers of the directors are or have been exercised, in a manner that is oppressive or unfairly prejudicial to a registered holder or beneficiary of shares of the corporation.

**423.** An application under this division concerning a corporation governed by one of the Acts listed in Schedule 1 to the Act respecting the Autorité des marchés financiers, other than a private issuer within the meaning of that expression in the regulations under the Securities Act that is not governed by another Act listed in that schedule, must be notified to the Autorité.

**424.** No person may publish, disclose or distribute information relating to proceedings under this division brought in the absence of the corporation concerned, except with the authorization of the court or the written consent of the corporation concerned.

Unless the court decides otherwise, that prohibition ends as of the beginning of the investigation ordered by the court.

**425.** In connection with an application for an investigation, the court may, at any time, make any order it thinks fit, including

- (1) an order to investigate;
- (2) an order appointing and determining the remuneration of an inspector, or replacing an inspector;
- (3) an order determining any notice to be given to interested persons or any other person;
- (4) an order authorizing an inspector to enter any premises in which the court is satisfied there might be relevant information, and to examine any thing and make copies of any document found on the premises;
- (5) an order requiring any person to make available to the inspector any information concerning the business or affairs of the corporation and any related document;
- (6) an order authorizing the inspector to conduct a hearing, administer oaths, and examine any person on oath;
- (7) an order authorizing the inspector to prescribe rules for the conduct of hearings the inspector may be required to hold in the exercise of investigation powers;
- (8) an order giving directions to an inspector or any interested person;
- (9) an order requiring the inspector to make an interim or final report to the court;

(10) an order determining whether a report of the inspector should be given to the applicant, whether copies should be sent to any person the court designates, or whether the report should be published;

(11) an order requiring the inspector to suspend or discontinue an investigation; and

(12) an order requiring the corporation to pay the costs of the investigation.

**426.** An inspector may only exercise the powers set out in the order and those granted under this Act.

**427.** An inspector authorized by the court to conduct an investigation is to that end vested with the powers and immunity of commissioners appointed under the Act respecting public inquiry commissions (R.S.Q., chapter C-37), except the power to order imprisonment.

No person is excused from giving evidence or producing documents to an inspector by reason only that the evidence tends to incriminate that person or subject that person to any proceeding or penalty. However, no such evidence may be used or is receivable against that person in any proceeding under any Act, other than a proceeding for perjury or for the giving of contradictory evidence.

**428.** An inspector authorized by a court to exercise the powers described in paragraph 4 of section 425 may exercise them personally or designate another person to exercise them on behalf of the inspector and report to the inspector. The designation must be recorded in a document.

Any person having custody, possession or control of documents concerning the business or affairs of the corporation must make them available on request to the authorized inspector or any person acting on behalf of the inspector, and facilitate their examination.

**429.** An inspector must, on request, produce to any interested person a copy of the order of appointment and a copy of any order made by the court under section 425.

A person designated by the inspector to exercise on behalf of the inspector the powers described in paragraph 4 of section 425 must, on request, produce identification, a copy of the order authorizing the exercise of those powers and a copy of the document evidencing the designation.

No judicial proceedings may be brought against an inspector or a person designated to act on behalf of an inspector for acts in good faith in the exercise of their functions.

**430.** Any interested person may apply to a court for an order that a hearing conducted by an inspector be heard *in camera*.

**431.** A person whose conduct is being investigated or who is being examined at a hearing conducted by an inspector may be assisted or represented by counsel.

**432.** An inspector may communicate any information or document to, or exchange any information or document and otherwise cooperate with, any authority in Canada or elsewhere that is authorized to exercise investigative powers and may, in respect of the corporation, investigate any allegation of improper conduct that is the same as or similar to the conduct described in paragraphs 1 and 2 of section 422. However, in the case of information protected by professional secrecy obtained under section 433, the inspector must first obtain court authorization.

**433.** The court may order an accountant who is a member of a professional order of accountants mentioned in the Professional Code (R.S.Q., chapter C-26) to communicate to the inspector any information or document relating to a corporation under investigation under this division if the information or document was obtained or prepared for the purposes of an audit or the preparation or examination of the financial statements of the corporation and the corporation refuses, neglects or is unable to communicate the information or document in accordance with an order under paragraph 5 of section 425, provided that, in the opinion of the court, the information or document appears to be necessary for the purposes of the investigation.

Communication of information or documents may be ordered even if it could result in the disclosure of information protected by professional secrecy. However, before granting the application, the court must give the corporation and the accountant concerned the opportunity to be heard.

**434.** Any information or document obtained under section 433 is presumed to be confidential and may only be used in connection with the investigation authorized by the court and subject to the conditions determined by the court, if any. The right to professional secrecy may not in any other respect be affected by such a use.

**435.** This division does not operate to allow the communication, examination or copying of a document or information protected by the professional secrecy by which a member of a professional order other than a professional order of accountants mentioned in the Professional Code is bound.

**436.** Before ordering that the inspector's report be given to the applicant or sent to any other person, or that it be published, the court must ensure that any information or document obtained in accordance with section 433 and contained in the report is necessary for the purposes of a proceeding under Division II. To that end, the court may make any order it thinks fit to protect the confidentiality of the information or document.

Moreover, in all cases in which the report contains information protected by professional secrecy, the court must take the necessary measures to limit the breach of professional secrecy.

**437.** Unless the court decides otherwise, any report made to the court by the inspector and sent to the applicant in connection with an investigation ordered under this division is presumed to constitute evidence of the facts established in the report for the purposes of any proceeding under this Act.

**438.** The inspector may not testify regarding information or a document obtained in accordance with section 433 unless the court is of the opinion that the testimony is necessary for the purposes of a proceeding arising from the investigation. The court may make any order it thinks fit to protect the confidentiality of the information or document.

## **DIVISION II**

### **REMEDIES**

§1. — *Special provisions applicable to exercise of certain remedies*

**439.** Applications under subdivisions 2 and 3 may be made by any of the following:

(1) a registered holder or beneficiary, and a former holder or beneficiary, of a security of a corporation or any of its affiliates;

(2) a director or an officer or a former director or officer of a corporation or any of its affiliates;

(3) any other person who, in the discretion of the court, has the interest required to make an application under this division.

**440.** An application made under subdivision 2 or 3 may not be dismissed on the sole ground that it is shown that an alleged breach of a right of or an obligation owed to a corporation or its subsidiary has been or may be approved by the corporation's shareholders, but evidence of approval by the shareholders may be taken into account by a court in making a decision under either of those subdivisions.

**441.** An application made or an action brought or intervened in under subdivision 2 may not be discontinued or settled without the approval of the court given on such terms as the court thinks fit.

**442.** Unless the court decides otherwise, an applicant, even one not residing in Québec, is not required to give security for costs in any application made under subdivision 2 or 3.

**443.** In an application made under subdivision 2, 3, 5 or 7, the court may, at any time, order a corporation or any of its subsidiaries to pay to the applicant interim costs, including judicial and extrajudicial fees, to the extent that they are reasonable. The applicant may be held accountable for such interim costs at the time of the final decision.

The court grants interim costs, on the terms determined by the court, if it considers that

(1) the financial situation of the corporation or its subsidiary enables payment of such costs;

(2) the application appears reasonably founded; and

(3) the financial situation of the applicant would not allow the application to be made or maintained without payment of such interim costs.

In its assessment of the financial situation of the applicant, the court need not consider whether or not the situation results from the conduct of the corporation or its subsidiary.

**444.** An application concerning a corporation governed by one of the Acts listed in Schedule 1 to the Act respecting the Autorité des marchés financiers, other than a private issuer within the meaning of that expression in the regulations under the Securities Act that is not governed by another Act listed in that schedule, must be notified to the Autorité.

§2. — *Authorization to act on behalf of a corporation*

**445.** An applicant may apply to the court for leave to bring an action in the name and on behalf of a corporation or any of its subsidiaries, or intervene in an action to which the corporation or affiliate is a party, for the purpose of prosecuting, defending or discontinuing the action on behalf of the corporation or affiliate.

**446.** No application for authorization may be made unless the applicant has given the directors of a corporation or its subsidiary 14 days' prior notice of the applicant's intention to apply to the court.

Authorization may be granted if the court is satisfied that the board of directors of the corporation or its subsidiary has not brought, diligently prosecuted or defended or discontinued the action, and if the court considers that the applicant is acting in good faith and that it appears to be in the interests of the corporation or its subsidiary that the action be brought, prosecuted, defended or discontinued.

When all the directors of the corporation or its subsidiary have been named as defendants, prior notice to the directors of the applicant's intention to apply to the court is not required.

**447.** In connection with an action brought or intervened in under this subdivision, the court may make any order it thinks fit, including

(1) an order authorizing the applicant or any other person to control the conduct of the action;

(2) an order giving directions for the conduct of the action;

(3) an order revising the functioning of the corporation or its subsidiary by amending the articles or the by-laws or by establishing or amending a unanimous shareholder agreement;

(4) an order making appointments to the board of directors of the corporation or its subsidiary, either to replace all or some of the directors or to increase the number of directors;

(5) an order directing an investigation to be made under Division I;

(6) an order directing that any amount awarded against a defendant be paid, in whole or in part, directly to former and present security holders of the corporation or its subsidiary instead of to the corporation or its subsidiary; and

(7) an order requiring the corporation or its subsidiary to pay, in whole or in part, the extrajudicial fees and other reasonable costs incurred by the applicant in connection with the action or intervention.

**448.** If, under section 447, the court orders an amendment of the articles or the by-laws of a corporation or a unanimous shareholder agreement, no other amendment to the articles or by-laws or to the unanimous shareholder agreement may be made without court authorization, for the period or under the conditions determined by the court.

If the court orders an amendment of the articles, the board of directors must send without delay to the enterprise registrar a copy of the order, the articles of amendment required by this Act, and the documents required by the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons.

Shareholders do not have the right to demand the repurchase of their shares under Chapter XIV if an amendment of the articles is directed by an order of the court.

**449.** If authorized by the court under section 445 to act on behalf of the corporation, the applicant is deemed to be the representative of the corporation for the purposes of the proceeding and, to that end, the applicant has a right of access to all relevant information and documents held by the corporation and to any document which is held or was prepared for the corporation by

any person, including a mandatary or a provider of goods or services, who rendered a service to the corporation in connection with the action or intervention authorized by the court or which relates to the facts at issue.

The court may, on application, order a person who holds any information or document referred to in the first paragraph to communicate it to the applicant if communication of the information or document appears to be necessary for the purposes of the proceeding or intervention authorized by the court. Before granting the application, the court must give interested persons the opportunity to be heard.

