

“271.12. The fees payable under this chapter are reduced by 15% for the period of 1 March 2003 to 28 February 2006.”

**2.** This Regulation comes into force on 1 March 2003.

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Gouvernement du Québec

**O.C. 57-2003, 22 January 2003**

Professional Code  
(R.S.Q., c. C-26)

**Chartered accountancy profession  
— Practice within a partnership or a joint-stock  
company**

Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint-stock company

WHEREAS, under paragraph *p* of section 94 of the Professional Code (R.S.Q., c. C-26), the Bureau of the Ordre des comptables agréés du Québec may, by regulation, authorize the members of the order to carry on their professional activities within a limited liability partnership or a joint-stock company, and under paragraphs *g* and *h* of section 93 of the Code, it must, by regulation, impose on its members the obligation to furnish and maintain security, on behalf of the partnership or company, against liabilities of the partnership or company arising from fault or negligence in the practice of their profession and fix the conditions and procedure and any fees applicable to a declaration made to the Order;

WHEREAS the Bureau of the Ordre des comptables agréés du Québec made the Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint-stock company;

WHEREAS, under section 95.3 of the Code, a draft Regulation was sent to every member of the Order at least 30 days before being made by the Bureau;

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), the draft Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint-stock company was published in Part 2 of the *Gazette officielle du Québec* of 17 July 2002 with a notice that it could be submitted to the Government for approval upon the expiry of 45 days following that publication;

WHEREAS, in accordance with section 95 of the Professional Code, the Office des professions du Québec made its recommendations;

WHEREAS it is expedient to approve the Regulation with amendments;

IT IS ORDERED, therefore, upon the recommendation of the Minister responsible for the administration of legislation respecting the professions:

THAT the Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint-stock company, attached to this Order in Council, be approved.

JEAN ST-GELAIS,  
*Clerk of the Conseil exécutif*

**Regulation respecting the practice of the  
chartered accountancy profession within  
a partnership or a joint-stock company**

Professional Code  
(R.S.Q., c. C-26, s. 93, par. *g* and *h*, s. 94, par. *p*)

**CHAPTER I  
PURPOSE**

**1.** Members of the Ordre des comptables agréés du Québec are authorized to practise their profession within a limited liability partnership or joint-stock company holding itself out as a partnership or company of chartered accountants or within which one or more members offer assurance services provided the following conditions are met:

(1) at all times, more than 50% of the voting rights attached to the shares of the partnership or company are held:

(a) by members of the Ordre or members of the Canadian Institute of Chartered Accountants practising the profession within the partnership or company;

(b) by legal persons, trusts or any other enterprise, the voting rights or partnership shares of which are held wholly by one or more members of the Ordre or by members of the Canadian Institute of Chartered Accountants practising the profession within the partnership or company;

(c) by a combination of persons contemplated in *a* and *b*;

(2) a majority of the directors of the board of directors of the joint-stock company, a majority of the partners or, where applicable, of the managers appointed by the partners to manage the affairs of the limited liability partnership, are members of the Ordre or members of the Canadian Institute of Chartered Accountants practising the profession within the partnership or company;

(3) the board of directors or a similar internal management board is made up of a majority of members of the Ordre or members of the Canadian Institute of Chartered Accountants who shall, at all times, constitute the majority of the quorum of such boards;

(4) one or more members of the Ordre practising the profession within the partnership or company hold a partnership share or company share with voting rights;

(5) the chair of the board of directors of the joint-stock company, or in the case of a limited liability partnership, the person who performs similar functions, is a partner or shareholder with voting rights and a member of the Ordre or members of the Canadian Institute of Chartered Accountants;

(6) only a member of the Ordre or a member of the Canadian Institute of Chartered Accountants practising the profession within the partnership or company is granted, by voting agreement or proxy, the voting right attached to a company share or partnership share held by another member of the Ordre or another member of the Canadian Institute of Chartered Accountants, or by a legal person, a trust or another enterprise contemplated in paragraph 1(1)*b*.