However, any information or document obtained by the applicant under this section is presumed to be confidential and may only be used in connection with the action or intervention authorized by the court and subject to the conditions determined by the court, if any.

§3. — *Rectification of abuse of power or iniquity*

**450.** An applicant may obtain an order from the court to rectify a situation if the court is satisfied that

(1) any act or omission of the corporation or any of its affiliates effects or threatens to effect a result,

(2) the business or affairs of the corporation or any of its affiliates have been, are or are threatened to be conducted in a manner, or

(3) the powers the board of directors of the corporation or any of its affiliates have been, are or are threatened to be exercised in a manner

that is or could be oppressive or unfairly prejudicial to any security holder, director or officer of the corporation.

**451.** In connection with an application under this subdivision, the court may make any order it thinks fit, including

(1) an order restraining the conduct complained of;

(2) an order appointing a receiver;

(3) an order revising the functioning of the corporation by amending the articles or the by-laws or establishing or amending a unanimous shareholder agreement;

(4) an order directing an issue or exchange of securities;

(5) an order making appointments to the board of directors, either to replace all or some of the directors or to increase the number of directors;



(6) an order directing the corporation or any other person to purchase securities of a security holder;

(7) an order directing the corporation or any other person to pay a security holder all or any part of the monies that the security holder paid for securities;

(8) an order varying or setting aside a contract or a transaction to which the corporation is a party and compensating the corporation or any other party to the contract or transaction;

(9) an order requiring a corporation, within a time specified by the court, to make available to the court or an interested person the financial statements referred to in sections 225 and 226, or an accounting of them in the form determined by the court;

(10) an order compensating a person who has suffered prejudice;

(11) an order directing rectification of the records of a corporation in accordance with sections 456 and 457;

(12) an order dissolving the corporation and winding it up if it has property or obligations;

(13) an order directing an investigation to be made under Division I; and

(14) an order condemning, not only in the case of improper use of procedure but also whenever the court thinks fit, any party to the proceedings to pay, in whole or in part, the extrajudicial fees and other costs of any other party.

The corporation may not make any payment to a shareholder under subparagraph 6 or 7 of the first paragraph if there are grounds for believing that it would or could cause the corporation to be unable to pay its liabilities as they become due.

**452.** Despite article 468 of the Code of Civil Procedure, the court may make any order it thinks fit under section 451, whether or not the order has been requested by the applicant. However, if the order has not been requested by the applicant, the court must give the parties an opportunity before the order is made to make representations on the remedy proposed by the court.

**453.** If the court, under section 451, orders an amendment of the articles or the by-laws of a corporation or a unanimous shareholder agreement, no other amendment to the articles or by-laws or to the unanimous shareholder agreement may be made without the consent of the court, for the period or under the conditions determined by the court.

If the court orders an amendment of the articles, the board of directors must send without delay to the enterprise registrar a copy of the order, the articles of amendment required by this Act, and the documents required by the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons.

Shareholders do not have the right to demand the repurchase of their shares under Chapter XIV if an amendment to the articles is directed by an order of the court.

§4. — *Disputed election*

**454.** A corporation, shareholder or director may apply to the court to determine any controversy with respect to the election of a director or the appointment of an auditor of the corporation.

**455.** The court seized of an application under section 454 may make any order it thinks fit, including

(1) an order restraining the director or auditor whose election or appointment is challenged from acting pending determination of the dispute;

(2) an order declaring the result of the disputed election or appointment;

(3) an order requiring a new election or appointment, including directions for the management of the business and affairs of the corporation until a new election is held or appointment made; and

(4) an order determining the voting rights of shareholders and of persons claiming to be beneficiaries of shares.

§5. — *Rectification of records*

**456.** If nominative or other information is alleged to have been wrongly entered or retained in, or wrongly deleted or omitted from, the records of a corporation, the corporation or any interested person may apply to the court for an order that the records be rectified.

**457.** In connection with an application for rectification, the court may make any order it thinks fit, including

(1) an order requiring the records of the corporation to be rectified;

(2) an order restraining the corporation from calling or holding a shareholders meeting or paying a dividend before such rectification;

(3) an order determining the right of a party to the proceedings to have their name entered or retained in, or deleted or omitted from, the records of the corporation; and

(4) an order compensating a party who has suffered prejudice.

§6. — *Correction of mistakes*

**458.** On an application by any interested person, the court may make any order it thinks fit to correct, or modify the consequences in law of, a mistake, or to validate any act vitiated as a result of the mistake, and may give any related directions it considers necessary.

For the purposes of this subdivision, “mistake” includes an omission, defect, defect of form, error or irregularity that has occurred in the conduct of the affairs of the corporation as a result of which

(1) a breach of a provision of this Act, an Act replaced by this Act or the regulations under any of them has occurred;

(2) there has been default in compliance with the articles or the by-laws of the corporation or a unanimous shareholder agreement; or

(3) an action approved or decision made by the shareholders meeting, the board of directors or one of its committees has been rendered ineffective.

**459.** Before making an order under this subdivision, the court must consider the effect that the order might have on the corporation and on its directors, officers, creditors and shareholders.

Unless the court decides otherwise, an order may not prejudice the rights of any third person without notice of the mistake that is the subject of the order.

§7. — *Non-compliance*

**460.** If a corporation or a director, officer, employee, mandatary or auditor of a corporation does not comply with this Act, the articles, the by-laws or a unanimous shareholder agreement, any interested person may, without prejudice to any other right that person has, apply to the court for an order directing the corporation or any person concerned to comply. The court may, to that end, make any further order it thinks fit.

§8. — *Dissolution, cancellation of articles and judicial liquidation*

**461.** Any interested person may apply to the court for an order to dissolve a corporation, cancel its articles and the related certificate or take any other measure the court thinks fit if a certificate has been obtained illegally, by fraud or in ignorance of some material fact, or if the articles contain illegal provisions or false or erroneous statements.

**462.** On an application by any interested person, the court may order the dissolution of a corporation if the court is satisfied that there is sufficient cause warranting the dissolution or if the corporation

(1) has failed for two or more consecutive years to comply with the requirements of this Act with respect to the holding of annual shareholders meetings;

(2) is carrying on business in violation of its articles; or

(3) has contravened section 32 or 228.

For the purposes of the first paragraph and to ensure that the dissolution is in the public interest, “sufficient cause” includes a conviction of the corporation of an offence under the Criminal Code (Revised Statutes of Canada, 1985, chapter C-46) or any other federal or provincial Act.

**463.** A court may order the dissolution of a corporation or any of its affiliates on the application of a shareholder if

(1) the court is satisfied that in respect of a corporation or any of its affiliates

(a) any act or omission of the corporation or any of its affiliates effects a result,

(b) the business or affairs of the corporation or any of its affiliates are or have been carried on or conducted in a manner, or

(c) the powers of the directors of the corporation or any of its affiliates are or have been exercised in a manner

that is oppressive or unfairly prejudicial to any security holder, director or officer; or

(2) if the court is satisfied that a unanimous shareholder agreement entitles the shareholder to demand dissolution of the corporation after the occurrence of a specified event and that event has occurred; or

(3) if the court considers it is just and equitable in the circumstances that the corporation should be dissolved.

**464.** When a court is seized of an application for dissolution under section 462 or 463, it may make any order it thinks fit, including, in the case of an application under section 463, an order described in section 451.

However, if the court orders the dissolution on an application under this subdivision, it must also order that the corporation first be liquidated if the corporation has property or debts.

**465.** Any application under this subdivision must be notified to the enterprise registrar.

**466.** As soon as a judgment ordering the dissolution of a corporation is rendered, the clerk of the court must send a copy of the judgment to the enterprise registrar, who deposits it in the enterprise register.

**467.** A corporation ceases to exist on the date of the judgment ordering its dissolution or, if its liquidation was also ordered, on the date and, if applicable, the time shown on the certificate of dissolution issued by the enterprise registrar in accordance with Chapter XVIII.

## **CHAPTER XVIII**

### **DOCUMENTS RECEIVED OR DRAWN UP BY ENTERPRISE REGISTRAR**

#### **DIVISION I**

##### **GENERAL PROVISIONS**

**468.** The enterprise registrar is the custodian of all registers and archives required for the carrying out of this Act.

Certificates drawn up by the enterprise registrar and the related articles are authentic.

**469.** The persons concerned are responsible for verifying the lawfulness and the accuracy of the articles and documents sent to the enterprise registrar for deposit in the enterprise register under this Act.

**470.** The form of the articles and other documents to be filed with the enterprise registrar and the manner in which they are to be sent are determined by the Minister according to the medium or technology used.

**471.** If this Act requires that a document be attached to or filed with another, and they are sent separately, the enterprise registrar is deemed to have received the documents when the last is received.

**472.** On receiving articles and other documents required by this Act, the enterprise registrar

(1) records the date of receipt;

(2) issues the appropriate certificate and assigns a date to it;

(3) deposits the articles, the related certificate and the accompanying documents in the enterprise register; and

(4) sends the corporation or its representative a copy of the articles and the certificate.

**473.** Unless otherwise provided in this Act, the enterprise registrar assigns to a certificate

(1) the date and, if applicable, the time specified in the articles if later than the date of receipt of the articles;

(2) the date and, if applicable, the time determined by the court; or

(3) in other cases, the date of receipt of the articles.

**474.** The enterprise registrar refuses to issue the appropriate certificate if the articles

(1) do not contain the contents required by this Act; or

(2) are not filed in the form prescribed by the Minister.

The enterprise registrar also refuses to issue such a certificate if

(1) the articles specify a corporation name that is not in compliance with paragraphs 1 to 6 and 8 of section 16;

(2) the documents required by this Act have not been sent to the enterprise registrar; or

(3) the fee determined by government regulation has not been paid.

**475.** Unless the dissolution has been ordered by the court, the enterprise registrar refuses to issue a certificate of dissolution if the corporation has not complied with its obligations under the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons.

**476.** Sections 472 to 474 and 477 apply, with the necessary modifications, to an application for cancellation of the articles, a declaration of dissolution, a notice of closure of liquidation and an application for revival of a corporation.

The same applies to a judgment ordering the cancellation of the articles or the dissolution or revival of a corporation.

However, for the purposes of paragraph 4 of section 472, in all those cases, the enterprise registrar only sends the corporation or its representative a copy of the certificate.

**477.** The articles of a corporation are not null solely because of irregularities in compliance with the prescribed formalities.

**478.** The form of the documents drawn up by the enterprise registrar and the manner in which they are to be sent are determined by the Minister according to the medium or technology used.

## **DIVISION II**

### **TECHNOLOGY-BASED DOCUMENTS**

**479.** Signature requirements for technology-based documents filed with the enterprise registrar, including what may stand in lieu of a signature, are determined by the Minister.

**480.** A document sent to the enterprise registrar, using a technology-based medium, by an intermediary or a representative of any person who is required to sign it is presumed to be validly signed if the intermediary or representative concerned verified the identity of the person and ascertained that the person consented to the sending of the document.

**481.** The Minister may require of an intermediary who has regular dealings with the enterprise registrar that a document required to be filed under this Act be sent using a specific medium or a specific method of transmission, according to the terms and conditions determined by the Minister.

“Intermediary” means a person or group of persons engaged in the business of acting on behalf of others to draw up or send documents relating to legal persons or to be deposited in the enterprise register.

**482.** The time as of which a technology-based document is considered received by the enterprise registrar is determined by the Minister, according to the medium and the method of transmission used.

## **DIVISION III**

### **CORRECTION OF DOCUMENTS**

**483.** On the enterprise registrar’s own initiative or at the request of an interested person, the enterprise registrar may correct certificates, notices and other documents drawn up by the enterprise registrar if they are incomplete or contain an error. The enterprise registrar may also, with the authorization of their signatory and in the same circumstances, correct documents sent to the enterprise registrar under this Act, other than those filed under the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons.

A correction is retroactive to the date of the corrected document or, as the case may be, the date that should have been shown on the document.

**484.** When a certificate is corrected, the enterprise registrar deposits the corrected certificate in the enterprise register and, if the correction is substantial, sends a copy to the corporation.

## **CHAPTER XIX**

### **CONTESTATION OF DECISION BEFORE ADMINISTRATIVE TRIBUNAL OF QUÉBEC**

**485.** Any interested person may contest a decision made under this Act by the enterprise registrar before the Administrative Tribunal of Québec within 30 days of notification of the decision.

**486.** Despite the second paragraph of section 15 of the Act respecting administrative justice (R.S.Q., chapter J-3), the Tribunal may only confirm or quash a contested decision.

**487.** If a contestation concerns a decision referred to in section 26, the enterprise registrar deposits a notice of the contestation in the enterprise register.

The enterprise registrar makes any required changes in the enterprise register, and records in the register that a decision has been rendered by the Tribunal.

## **CHAPTER XX**

### **REGULATORY POWERS**

**488.** The Government may, by regulation, determine the fees payable

- (1) on reserving a name under section 17;
- (2) on filing an application for a name change under section 25; and
- (3) on sending the enterprise registrar documents in relation to which the enterprise registrar issues a certificate, or with respect to any other action the enterprise registrar may or must take for the purposes of this Act.

The regulation may prescribe different fees according to the type of document, the medium and method of transmission used and according to whether the document is given priority, if so requested.

**489.** The Government may also, by regulation,

- (1) specify the public authorities referred to in paragraph 6 of section 16;
- (2) determine, for the purposes of paragraph 7 of section 16, the cases in which the name of a corporation falsely suggests that the corporation is related to another person or a group of persons;
- (3) determine the criteria to be taken into account for the purposes of paragraphs 7 to 9 of section 16;



(4) prescribe, for the purposes of section 194, the maximum number of proposals that may be presented by a shareholder;

(5) prescribe, for the purposes of section 195, the number or value of shares a person must hold to be able to present a shareholder proposal;

(6) prescribe the periods referred to in sections 195 and 200;

(7) prescribe, for the purposes of section 197, the maximum number of words a proposal and statement prepared by a shareholder may contain;

(8) prescribe, for the purposes of paragraph 5 of section 200, the minimum amount of support a person needs to present a shareholder proposal;

(9) determine the times and periods referred to in sections 200, 201 and 203; and

(10) take any other measure for the carrying out of this Act.

## **CHAPTER XXI**

### **PENAL PROVISIONS**

**490.** A corporation that contravenes the first or fourth paragraph of section 41 commits an offence and is liable to a fine of not less than \$5,000 and not more than \$50,000.

**491.** A person who fails to honour an undertaking under section 40 or 41 commits an offence and is liable to a fine of not less than \$5,000 and not more than \$50,000.

**492.** A person who makes a false declaration under section 252, 254, 268 or 299 commits an offence and is liable to a fine of not less than \$5,000 and not more than \$50,000.

**493.** A director or officer of a corporation who ordered, authorized or advised the commission of an offence under section 490, or consented to or otherwise participated in the offence, is deemed to be party to the offence and is liable to the applicable fine, whether or not the corporation has been prosecuted for or convicted of the offence.

Furthermore, a director or officer who knowingly authorizes or makes an untrue entry in the corporation's registers or other records is liable to a fine of not less than \$5,000 and not more than \$50,000.

## CHAPTER XXII

### MISCELLANEOUS PROVISIONS

**494.** The Minister of Finance is responsible for the administration of this Act, except the provisions relating to the responsibilities of the enterprise registrar, which are under the administration of the Minister of Revenue.

**495.** For the purposes of sections 8, 243, 268, 291, 299, 367, 470, 474, 478, 479, 481 and 482, the powers conferred on the Minister of Finance are exercised by the Minister of Revenue.

**496.** Not later than (*insert the date that is five years after the date of coming into force of this section*) and subsequently every five years, the Minister of Finance must report to the Government on the carrying out of this Act and, if applicable, on the advisability of amending it.

The report must be tabled in the National Assembly within the next 15 days or, if the Assembly is not sitting, within 15 days of resumption.

## CHAPTER XXIII

### AMENDING PROVISIONS

#### DEPOSIT INSURANCE ACT

**497.** Section 25 of the Deposit Insurance Act (R.S.Q., chapter A-26) is amended by replacing “compagnie” in paragraph *b* in the French text by “société”.

#### ACT RESPECTING INSURANCE

**498.** Section 1 of the Act respecting insurance (R.S.Q., chapter A-32) is amended by replacing “joint stock company” in paragraph *b* by “business corporation”.

**499.** Section 20 of the Act is amended by replacing the second paragraph by the following paragraph:

“No insurance company may be constituted after (*insert the date of coming into force of section 728*) otherwise than under the Business Corporations Act (2009, chapter 52).”

**500.** Section 23 of the Act is amended

(1) by replacing “Part IA of the Companies Act (chapter C-38)” in the first paragraph by “the Business Corporations Act (2009, chapter 52)”;

(2) by replacing “section 123.15” in the second paragraph by “section 472”.

**501.** Section 33.1 of the Act is amended by striking out “charter, letters patent or” in the third paragraph.

**502.** Section 35 of the Act is amended by striking out the first paragraph.

**503.** Section 35.1 of the Act is replaced by the following sections:

“**35.1.** The Business Corporations Act (2009, chapter 52), except Chapter X, Division II of Chapter XII and Chapters XIII, XIV, XVI and XVII, applies, subject to this Act and with the necessary modifications, to any insurance company constituted on or after (*insert the date of coming into force of section 728*) or continued, converted or amalgamated on or after that date.

“**35.1.1.** Sections 49, 50 and 123.107 to 123.110 of the Companies Act (chapter C-38) continue to apply, with the necessary modifications, to an insurance company governed by this Act.”

**504.** Section 35.2 of the Act is amended

(1) by replacing the first paragraph by the following paragraph:

“**35.2.** Articles of amendment filed by an insurance company may not be sent to the enterprise registrar without the authorization of the Authority. The same applies to articles of consolidation and an application for authorization to cancel the articles.”;

(2) by inserting “for authorization” after “The application” in the second paragraph;

(3) by replacing the third paragraph by the following paragraphs:

“If the Authority considers it advisable, it may authorize articles of amendment, articles of consolidation or an application for cancellation of the articles to be sent to the enterprise registrar.

However, the Authority may not grant a request for the cancellation of articles of amalgamation or continuance unless it has received prior authorization from the Minister.

In addition, the Authority may request the consolidation of the articles of a company.”

**505.** Section 35.3 of the Act is amended by replacing “or Part I, IA or II of the Companies Act (chapter C-38)” by “, in Part II of the Companies Act (chapter C-38) or in the Business Corporations Act (2009, chapter 52)”.

**506.** Section 39 of the Act is amended by replacing “section 123.15 of the Companies Act (chapter C-38)” in the first paragraph by “section 472 of the Business Corporations Act (2009, chapter 52)”.

**507.** Section 52.2 of the Act is amended

(1) by striking out “application for letters patent or, as the case may be, an” in the portion before paragraph 1;

(2) by striking out “the letters patent were granted or, as the case may be,” in paragraphs 1 and 2.

**508.** Section 66.2 of the Act is amended by replacing “Companies Act (chapter C-38)” in the second paragraph by “Business Corporations Act (2009, chapter 52)”.

**509.** Section 93.22 of the Act is amended

(1) by replacing paragraph 2 by the following paragraph:

“(2) include an expression which the law reserves for another person or prohibits the association from using;”;

(2) by replacing “mentioned in the regulation” in paragraph 6 by “determined by government regulation”;

(3) by replacing paragraph 7 by the following paragraph:

“(7) falsely suggest that the association is related to another person or group of persons, particularly in the cases and in view of the criteria determined by government regulation;”;

(4) by replacing paragraphs 8 and 9 by the following paragraphs:

“(8) be identical to a name reserved for or used by another person or group of persons in Québec, particularly in view of the criteria determined by government regulation;

“(9) be confusingly similar to a name reserved for or used by another person or group of persons in Québec, particularly in view of the criteria determined by government regulation; or”;

(5) by adding the following paragraph:

“(10) be misleading in any other manner.”

**510.** Section 93.27 of the Act is amended by replacing “section 123.145 of the Companies Act (chapter C-38)” in the second paragraph by “section 485 of the Business Corporations Act (2009, chapter 52)”.

**511.** Section 184.1 of the Act is amended

(1) by replacing “Part I, IA or II” in the first paragraph by “Part II” and by inserting “or by the Business Corporations Act (2009, chapter 52)” after “(chapter C-38)” in that paragraph;

(2) by replacing “sections 123.116 to 123.130 of the Companies Act” in the second paragraph by “Divisions II, IV and V of Chapter XI of the Business Corporations Act”;

(3) by striking out “under Part IA of the said Act” in the third paragraph and by replacing “sections 123.131 to 123.139 of that Act” in that paragraph by “Division I of Chapter XII of the Business Corporations Act”.

**512.** Section 186 of the Act is amended by replacing “joint stock” in subparagraphs *g* and *g.1* of the first paragraph by “capital stock”.

**513.** Section 194 of the Act is amended, in the second paragraph,

(1) by replacing “joint stock” in subparagraphs *f* and *f.1* by “capital stock”;

(2) by replacing “au pair” in subparagraph *f* in the French text by “nominale”;

(3) by replacing “capital social” in subparagraph *h* in the French text by “capital-actions”.