The member of the Ordre shall ensure that the conditions set out in the first paragraph are included in the articles of incorporation of the joint-stock company or in the contract creating the limited liability partnership and that these documents also stipulate that the partnership or company is constituted for the purpose of carrying on professional activities.

**2.** In all other circumstances, members of the Ordre are authorized to practise their profession within a limited liability partnership or joint-stock company provided the following conditions are met:

(1) at all times, more than 50% of the voting rights attached to the shares of the partnership or company are held:

(*a*) by persons governed by the Professional Code (R.S.Q., c. C-26), by real estate brokers or agents who are members in good standing of the Association des

Courtiers et Agents Immobiliers du Québec and, provided they are duly accredited by a competent authority, by securities brokers or advisors, financial planners, life or group insurance representatives, damage insurance agents or brokers, or by persons governed by an act of another Canadian province recognizing and subjecting them to similar rules or by members in good standing of the corporation incorporated under An Act to Incorporate the Canadian Institute of Actuaries (S.C., 1964-65, c.76) and practising within the partnership or company;

(*b*) by legal persons, trusts or any other enterprise, the voting rights or partnership shares of which are held wholly by one or more persons contemplated in *a*;

(*c*) by a combination of persons contemplated in *a* and *b*;

(2) a majority of the directors of the board of directors of the joint-stock company as well as a majority of partners or managers appointed by the partners to manage the affairs of the limited liability partnership are persons contemplated in (1)*a*;

(3) the board of directors or a similar internal management board is made up of a majority of persons contemplated in paragraph 2(1)*a* who shall, at all times, constitute the majority of the quorum of such boards.

The member of the Ordre shall ensure that the conditions set out in the first paragraph are included in the articles of incorporation of the joint-stock company or in the contract creating the limited liability partnership and that these documents also stipulate that the partnership or company is constituted for the purpose of carrying on professional activities.

## CHAPTER II OTHER CONDITIONS

### DIVISION I TERMS AND CONDITIONS

**3.** A member of the Ordre may practise his profession within a partnership or company if he:

(1) has provided written confirmation to the Ordre from a competent authority attesting that the partnership or company has taken out professional liability coverage in accordance with Division II of this chapter;

(2) has provided written confirmation to the Ordre from a competent authority attesting to the existence of the company where the member practises within a joint-stock company;

(3) where applicable, has provided to the Ordre a certified true copy of the declaration from the competent authority attesting to the continuance of the general partnership as a limited liability partnership;

(4) has provided written confirmation to the Ordre attesting that the partnership or company is duly registered in Quebec;

(5) has provided written confirmation to the Ordre attesting that the partnership or company maintains a place of business in Quebec;

(6) has provided an irrevocable written authorization to the Ordre from the partnership or company within which the member practises allowing a person, committee, disciplinary body, or tribunal referred to in section 192 of the Professional Code to obtain from any person any document referred to in section 15 or a copy thereof;

(7) has paid, where applicable, the fees determined by the Ordre pursuant to paragraph 93*h* of the Professional Code.

**4.** Furthermore, a member shall send the Ordre a sworn statement, duly completed on the form provided by the Ordre, which shall include the following information:

(1) the partnership or company name and the other names used in Quebec by every partnership or company within which the member practises the profession as well as the registration number issued by the Inspector General of Financial Institutions for such partnership or company;

(2) the legal form of the partnership or company;

(3) the address of the head office of the partnership or company and the addresses of its places of business in Quebec;

(4) the professional activities carried on by the member within the partnership or company;

(5) the name, home and business address of the member and his status within the partnership or company;

(6) where a member practises his profession within a joint-stock company, the names and home addresses of the directors of such company and, where applicable, the professional order or equivalent to which they belong;