**514.** Section 200.0.2 of the Act is amended by replacing “section 123.15 of the Companies Act (chapter C-38)” by “section 472 of the Business Corporations Act (2009, chapter 52)”.

**515.** Section 200.0.4 of the Act, enacted by section 79 of chapter 70 of the statutes of 2002 and amended by section 90 of chapter 37 of the statutes of 2004, is again amended by replacing “Part IA of the Companies Act (chapter C-38)” in the first paragraph by “the Business Corporations Act (2009, chapter 52)”.

**516.** Section 200.0.9 of the Act, enacted by section 79 of chapter 70 of the statutes of 2002, is amended

(1) by replacing the first paragraph by the following paragraph:

**“200.0.9.** The articles of demutualization shall include the provisions required by section 5 of the Business Corporations Act (2009, chapter 52), except those required by paragraph 2, and may contain those permitted by section 6 of that Act.”;

(2) by replacing “in section 123.14” in the second paragraph by “in section 8”.

**517.** Section 200.0.11 of the Act, enacted by section 79 of chapter 70 of the statutes of 2002 and amended by section 90 of chapter 37 of the statutes of 2004, is again amended by replacing “section 123.15 of the Companies Act (chapter C-38)” by “section 472 of the Business Corporations Act (2009, chapter 52)”.

**518.** Section 200.0.12 of the Act, enacted by section 79 of chapter 70 of the statutes of 2002, is amended by replacing “as a company governed by Part IA of the Companies Act (chapter C-38)” in subparagraph 1 of the first paragraph by “as a business corporation governed by the Business Corporations Act (2009, chapter 52)”.

**519.** Sections 200.0.14 and 200.0.15 of the Act are repealed.

**520.** Section 200.3 of the Act is amended, in the second paragraph,

(1) by replacing “joint stock” in subparagraphs *f* and *f.1* by “capital stock”;

(2) by replacing “au pair” in subparagraph *f* in the French text by “nominale”.

**521.** Section 200.6 of the Act is amended by replacing “section 123.15 of the Companies Act (chapter C-38)” in the first paragraph by “section 472 of the Business Corporations Act (2009, chapter 52)”.

**522.** Section 200.8 of the Act is amended by replacing “of its letters patent” by “shown on the certificate of continuance”.

**523.** Section 420 of the Act is amended

(1) by striking out “, the issuance of letters patent” in paragraph *k*;

(2) by replacing “Companies Act (chapter C-38)” in paragraph *ac* by “Business Corporations Act (2009, chapter 52)”.

**524.** The Act is amended by replacing “Part IA of the Companies Act” in paragraphs 2 and 3 of section 37 by “the Business Corporations Act”, “Part IA of the Companies Act (chapter C-38)” in the first paragraph of section 200.0.16 by “Business Corporations Act (2009, chapter 52)”, and “Companies Act (chapter C-38), any other provision necessary for the application of Part IA of that Act” in subparagraph 16 of the first paragraph of section 420.1 by “Business Corporations Act (2009, chapter 52), any other provision necessary for the application of that Act”.

## ACT RESPECTING THE BARREAU DU QUÉBEC

**525.** Section 128 of the Act respecting the Barreau du Québec (R.S.Q., chapter B-1) is amended by replacing “companies” in paragraph *c* of subsection 1 by “legal persons”.

## CHARTER OF VILLE DE MONTRÉAL

**526.** Section 11 of Schedule C to the Charter of Ville de Montréal (R.S.Q., chapter C-11.4) is amended by replacing “Part IA of the Companies Act (chapter C-38), a company” by “the Business Corporations Act (2009, chapter 52), a business corporation”.

**527.** Section 12 of Schedule C to the Charter is amended by replacing “company” wherever it appears by “business corporation”.

**528.** Section 140 of Schedule C to the Charter is amended by replacing “public utility companies” in subparagraph 1 of the first paragraph by “public utilities”.

**529.** Section 180 of Schedule C to the Charter is amended by replacing “public utility companies” in the second paragraph by “public utilities”.

**530.** Section 187 of Schedule C to the Charter is amended by replacing “ou de fidéicommis” in the first paragraph in the French text by “ou société de fiducie”.

**531.** Section 222 of Schedule C to the Charter is amended by replacing “companies” wherever it appears in paragraph 2 by “business corporations”.

**532.** Section 233 of Schedule C to the Charter is amended by replacing “savings and credit union or a trust company” in the second paragraph by “financial services cooperative or a trust company”.

**533.** Section 262 of Schedule C to the Charter is amended by replacing “company” in the second paragraph by “business corporation”.

## CHARTER OF VILLE DE QUÉBEC

**534.** Section 38 of Schedule C to the Charter of Ville de Québec (R.S.Q., chapter C-11.5) is amended by replacing “compagnie” in the second paragraph in the French text by “entreprise”.

**535.** Section 162 of Schedule C to the Charter is amended by replacing “trust companies or institutions governed by the Savings and Credit Unions Act (chapter C-4.1)” in the first paragraph by “trust companies or institutions governed by the Act respecting financial services cooperatives (chapter C-67.3)”.

## CINEMA ACT

**536.** Section 101 of the Cinema Act (R.S.Q., chapter C-18.1) is amended by replacing “company” in subparagraphs 1 and 1.1 of the first paragraph by “legal person”.

**537.** Section 110 of the Act is amended by replacing “company” in subparagraphs 1 and 1.1 of the first paragraph by “legal person”.

**538.** Section 122.5 of the Act is amended by replacing “company” in subparagraphs 1 and 1.1 of the first paragraph by “legal person”.

## CITIES AND TOWNS ACT

**539.** Section 114.2 of the Cities and Towns Act (R.S.Q., chapter C-19) is amended by replacing “company” in the second paragraph by “business corporation”.

**540.** Section 465.3 of the Act is amended by replacing “section 9.1 of the Companies Act (chapter C-38)” in the second paragraph by “section 16 of the Business Corporations Act (2009, chapter 52)”.

**541.** Section 465.6 of the Act is amended by replacing “section 9.1 of the Companies Act (chapter C-38)” in the second paragraph by “section 16 of the Business Corporations Act (2009, chapter 52)”.

**542.** Section 465.9.1 of the Act is amended by replacing “section 18.1 of the Companies Act (chapter C-38)” by “section 25 of the Business Corporations Act (2009, chapter 52)”.

**543.** Section 465.10 of the Act is amended by replacing “The second paragraph of section 35 and section 35.3 of the said Act apply” in the second paragraph by “Section 35.3 of the said Act applies”.

## CODE OF CIVIL PROCEDURE

**544.** Article 570 of the Code of Civil Procedure (R.S.Q., chapter C-25) is amended by replacing “corporations” by “business corporations”.

**545.** Article 631 of the Code is amended by replacing “company” by “legal person” wherever it appears in the first paragraph.

## MUNICIPAL CODE OF QUÉBEC

**546.** Article 25 of the Municipal Code of Québec (R.S.Q., chapter C-27.1) is amended by replacing “person or company, which” in paragraph 20 by “person who” and by striking out the comma before “is deemed”.



**547.** Article 209 of the Code is amended by replacing “company” in the second paragraph by “business corporation”.

**548.** Article 711.4 of the Code is amended by replacing “section 9.1 of the Companies Act (chapter C-38)” in the second paragraph by “section 16 of the Business Corporations Act (2009, chapter 52)”.

**549.** Article 711.7 of the Code is amended by replacing “section 9.1 of the Companies Act (chapter C-38)” in the second paragraph by “section 16 of the Business Corporations Act (2009, chapter 52)”.

**550.** Article 711.10.1 of the Code is amended by replacing “section 18.1 of the Companies Act (chapter C-38)” by “section 25 of the Business Corporations Act (2009, chapter 52)”.

**551.** Article 711.11 of the Code is amended by replacing “The second paragraph of section 35 and section 35.3 of the said Act apply” in the second paragraph by “Section 35.3 of the said Act applies”.

#### COMPANIES ACT

**552.** Sections 227.2 and 227.3 of the Companies Act (R.S.Q., chapter C-38) are repealed.

#### TELEGRAPH AND TELEPHONE COMPANIES ACT

**553.** Section 2.1 of the Telegraph and Telephone Companies Act (R.S.Q., chapter C-45) is amended by replacing “section 9.1 of the Companies Act (chapter C-38)” by “section 16 of the Business Corporations Act (2009, chapter 52)”.

**554.** Section 4 of the Act is amended by replacing “section 9.1 of the Companies Act (chapter C-38)” in subsection 1.1 by “section 16 of the Business Corporations Act (2009, chapter 52)”.

**555.** Section 6.1 of the Act is amended by replacing “section 123.27.1 of the Companies Act (chapter C-38)” by “the first paragraph of section 25 of the Business Corporations Act (2009, chapter 52)”.

#### MINING COMPANIES ACT

**556.** Section 2 of the Mining Companies Act (R.S.Q., chapter C-47) is amended by replacing “Part I of the Companies Act (chapter C-38)” by “the Business Corporations Act (2009, chapter 52)”.

## CHARTERED ACCOUNTANTS ACT

**557.** Section 22 of the Chartered Accountants Act (R.S.Q., chapter C-48) is amended by replacing “company law” in subparagraph *d* of the second paragraph by “the law relating to legal persons”.

## COOPERATIVES ACT

**558.** Section 143 of the Cooperatives Act (R.S.Q., chapter C-67.2) is amended by replacing “company” wherever it appears in the third paragraph by “business corporation”.

**559.** Section 149 of the Act is amended by replacing “company” by “business corporation”.

**560.** Section 149.3 of the Act is amended by replacing “company” in the second paragraph by “business corporation”.

**561.** Section 149.4 of the Act is amended by replacing “company” in the second paragraph by “business corporation”.

**562.** The heading of Division IV of Chapter XXI of Title I of the Act is amended by replacing “COMPANY” by “BUSINESS CORPORATION”.

**563.** Section 173 of the Act is amended

(1) by replacing “company governed by Part I or IA of the Companies Act (chapter C-38)” in the portion before paragraph 1 by “business corporation governed by the Business Corporations Act (2009, chapter 52)”;

(2) by replacing “company” in paragraph 1 by “business corporation”.

**564.** Section 174 of the Act is amended by replacing “company” wherever it appears in subparagraph 2 of the second paragraph by “business corporation”.

**565.** Section 176 of the Act is amended by replacing “company” wherever it appears by “business corporation”.

**566.** Section 185 of the Act is amended by replacing “company” in the third paragraph by “business corporation”.

**567.** Section 188 of the Act is amended

(1) by replacing “Part IA” in the second paragraph by “the Business Corporations Act (2009, chapter 52)”;

(2) by inserting “the Business Corporations Act or” after “under” in the third paragraph.

**568.** Section 224.7 of the Act is amended by replacing “company” in the first paragraph by “business corporation”.

**569.** Section 225 of the Act is amended by replacing “company” wherever it appears by “business corporation”.

**570.** Section 225.1 of the Act is amended by replacing “company” wherever it appears by “business corporation”.

**571.** Section 225.2 of the Act is amended by replacing “company” by “business corporation”.

**572.** Section 225.3 of the Act is amended by replacing “company” wherever it appears by “business corporation”.

**573.** Section 225.4 of the Act is amended by replacing “company” by “business corporation”.

**574.** Section 225.5 of the Act is amended by replacing “company” by “business corporation”.

**575.** Section 225.6 of the Act is amended by replacing “company” wherever it appears in paragraphs 1 and 2 by “business corporation”.

**576.** Section 257 of the Act is replaced by the following section:

**“257.** A cooperative liable to dissolution under section 188 may continue as a business corporation governed by the Business Corporations Act (2009, chapter 52) or as a legal person governed by Part III of the Companies Act (chapter C-38).

To do so, the cooperative must submit a plan of continuance, which must be approved by the Minister and then authorized by its members.”

**577.** Section 258 of the Act is amended by replacing “company” in subparagraph 6 of the first paragraph and wherever it appears in the second paragraph by “business corporation”.

**578.** The Act is amended by adding the following sections after section 259:

**“259.1.** The members must, at a special meeting called for that purpose, adopt a by-law authorizing the continuance of the cooperative as a business corporation governed by the Business Corporations Act (2009, chapter 52) or as a legal person governed by Part III of the Companies Act (chapter C-38).

**“259.2.** The by-law must be adopted by two-thirds of the votes cast by the members or representatives present at the special meeting.

The by-law must authorize

(1) one of the directors to sign the articles of continuance required under the Business Corporations Act (2009, chapter 52) if the cooperative is to continue as a business corporation governed by that Act; or

(2) no fewer than three directors to sign the application required under Part III of the Companies Act (chapter C-38) if the cooperative is to continue as a legal person governed by that Part.”

**579.** Section 260 of the Act is amended by replacing “A company governed by Part I or IA of the Companies Act (chapter C-38)” in the first paragraph by “A business corporation governed by the Business Corporations Act (2009, chapter 52)”.

**580.** Section 261 of the Act is amended by replacing “company” by “business corporation”.

**581.** Section 263 of the Act is replaced by the following section:

“**263.** The continuance of the business corporation as a cooperative must be authorized by the shareholders, in accordance with section 298 of the Business Corporations Act (2009, chapter 52).

The shareholders may then exercise the same rights as may be exercised by shareholders following the adoption of a special resolution authorizing continuance under the laws of a jurisdiction other than Québec.”

**582.** Section 264 of the Act is replaced by the following section:

“**264.** The directors may, if so authorized by a special resolution of the shareholders, decide not to proceed with the continuance.”

**583.** Section 265.1 of the Act is amended

(1) by replacing “company” in paragraph 1 by “business corporation”;

(2) by replacing “company” and “sections 263 and 264” in paragraph 5 by “business corporation” and “section 263” respectively.

**584.** Section 266 of the Act is amended

(1) by replacing “company” wherever it appears in the first paragraph by “business corporation”;

(2) by replacing “company” in subparagraph 1 of the second paragraph by “business corporation”.

**585.** Section 268 of the Act is amended by replacing “company” in paragraph 1 by “business corporation”.

**586.** Section 269 of the Act is amended by replacing “company” by “business corporation”.

**587.** The Act is amended by inserting the following sections after section 327:

“**327.1.** A company governed by Part I of the Companies Act (chapter C-38) may amalgamate with a cooperative before (*insert the date of coming into force of section 563*) in accordance with the provisions of Division IV of Chapter XXI of Title I of this Act, as they read before that date.

“**327.2.** A company governed by Part I of the Companies Act (chapter C-38) may be converted into a cooperative in order to continue under this Act before (*insert the date of coming into force of section 563*) in accordance with the provisions of Chapter III of Title VII of this Act, as they read before that date.”

**588.** The Act is amended by replacing “COMPANY” in the headings of Chapters II and III of Title VII by “BUSINESS CORPORATION”.

#### ACT RESPECTING FINANCIAL SERVICES COOPERATIVES

**589.** Section 480 of the Act respecting financial services cooperatives (R.S.Q., chapter C-67.3) is amended

(1) by inserting “before (*insert the date of coming into force of section 728*) or by a legal person constituted or continued after that date under the Business Corporations Act (2009, chapter 52) and” after “(chapter C-38)” in the first paragraph;

(2) by replacing the third paragraph by the following paragraph:

“The deposit of articles containing a provision relating to the objects of a legal person referred to in the first paragraph requires the approval of the Authority.”

#### BUSINESS CONCERNS RECORDS ACT

**590.** Section 3 of the Business Concerns Records Act (R.S.Q., chapter D-12) is amended

(1) by replacing “company” wherever it appears in paragraph *a* by “legal person”;

(2) by replacing “company or person, as defined by the Securities Act, (chapter V-1)” in paragraph *b* by “natural or legal person, a partnership or an association that is not a legal person” and “company or person” by “person, partnership or association”;

(3) by replacing “company or person” wherever it appears in paragraph *c* by “person, partnership or association”.

#### MINING DUTIES ACT

**591.** Section 3 of the Mining Duties Act (R.S.Q., chapter D-15) is amended

(1) by replacing “company” in paragraph *c* by “business corporation”;

(2) by replacing “companies” in paragraph *d* by “business corporations”;

(3) by replacing “company” wherever it appears in paragraph *e* by “business corporation”.

#### PUBLIC OFFICERS ACT

**592.** Section 21 of the Public Officers Act (R.S.Q., chapter E-6) is amended by replacing “any company constituted as a legal person” in the second paragraph by “any legal person”.

#### EDUCATION ACT FOR CREE, INUIT AND NASKAPI NATIVE PERSONS

**593.** Section 617 of the Education Act for Cree, Inuit and Naskapi Native Persons (R.S.Q., chapter I-14) is amended by replacing “company” wherever it appears in the third paragraph by “business corporation”.

#### ACT RESPECTING ADMINISTRATIVE JUSTICE

**594.** Schedule IV to the Act respecting administrative justice (R.S.Q., chapter J-3) is amended by replacing paragraph 7 by the following paragraph:

“(7) section 485 of the Business Corporations Act (2009, chapter 52);”.

#### WINDING-UP ACT

**595.** Section 1 of the Winding-up Act (R.S.Q., chapter L-4) is amended by adding the following paragraph after the first paragraph:

“This Act does not apply to a business corporation to which the Business Corporations Act (2009, chapter 52) applies.”

ACT RESPECTING THE MARKETING OF AGRICULTURAL, FOOD  
AND FISH PRODUCTS

**596.** Section 59 of the Act respecting the marketing of agricultural, food and fish products (R.S.Q., chapter M-35.1) is amended by replacing “company” in the second paragraph by “corporation”.

PRESS ACT

**597.** Section 10 of the Press Act (R.S.Q., chapter P-19) is amended by replacing “companies” in subparagraph *c* of the first paragraph by “legal persons”.

ACT RESPECTING THE LEGAL PUBLICITY OF SOLE  
PROPRIETORSHIPS, PARTNERSHIPS AND LEGAL PERSONS

**598.** Section 2 of the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons (R.S.Q., chapter P-45) is amended by adding “, unless it is continued under the laws of a jurisdiction other than Québec and no circumstance described in subparagraph 5 applies to it” at the end of subparagraph 4 of the first paragraph.

**599.** The Act is amended by inserting the following section after section 2:

“**2.1.** Except for the purposes of the second paragraph of section 19, “legal person constituted in Québec” includes a legal person constituted under the laws of a jurisdiction other than Québec that is continued under the Business Corporations Act (2009, chapter 52).”

**600.** Section 9 of the Act is amended by adding the following paragraph at the end:

“If the original of the constituting act is unavailable, the enterprise registrar shall deposit a certified copy in the register.”

**601.** Section 10 of the Act is amended by adding “or, if all powers have been withdrawn from the board of directors by a unanimous shareholder agreement under the Business Corporations Act (2009, chapter 52), the name and domicile of the shareholders or third persons who have assumed those powers” at the end of subparagraph 2 of the second paragraph.

**602.** Section 12 of the Act is amended

(1) by inserting “, province or territory” after “State” in paragraphs 1 and 2;

(2) by adding the following paragraph after paragraph 4:

“(5) a statement as to the existence or not of a unanimous shareholder agreement that restricts, in whole or in part, the powers of the directors under the Business Corporations Act (2009, chapter 52).”

**603.** Sections 15 and 16 of the Act are repealed.

**604.** Section 17 of the Act is replaced by the following section:

“**17.** A declaration of registration must

- (1) be filed in the form prescribed by the Minister;
- (2) be signed by the registrant or the registrant’s representative;
- (3) be sent in the manner determined by the Minister; and
- (4) be presented with the fees prescribed by government regulation.”

**605.** Section 18 of the Act is amended by replacing “either section 15 or 17” in subparagraph 3 of the first paragraph by “any of paragraphs 1, 2 and 4 of section 17”.

**606.** Section 19 of the Act is amended by replacing subparagraph 2 of the first paragraph by the following subparagraph:

“(2) is not filed in the form determined by the Minister.”

**607.** Section 21 of the Act is amended

- (1) by inserting “the date of registration and” after “register” in the first paragraph;
- (2) by striking out the second paragraph.

**608.** Section 22 of the Act is replaced by the following section:

“**22.** The enterprise registrar shall deposit the declaration of registration in the register.”

**609.** Section 23 of the Act is replaced by the following section:

“**23.** When registration is effected upon the deposit of a legal person’s constituting act in the register, the legal person shall file with the enterprise registrar an initial declaration in the form and with the content prescribed for a declaration of registration.”

**610.** Section 23.1 of the Act is amended, in the first paragraph,

- (1) by replacing subparagraphs 1 and 2 by the following subparagraphs:



“(1) be signed by the registrant, the registrant’s representative or, if it is filed with the constituting act, one of the founders;

“(2) be sent in the manner determined by the Minister; and”;

(2) by adding “unless it is filed with the constituting act” at the end of subparagraph 3.

**611.** Section 24 of the Act is amended by replacing subparagraphs 3 and 4 of the first paragraph by the following subparagraphs:

“(3) is not filed in the form and with the content prescribed for a declaration of registration;

“(4) is not in conformity with subparagraph 1 of the first paragraph of section 23.1; or”.