(7) where a member practises his profession within a limited liability partnership, the names and home addresses of all partners domiciled in Quebec and, where applicable, the names and home addresses of the managers appointed to manage the partnership's affairs, whether or not they be domiciled in Quebec, as well as the professional order or equivalent to which these partners or managers belong;

(8) a written confirmation provided by the member attesting that the holding of company or partnership shares and the rules respecting the management of the partnership or company satisfy the conditions set out in this Regulation;

(9) the names of the shareholders contemplated in subsection (1) of the first paragraph of Section 1, specifying the percentage of voting rights held by each shareholder;

(10) where shareholders referred to in subsection (1) of the first paragraph of Section 1 are concerned, a confirmation that the conditions set out in this paragraph are met.

**5.** A member who fails to satisfy the conditions set out in sections 3 and 4, prior to practising the profession within a partnership or company, shall not be authorized to practise his profession within a partnership or company.

**6.** Where two or more members practise their profession within a partnership or company, a representative may satisfy the conditions set out in sections 3 and 4 on behalf of the members of such partnership or company. Under this Regulation, the representative is thus mandated by these members to respond to requests made by the syndic, an inspector, an investigator or any other Ordre representative, and to provide, where applicable, the documents that Ordre members are required to submit.

Where a partnership or company contemplated in section 1 is concerned, a representative shall be designated.

The representative shall be a member of the Ordre who is either a partner or a company director and a shareholder with voting rights.

Except for subsections 4(4) and (5), the representative shall ensure that the information provided in the statement is accurate.

**7.** A member shall be exempt from satisfying the conditions set out in sections 3 and 4 if another member or a representative of the partnership or company has already fulfilled these conditions.

**8.** The documents referred to in subsections 3(1), (2), (4) and (5), together with the statement contemplated in section 4, shall be updated annually by the member or the representative no later than March 31 of each year.

**9.** A member who no longer satisfies one of the conditions set out in this Regulation or in Chapter VI.3 of the Professional Code, introduced by section 9 of chapter 34 of the statutes of 2001, shall immediately cease to be authorized to practise the profession within a partnership or company.

**10.** A member or his representative shall immediately notify the Ordre of the cancellation of the insurance coverage specified in Division II, of the striking off, dissolution, assignment of property or bankruptcy, or voluntary or forced liquidation of the partnership or company or of any other event that would prevent the partnership or company from carrying on its activities, and of any amendment to the information included in the statement that would contravene the conditions set out in section 1 or 2.

## DIVISION II PROFESSIONAL LIABILITY COVERAGE

**11.** To be authorized to practise the profession in accordance with this Regulation, a member of the Ordre practising his profession within a partnership or company shall furnish and maintain, on behalf of the partnership or company, by means of an insurance or suretyship contract or by joining a group insurance plan contract entered into by the Ordre or by contributing to a professional liability insurance fund established in accordance with section 86.1 of the Professional Code, coverage for liabilities of the partnership or company arising from fault or negligence on the part of members in the practise of the profession within such partnership or company.

**12.** The following minimal conditions for such coverage shall be set out in a specific rider or contract:

(1) an undertaking by the insurer or surety to pay on behalf of the partnership or company, over and above the amount of the insurance coverage the member must take out in accordance with the Ordre des comptables agréés du Québec (Professional Liability Insurance) Regulation approved by decree No. 332-85 dated February 21, 1985 or the insurance coverage actually taken out by the

member if it is higher, up to the amount of the coverage, any amount that the partnership or company may be legally bound to pay to injured third parties on a claim made during the period of coverage and arising from the member's fault or negligence in the practice of his profession; the insurer's obligation shall extend to all claims to which the member's liability insurance coverage does not apply as a result of the member's fault or negligence in the practice of the profession;

(2) an undertaking by the insurer or surety to take up the cause of the partnership or company and defend it in any lawsuit launched against it and to pay, in addition to the amounts covered by the liability insurance, all legal costs of lawsuits against the partnership or company, including the investigation and defence costs and interest on the amount of coverage;