**612.** Section 26.1 of the Act is replaced by the following section:

**“26.1.** A registrant who must file a fiscal return with the Minister under section 1000 of the Taxation Act (chapter I-3) or, in the case of a natural person operating a sole proprietorship, who would be required to file such a return if tax were payable by the person under Part I of that Act, may, during the filing period for an annual declaration, declare, in the registrant’s fiscal return, whether or not the information in the register concerning the registrant and referred to in sections 10 and 12 is up to date.

If the registrant declares that the information is up to date, the enterprise registrar shall enter in the statement of information that the registrant has satisfied the annual updating obligation for the current year.

If the registrant declares that the information is not up to date, the registrant shall file an annual declaration in accordance with section 26.”

**613.** Section 28 of the Act is amended by striking out the second paragraph.

**614.** Section 30 of the Act, amended by section 52 of chapter 38 of the statutes of 2006, is again amended by striking out “in a single copy” in the first paragraph.

**615.** Section 30.1 of the Act is amended

(1) by replacing “regulation” in the first paragraph by “the Minister”;

(2) by striking out the second paragraph.

**616.** Section 31 of the Act, amended by section 53 of chapter 38 of the statutes of 2006, is again amended

(1) by replacing subparagraphs 3 and 4 of the first paragraph by the following subparagraphs:

“(3) is not filed in the form and with the content prescribed for a declaration of registration;

“(4) is not signed by the registrant or the registrant’s representative; or”;

(2) by striking out “, or, in the case of a document filed by a registrant and transferred under section 72.1, if it does not indicate the number of the reference document sent previously by the Minister” in the second paragraph.

**617.** Section 33 of the Act is amended by striking out “, 72.1” in the first paragraph.

**618.** Section 34 of the Act is amended

(1) by adding “or, if all powers have been withdrawn from the board of directors by a unanimous shareholder agreement under the Business Corporations Act (2009, chapter 52), the name and domicile of the shareholders or third persons who have assumed those powers” at the end of paragraph 6;

(2) by adding the following paragraph after paragraph 14:

“(15) a statement as to the existence or not of a unanimous shareholder agreement that restricts, in whole or in part, the powers of the directors under the Business Corporations Act.”

**619.** Section 35 of the Act is amended by replacing “simplified amalgamation with the meaning of section 123.129 or 123.130 of the Companies Act (chapter C-38)” by “short-form amalgamation within the meaning of the Business Corporations Act (2009, chapter 52)”.

**620.** Section 37 of the Act is amended by replacing the second paragraph by the following paragraph:

“A legal person is exempted from filing such a declaration, if notice to that effect for the purposes of another Act has been sent to the enterprise registrar.”

**621.** Section 39 of the Act is amended by striking out the second paragraph.

**622.** Section 41 of the Act is amended

(1) by replacing paragraph 1 by the following paragraph:

“(1) be filed in the form prescribed by the Minister;”;

(2) by replacing paragraph 3 by the following paragraphs:

“(3) be signed by the registrant or the registrant’s representative; and

“(4) be sent in the manner determined by the Minister.”;

(3) by adding the following paragraph at the end:

“Likewise, a document transferred under section 72 or 73 must be drawn up in accordance with the specifications set out in subparagraphs 1 to 3 of the first paragraph.”

**623.** Section 41.1 of the Act is repealed.

**624.** Section 42 of the Act is amended

(1) by replacing “the provisions” in subparagraph 3 of the first paragraph by “any of paragraphs 1 to 3”;

(2) by replacing “, paragraph 2 of section 41 or section 41.1” in the second paragraph by “or with paragraph 2 of section 41”.

**625.** Section 43 of the Act is amended, in the first paragraph,

(1) by striking out “a copy of”;

(2) by replacing “and return the second copy to the registrant; in the case of a document referred to in section 40, the enterprise registrar shall deposit it” by “or the document referred to in section 40”.

**626.** Section 47 of the Act, amended by section 57 of chapter 38 of the statutes of 2006, is again amended by replacing paragraphs 1 and 2 by the following paragraphs:

“(1) be filed in the form determined by the Minister;

“(2) be signed by the registrant or the registrant’s representative;

“(2.1) be sent in the manner determined by the Minister;”.

**627.** Section 49 of the Act is amended by striking out “a copy of” and “, and return the second copy to the registrant whose registration is struck off”.

**628.** Section 53 of the Act is amended by adding the following paragraph:

“If the legal person is dissolved under the Business Corporations Act (2009, chapter 52), the enterprise registrar shall, *ex officio*, strike off the legal person’s registration upon deposit of the certificate of dissolution or of

the judgment ordering the dissolution. However, if the judgment also orders the liquidation of the legal person, the enterprise registrar shall strike off the registration upon deposit of the certificate of dissolution.”

**629.** The heading of Chapter IV.1 of the Act is replaced by the following heading:

“SENDING OF DOCUMENTS”.

**630.** Section 57.1 of the Act is repealed.

**631.** The Act is amended by inserting the following after section 57.1:

#### “DIVISION I

##### “GENERAL PROVISIONS

“**57.1.0.1.** Except to the extent provided by law, the form of declarations and other documents required to be filed with or transferred to the enterprise registrar and the manner in which they are to be sent are determined by the Minister according to the medium or technology used.

“**57.1.0.2.** If a document is required by law to be attached to or filed with another, and they are sent separately, the enterprise registrar is deemed to have received the documents when the last is received.

“**57.1.0.3.** The form of the documents required by law to be drawn up by the registrar and the manner in which they are to be sent are determined by the Minister.

#### “DIVISION II

##### “TECHNOLOGY-BASED DOCUMENTS

“**57.1.0.4.** Signature requirements for technology-based documents filed with the enterprise registrar, including what may stand in lieu of a signature, are determined by the Minister.

“**57.1.0.5.** A person who verifies by any reasonable means the identity of a person required to file and sign a document under this Act and sends the document to the registrar using a technology-based medium is presumed to be authorized to draw up, sign and send that document in the other person’s name.

If a representative of the person required to sign a document entrusts the sending of the document to a third person in the circumstances described in the first paragraph, it is the responsibility of the representative to verify the person’s identity under that paragraph.

**“57.1.0.6.** The Minister may require of an intermediary who has regular dealings with the enterprise registrar that a document required to be filed under this Act be sent using a specific medium or a specific method of transmission, according to the terms determined by the Minister.

“Intermediary” means a person or group of persons engaged in the business of acting on behalf of others to draw up or send documents relating to legal persons or to be deposited in the register.

**“57.1.0.7.** The time as of which a technology-based document is considered received by the enterprise registrar is determined by the Minister, according to the medium and the method of transmission used.

### **“DIVISION III**

#### **“WAIVER OF THE FILING OF DOCUMENTS”.**

**632.** Section 61 of the Act is amended by striking out “, 72.1”.

**633.** Section 62 of the Act is amended

(1) by striking out “, 72.1” in the first paragraph;

(2) by adding “or, if all powers have been withdrawn from the board of directors by a unanimous shareholder agreement under the Business Corporations Act (2009, chapter 52), the name and domicile of the shareholders or third persons who have assumed those powers” at the end of subparagraph 6 of the second paragraph;

(3) by inserting “, province or territory” after “State” in subparagraphs 14 and 15 of the second paragraph.

**634.** Section 63 of the Act is amended by striking out “in as many copies as he considers necessary” in the second paragraph.

**635.** Section 64 of the Act is amended by replacing “support media he determines” by “media and technologies the registrar determines”.

**636.** Section 70 of the Act is amended

(1) by replacing “section 53” by “the first paragraph of section 53, a notice of liquidation under the Business Corporations Act (2009, chapter 52)”;

(2) by striking out “, 72.1”.

**637.** Section 72.1 of the Act is repealed.

**638.** Section 74 of the Act is amended by replacing the second paragraph by the following paragraph:

“The register may be consulted at the locations and during the hours determined by the Minister. It may also be consulted by remote access.”

**639.** Section 82 of the Act is amended

(1) by striking out “, 72.1” in the first paragraph;

(2) by adding “or, if all powers have been withdrawn from the board of directors by a unanimous shareholder agreement under the Business Corporations Act (2009, chapter 52), the name and domicile of the shareholders or third persons who have assumed those powers” at the end of subparagraph 6 of the second paragraph;

(3) by inserting “, province or territory” after “State” in subparagraphs 13 and 14 of the second paragraph.

**640.** Section 83 of the Act is amended by replacing “the law or with the regulations” in the first paragraph by “this Act”.

**641.** Section 84 of the Act is amended

(1) by replacing “section 53” by “the first paragraph of section 53, a notice of liquidation under the Business Corporations Act (2009, chapter 52)”;

(2) by striking out “, 72.1”.

**642.** Section 87 of the Act is amended by striking out “, be signed” in the first paragraph.

**643.** Section 97 of the Act is amended by striking out subparagraph 5 of the first paragraph.

**644.** Section 98 of the Act, amended by section 79 of chapter 38 of the statutes of 2006, is again amended by replacing “offices of” in subparagraph 8 of the first paragraph by “offices designated by”.

**645.** Section 102.1 of the Act is replaced by the following section:

“**102.1.** A registrant or a person referred to in section 5 who makes a declaration under section 26.1 that the registrant or person knows to be false or misleading is guilty of an offence.”

**646.** Section 109 of the Act is amended by inserting “, 102.1” after “102” in the first paragraph.

## ACT RESPECTING THE LAND REGIME IN THE JAMES BAY AND NEW QUÉBEC TERRITORIES

**647.** Section 32 of the Act respecting the land regime in the James Bay and New Québec territories (R.S.Q., chapter R-13.1) is amended by replacing “public bodies, legal persons and companies” by “public bodies and legal persons established in the public interest”.

**648.** Section 123 of the Act is amended by replacing “public bodies, legal persons and companies” by “public bodies and legal persons established in the public interest”.

**649.** Section 191.16 of the Act is amended by replacing “public bodies, legal persons and companies” by “public bodies and legal persons established in the public interest”.

## ACT RESPECTING THE ENTERPRISE REGISTRAR

**650.** Schedule I to the Act respecting the enterprise registrar (R.S.Q., chapter R-17.1) is amended by inserting “Business Corporations Act (2009, chapter 52)” in alphabetical order.

## ACT RESPECTING FARMERS’ AND DAIRYMEN’S ASSOCIATIONS

**651.** Section 3.1 of the Act respecting farmers’ and dairymen’s associations (R.S.Q., chapter S-23) is amended by replacing “section 9.1 of the Companies Act (chapter C-38)” by “section 16 of the Business Corporations Act (2009, chapter 52)”.

**652.** Section 3.2 of the Act is amended by replacing “section 9.1 of the Companies Act (chapter C-38)” by “section 16 of the Business Corporations Act (2009, chapter 52)”.

**653.** Section 5.4 of the Act is amended by replacing “section 9.1 of the Companies Act (chapter C-38)” in the second paragraph by “section 16 of the Business Corporations Act (2009, chapter 52)”.

## ACT RESPECTING MIXED ENTERPRISE COMPANIES IN THE MUNICIPAL SECTOR

**654.** Section 12 of the Act respecting mixed enterprise companies in the municipal sector (R.S.Q., chapter S-25.01) is amended by replacing “Part IA of the Companies Act (chapter C-38)” in the first paragraph by “the Business Corporations Act (2009, chapter 52)”.

**655.** Section 17 of the Act is amended by replacing “Companies Act (chapter C-38)” in the first paragraph by “Business Corporations Act (2009, chapter 52)”.

**656.** Section 19 of the Act is amended by replacing “Every by-law of the mixed enterprise company under section 93 of the Companies Act (chapter C-38) and every unanimous shareholders’ agreement under section 123.91 of that Act” by “Any by-law made by a mixed enterprise company to distribute the assets to the shareholders and any unanimous shareholders’ agreement under section 213 of the Business Corporations Act (2009, chapter 52)”.

**657.** Section 25 of the Act is amended by striking out “, notwithstanding section 123.20 of the Companies Act (chapter C-38),” in the second paragraph.

**658.** Section 50 of the Act is amended by replacing “sections 123.87 to 123.89 of the Companies Act (chapter C-38)” in the second paragraph by “sections 159 to 161 of the Business Corporations Act (2009, chapter 52)”.

**659.** Section 55 of the Act is amended by replacing “Notwithstanding the second paragraph of section 123.77 of the Companies Act (chapter C-38), a” by “A”.

**660.** Section 60 of the Act is amended

(1) by replacing “sections 123.98 to 123.100 of the Companies Act (chapter C-38)” by “section 239 of the Business Corporations Act (2009, chapter 52)”;

(2) by replacing “section 123.97” by “section 231”.

**661.** Section 61 of the Act is amended by replacing “mentioned in section 98 of the Companies Act (chapter C-38)” in the first paragraph by “specified in sections 226 and 230 of the Business Corporations Act (2009, chapter 52)”.

#### HORTICULTURAL SOCIETIES ACT

**662.** Section 2.1 of the Horticultural Societies Act (R.S.Q., chapter S-27) is amended by replacing “section 9.1 of the Companies Act (chapter C-38)” by “section 16 of the Business Corporations Act (2009, chapter 52)”.

**663.** Section 3 of the Act is amended by replacing “section 9.1 of the Companies Act (chapter C-38)” in the second paragraph by “section 16 of the Business Corporations Act (2009, chapter 52)”.

**664.** Section 10 of the Act is amended by replacing “section 9.1 of the Companies Act (chapter C-38)” in the second paragraph by “section 16 of the Business Corporations Act (2009, chapter 52)”.

#### ACT RESPECTING TRUST COMPANIES AND SAVINGS COMPANIES

**665.** Section 5 of the Act respecting trust companies and savings companies (R.S.Q., chapter S-29.01) is replaced by the following section:



**5.** The Business Corporations Act (2009, chapter 52), except Chapter X, Division II of Chapter XII and Chapters XIII, XIV, XVI and XVII, applies to Québec companies, subject to this Act and with the necessary modifications.

However, sections 49, 50 and 123.107 to 123.110 of the Companies Act (chapter C-38) continue to apply to a company, with the necessary modifications.”

**666.** Section 6 of the Act is amended

(1) by replacing the definition of “instrument of incorporation” by the following definition:

“**instrument of incorporation**” means the articles and any other instrument of incorporation;”;

(2) by replacing “règlement” in the definition of “dirigeant” in the French text by “règlement intérieur”;

(3) by inserting the following definition in alphabetical order:

“**special resolution**” means a resolution that requires at least two thirds of the votes cast at a shareholders’ meeting by the shareholders entitled to vote on the resolution, or a resolution that requires the signature of all such shareholders;”.

**667.** Section 11 of the Act is replaced by the following section:

**11.** From (*insert the date of coming into force of section 728*), no company shall be incorporated in Québec otherwise than under the Business Corporations Act (2009, chapter 52).

The articles of constitution required under that Act may be deposited in the register only if the Minister has authorized the incorporation.”

**668.** Section 12 of the Act is amended by adding the following paragraph at the end:

“The articles of constitutions, the documents required to be filed with them and the fees prescribed under the Business Corporations Act (2009, chapter 52) must be filed with the application.”

**669.** Section 16 of the Act is amended

(1) by replacing “the latter to issue letters patent to incorporate” in the first paragraph by “the incorporation of”;

(2) by replacing the second paragraph by the following paragraph:

“If authorization is given, the Authority sends the articles of constitution, the documents required to be filed with them and the prescribed fees to the enterprise registrar.”

**670.** Section 17 of the Act is amended by replacing “of the letters patent” by “shown on its certificate of incorporation issued by the enterprise registrar”.

**671.** The Act is amended by replacing the heading of Chapter III by the following heading:

“AMENDMENT OF ARTICLES”.

**672.** Section 18 of the Act is replaced by the following section:

“**18.** No articles of amendment of a Québec company may be sent to the enterprise registrar without the authorization of the Authority. The same applies to articles of consolidation and a request for the cancellation of articles.

The application for authorization must contain the information prescribed by regulation and be filed with the articles or the cancellation request signed by an authorized person, the other documents required to be filed with them and the fees prescribed under the Business Corporations Act (2009, chapter 52). The Authority may request any additional document or information it considers relevant for the examination of the application.

If it considers it advisable, the Authority may authorize articles of amendment, articles of consolidation or a request for the cancellation of the articles to be sent to the enterprise registrar.

However, the Authority may not grant a request for the cancellation of articles of amalgamation or continuance unless it has received prior authorization from the Minister.

In addition, the Authority may request the consolidation of the articles of a company.”

**673.** Section 19 of the Act is replaced by the following section:

“**19.** An application for authorization under section 18 must be signed by the person who signed the articles or the cancellation request; it may not be submitted to the Authority unless a notice summarizing the articles or the cancellation request has been sent to the Authority, together with the fees prescribed by regulation. The notice must be sent to the enterprise registrar for deposit in the register, at least one week before the application for authorization is submitted.”

**674.** Section 20 of the Act is repealed.

**675.** Section 21 of the Act is amended by inserting “, if so authorized by its shareholders,” after “may”.

**676.** The Act is amended by inserting the following section after section 21:

**“21.1.** Shareholder authorization to a continuance is given by special resolution.

By that resolution, the shareholders authorize a director or an officer of the company to sign the articles of continuance.”

**677.** Section 22 of the Act is amended

(1) by replacing the first paragraph by the following paragraph:

**“22.** The company must prepare articles of continuance, which may be deposited in the register only if the Minister has authorized the continuance.”;

(2) by replacing “The by-law shall indicate” in the second paragraph by “In addition to the provisions that are required to be set out in the articles of constitution of a Québec company, with the exception of the provisions relating to the founders, the articles of continuance must contain”.

**678.** Section 23 of the Act is repealed.

**679.** Section 24 of the Act is amended by replacing “of the by-law” by “of the resolution” wherever it appears and by striking out “of sole proprietorships, partnerships and legal persons”.

**680.** Section 25 of the Act is replaced by the following section:

**“25.** Within six months after the date of deposit of the notice in the register, the company shall send to the Authority the articles of continuance, signed by an authorized director or officer, a certified true copy of the special resolution authorizing the continuance, an application to the Minister for authorization of the continuance and the fees prescribed by regulation.”

**681.** Section 28 of the Act is amended by striking out the second sentence.

**682.** Section 29 of the Act is replaced by the following section:

**“29.** If the Minister grants the application, the Authority sends the articles of continuance and the documents required to be filed with them to the enterprise registrar.”

**683.** Section 30 of the Act is replaced by the following section:

**“30.** The enterprise registrar shall draw up a certificate evidencing the continuance in accordance with section 474 of the Business Corporations Act (2009, chapter 52). The enterprise registrar shall send a copy of the articles and of the certificate of continuance to the Authority.”

**684.** Section 31 of the Act is replaced by the following section:

**“31.** The company that applied for continuance shall cease to exist on the date appearing on the certificate of continuance.

The company resulting from the continuance shall have the rights and assume the obligations of the company that applied for continuance.”

**685.** Section 34 of the Act is replaced by the following section:

**“34.** A Québec company may not amalgamate otherwise than with one or more other Québec companies.

The articles of amalgamation required by the Business Corporations Act (2009, chapter 52) may not be deposited in the register unless the Minister has authorized the amalgamation.”

**686.** Section 36 of the Act is replaced by the following section:

**“36.** The amalgamation agreement shall be submitted for approval to the shareholders of each amalgamating company by its board of directors.

The agreement must be approved by a special resolution of the general meeting of each amalgamating company.”

**687.** Section 38 of the Act is amended by replacing “of each by-law approving the amalgamation and a joint application for ratification of the amalgamation by the Minister” by “of each resolution approving the amalgamation, a joint application requesting the Minister to authorize the amalgamation, the articles of amalgamation signed by an authorized director or officer of each of the amalgamating companies, any other document required to be filed with them and the fees prescribed under the Business Corporations Act (2009, chapter 52)”.

**688.** Section 41 of the Act is amended by striking out the second sentence.

**689.** Section 42 of the Act is repealed.

**690.** Section 43 of the Act is replaced by the following section:

**“43.** If the Minister grants the application, the Authority sends the articles of amalgamation, any other document required to be filed with them and the prescribed fees to the enterprise registrar.”

**691.** Section 44 of the Act is repealed.

**692.** Section 47 of the Act is amended by adding the following paragraph at the end:

“The articles of continuance required by the Business Corporations Act (2009, chapter 52) may not be deposited in the register unless the Minister has authorized the continuance.”

**693.** Section 51 of the Act is amended by replacing “and an application for approval of the continuance by the Minister” by “an application requesting the Minister to authorize the continuance, the articles of continuance signed by an authorized director or officer, any other document required to be filed with them and the fees prescribed under the Business Corporations Act (2009, chapter 52)”.

**694.** Section 54 of the Act is amended by striking out the second sentence.

**695.** Section 55 of the Act is replaced by the following section:

“**55.** If the Minister grants the application, the Authority sends the articles of continuance, any other document required to be filed with them and the fees prescribed under the Business Corporations Act (2009, chapter 52) to the enterprise registrar.”