(3) an undertaking that the coverage shall extend to all claims submitted in the five years following the period of coverage during which a member of the partnership or company dies, withdraws from the partnership or company or ceases to be a member of the Ordre, so as to maintain coverage for the partnership or company for the faults or negligence of the member while he practised the profession within the partnership or company;

(4) the coverage shall be at least \$1,000,000 per claim and for the aggregate of claims made against the partnership or company in a 12-month period of coverage;

(5) where a member is a sole practitioner, as the unique shareholder of a joint-stock company in which no other member is an employee, the coverage shall be at least \$500,000 per claim and for the aggregate of claims made against the company in a 12-month period of coverage;

(6) an undertaking by the insurer or surety to provide the secretary of the Ordre with a 30-day notice of intent to cancel the insurance or suretyship contract, or to amend one of the conditions set out in this section;

(7) an undertaking by the insurer or surety to provide the secretary of the Ordre with a notice that the insurance or suretyship contract has not been renewed; such notice shall be sent within 15 days following the expiration of the contract.

**13.** The suretyship shall be granted by a bank, savings and credit union, trust or insurance company which shall be domiciled in Canada and hold and maintain sufficient property in Quebec to satisfy the liability coverage required under this division.

The institution referred to above shall undertake to provide the coverage in accordance with the conditions set out in this Division, without availing itself of the benefits of division and discussion.

### DIVISION III ADDITIONAL INFORMATION

**14.** On the date when a general partnership continues as a limited liability partnership or when a joint-stock company is constituted, the member of the Ordre shall send his clients a notice informing them of the nature and consequences of such change in status, particularly as concerns his professional liability and the liability of the partnership or company.

**15.** The documents which the Ordre member has been authorized by the partnership or company to communicate or copy in accordance with subsection 3(6) are as follows:

(1) if the member practises within a joint-stock company:

(a) the up-to-date register of the company's articles and by-laws;

(b) the up-to-date share register;

(c) the up-to-date register of directors;

(d) any shareholder agreement, voting agreement and related amendments;

(e) the declaration of registration and any update thereof;

(f) the names and home addresses of the company's main officers;

(2) if the member practises within a limited liability partnership:

(a) the declaration of registration and any update thereof;

(b) the partnership agreement and amendments;

(c) the up-to-date register of partners;

(d) if applicable, the up-to-date register of managers;

(e) the names and home addresses of the partnership's main officers.

### CHAPTER III DESIGNATIONS

**16.** In addition to the mention required under section 187.13 of the Professional Code, a member of the Ordre who practises his profession within a limited liability partnership is authorized to include in or after its name the words "firm of professionals governed by the Professional Code" or the abbreviation "FPGPC".

A member of the Ordre who practises his profession within a joint-stock company is also authorized to include such words in or after its name or use such abbreviation.

### CHAPTER IV TRANSITIONAL AND FINAL PROVISION

**17.** A member of the Ordre who practises his profession within a joint-stock company incorporated for that purpose before the coming into force of this Regulation shall, no later than in the year following such date, satisfy the conditions set out in this Regulation.

**18.** Regulation comes into force on the fifteenth day following its publication in the *Gazette Officielle du Québec*.

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Gouvernement du Québec

**O.C. 58-2003**, 22 January 2003

Professional Code  
(R.S.Q., c. C-26)

#### Chartered accountants — Code of ethics

Code of ethics of chartered accountants

WHEREAS, under section 87 of the Professional Code (R.S.Q., c. C-26), the Bureau of the Ordre des comptables agréés du Québec must make, by regulation, a code of ethics governing the general and special duties of the members of the Order towards the public, the clients and the profession;

WHEREAS the Bureau of the Ordre des comptables agréés du Québec made the Code of ethics of chartered accountants to replace the Code of ethics of chartered accountants (R.R.Q., 1981, c. C-48, s.2) and the Chartered Accountants (Advertising) Regulation, approved by Order in Council 2408-84 dated 31 October 1984;