**696.** Sections 56 to 58 of the Act are repealed.

**697.** Section 64 of the Act is amended by replacing subparagraph 4 of the first paragraph by the following subparagraph:

“(4) shares issued pursuant to a conversion or a continuance.”

**698.** Section 85 of the Act is amended by replacing “règlement” in the second paragraph in the French text by “règlement intérieur”.

**699.** Section 88 of the Act is amended by replacing “internal by-laws” by “by-laws”.

**700.** Section 101 of the Act is amended by replacing “in accordance with paragraph 3 of section 89 of the Companies Act (chapter C-38)” in the first paragraph by “or, if it is not, in accordance with section 145 of the Business Corporations Act (2009, chapter 52)”.

**701.** Section 104 of the Act is amended

(1) by replacing “a by-law approved by at least two-thirds of the votes of the shareholders at a meeting called” in the portion of the first paragraph before subparagraph 1 by “a special resolution passed”;

(2) by inserting “, exchange” after “purchase” in subparagraph 7 of the first paragraph;

(3) by inserting the following subparagraph after subparagraph 7 of the first paragraph:

“(7.1) to split, consolidate or convert shares;”;

(4) by replacing subparagraph 9 of the first paragraph by the following subparagraph:

“(9) to make, amend or repeal by-laws; and”;

(5) by replacing “by a by-law approved by at least two-thirds of the votes of the shareholders at a meeting called” in the second paragraph by “if a special resolution has been passed”.

**702.** Section 105 of the Act is amended by replacing “Every Québec company shall fix by by-law” and “the by-law is adopted” by “The shareholders of a Québec company shall pass a special resolution to fix” and “the resolution is passed”, respectively.

**703.** Section 106 of the Act is repealed.

**704.** Section 155 of the Act is amended

(1) by replacing “at least 2/3 of the votes given by the shareholders” in paragraph 1 by “special resolution”;

(2) by replacing “register of sole proprietorships, partnerships and legal persons” in paragraph 3.1 by “register”.

**705.** Section 222 of the Act is amended by replacing “ses règlements” in paragraph 6 in the French text by “son règlement intérieur”.

**706.** Section 234 of the Act is replaced by the following section:

**“234.** If a company fails to change its name within the prescribed time, the Authority asks the enterprise registrar to replace its name with another name or a designating number if it is a Québec company. In the case of an extra-provincial company, the Authority may suspend or revoke its licence.

On assigning a designating number or a new name to a Québec company, the enterprise registrar draws up a certificate evidencing the change and deposits it in the register. The enterprise registrar sends a duplicate of the certificate to the company or its representative. A copy of the certificate is sent to the Authority.

The change takes effect as of the date shown on the certificate.”

**707.** Section 351 of the Act is amended by replacing “, issuance of letters patent or supplementary letters patent and” in paragraph 1 by “the deposit and examination of articles and the issuance of certificates”.

**708.** The Act is amended

(1) by replacing “register of sole proprietorships, partnerships and legal persons” wherever it appears in sections 13, 37, 50, 97, 163, 169.1, 169.2 and 236 by “register”;

(2) by replacing “les règlements de la société” in the second paragraph of section 108 and paragraph 5 of section 287 in the French text by “le règlement intérieur de la société”.

#### ACT RESPECTING QUÉBEC BUSINESS INVESTMENT COMPANIES

**709.** Section 1 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) is amended by adding the following sentence at the end of the first paragraph: “It also applies to any investment company constituted under the Business Corporations Act (2009, chapter 52) and registered as such with Investissement Québec.”

#### ACT RESPECTING NORTHERN VILLAGES AND THE KATIVIK REGIONAL GOVERNMENT

**710.** Section 20 of the Act respecting Northern villages and the Kativik Regional Government (R.S.Q., chapter V-6.1) is amended by replacing “legally constituted company” in the second paragraph of subparagraph 4 of the first paragraph by “legally constituted business corporation”, and by replacing “such company”, “that company” and “such corporation” in that paragraph by “the business corporation”.

**711.** Section 190 of the Act is amended by replacing “public utility company” and “such company” by “public utility” and “the public utility”, respectively.

**712.** Section 245 of the Act is amended by replacing “legally constituted company” in the second paragraph of paragraph 1 by “legally constituted business corporation”, and by replacing “such company” wherever it appears in that paragraph by “the business corporation”.

#### ACT TO AMEND THE ACT RESPECTING INSURANCE AND OTHER LEGISLATIVE PROVISIONS

**713.** Section 39 of the Act to amend the Act respecting insurance and other legislative provisions (2002, chapter 70) is amended by replacing “98.2 to 98.12” in the second paragraph of proposed section 88.1 of the Act respecting insurance by “194 to 206 of the Business Corporations Act (2009, chapter 52)”.

## OTHER AMENDING PROVISIONS

**714.** The word “company” wherever it appears in the following provisions is replaced by “business corporation”:

(1) section 10 of the Act respecting the acquisition of farm land by non-residents (R.S.Q., chapter A-4.1);

(2) paragraph 2 of section 305 of the Act respecting elections and referendums in municipalities (R.S.Q., chapter E-2.2);

(3) the first paragraph of section 13 of the Family Housing Act (R.S.Q., chapter H-1);

(4) paragraph 1 of section 1 of the Municipal Aid Prohibition Act (R.S.Q., chapter I-15); and

(5) paragraph *b* of section 10 of the Act respecting the James Bay Native Development Corporation (R.S.Q., chapter S-9.1).

## CHAPTER XXIV

### TRANSITIONAL AND FINAL PROVISIONS

**715.** A company constituted, continued or resulting from an amalgamation under Part I of the Companies Act (R.S.Q., chapter C-38) must, before (*insert the date that is five years after the date of coming into force of section 728*), send articles of continuance to the enterprise registrar in accordance with this Act. Otherwise, it is dissolved as of that date.

In the case of an insurance company within the meaning of that expression in the Act respecting insurance (R.S.Q., chapter A-32) or a trust company or a savings company within the meaning of those expressions in the Act respecting trust companies and savings companies (R.S.Q., chapter S-29.01) to which Part I of the Companies Act applies, the articles of continuance must be sent to the enterprise registrar before (*insert the date that is two years after the date of coming into force of section 728*). Otherwise, this Act, except Chapter X, Division II of Chapter XII and Chapters XIII, XIV, XVI and XVII, is deemed to apply to the company as of that date, with the necessary modifications and subject to the Act respecting insurance.

Chapter XVIII applies to all companies governed by this section. In addition, sections 123.132 and 123.133 of the Companies Act apply to the continuance of those companies as business corporations.

**716.** A company constituted, continued or resulting from an amalgamation under Part IA of the Companies Act becomes, on (*insert the date of coming into force of section 728*), a business corporation governed by this Act.



The same applies to an insurance company within the meaning of that expression in the Act respecting insurance to which Part IA of the Companies Act applies.

**717.** The liquidation or the dissolution of a company to which Part I or IA of the Companies Act applies, begun before (*insert the date of coming into force of section 728*) under the Act that was applicable to it at that time, is continued in accordance with that Act.

**718.** A share issued before (*insert the date of coming into force of section 728*) by a company constituted, continued or resulting from an amalgamation under Part I or IA of the Companies Act for which a certificate was not issued is deemed, for the purposes of a transfer, to be a certificated share, unless it has been converted into an uncertificated share under the third paragraph of section 61. The issuing company must, at the shareholder's request, issue a certificate for the share in accordance with section 63.

**719.** A person who holds a bearer certificate issued by a company to which Part I or IA of the Companies Act applies may request that the company replace the bearer certificate by a certificate in registered form; in such a case, the company must issue a certificate in registered form in accordance with section 63.

**720.** A corporation which, on (*insert the date of coming into force of section 86*), holds shares of a legal person who controls the corporation's parent legal person must cease to hold the shares within five years after that date. Otherwise, it may not, at the expiry of that period, exercise the voting rights attached to those shares, and any act in contravention of section 86 is null.

**721.** An intelligible and legible reference on a share certificate issued before (*insert the date of coming into force of section 728*) to the existence of a restriction on the transfer of shares is considered to be noted conspicuously on the certificate in accordance with section 37 of the Act respecting the transfer of securities and the establishment of security entitlements (2008, chapter 20).

**722.** A reference, in the articles of a company to which Part I or IA of the Companies Act applies that becomes subject to this Act, to the judicial district in which the company's head office is established is deemed not written.

**723.** Section 21 does not apply to a company to which Part I or IA of the Companies Act applies which, as of (*insert the date preceding the date of coming into force of section 21*), uses a name other than its own in accordance with that Act.

**724.** A company that becomes a corporation to which this Act applies may fulfill the requirements of section 215 by declaring the existence of a unanimous shareholder agreement to the enterprise registrar when filing its first annual declaration after (*insert the date of coming into force of section 215*).

**725.** A regulation made by the Government under section 23 or 123.169 of the Companies Act continues to apply until it is repealed or replaced by a regulation made by the Government under section 488 or 489 of this Act or until procedures or directives to the same effect are established by the Minister of Revenue in accordance with this Act.

Moreover, despite being repealed or replaced by a new regulation made by the Government or by procedures or directives established by the Minister of Revenue in accordance with this Act, a regulation made under the Companies Act for the purposes of Parts I and IA of that Act retains its effects insofar as the regulation is necessary for the purposes of Parts II and III of that Act. Such a regulation also retains its effects until (*insert the date that is five years after the date of coming into force of section 728*) in respect of any company constituted, continued or resulting from an amalgamation under Part I before (*insert the date of coming into force of section 728*).

**726.** Any by-law sanctioned in accordance with section 77 of the Companies Act or adopted in accordance with section 92 of that Act is deemed to be a by-law approved in accordance with this Act.

**727.** The Government may, by a regulation made within one year after the date of coming into force of this section, enact any other transitional measure necessary for the carrying out of this Act.

Such a regulation is not subject to the publication requirement set out in section 8 of the Regulations Act (R.S.Q., chapter R-18.1).

**728.** This Act replaces Parts I and IA of the Companies Act, comprising sections 1 to 123.172.

However, Parts I and IA of that Act continue to have effect insofar as they are necessary for the purposes of Parts II and III of that Act or for the purposes of any other Act that provides for their application.

Likewise, Part I of that Act continues to have effect until (*insert the date that is five years after the date of coming into force of this section*) in respect of any company constituted, continued or resulting from an amalgamation under Part I of that Act before (*insert the date of coming into force of this section*).

**729.** The provisions of this Act come into force on the date or dates to be set by the Government.

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