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# NATIONAL ASSEMBLY

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FIRST SESSION

THIRTY-SEVENTH LEGISLATURE

## **Bill 22**

(2003, chapter 18)

### **An Act to amend the Cooperatives Act**

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**Introduced 4 November 2003**  
**Passage in principle 13 November 2003**  
**Passage 12 December 2003**  
**Assented to 18 December 2003**

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## EXPLANATORY NOTES

*This bill amending the Cooperatives Act makes changes to certain rules governing the administrative operation of cooperatives. It introduces various rules applicable to each type of cooperative, that is, producers cooperatives, consumer cooperatives, work cooperatives, shareholding workers cooperatives and solidarity cooperatives. In addition, the bill alters certain rules that apply to such specific cooperative sectors as housing and the school community.*

*The bill also modifies the rules applicable to the constitution of a cooperative and simplifies the operating procedures of the general meeting and the board of directors of a cooperative.*

*New rules are introduced with respect to the accountability of cooperatives to their members, auxiliary members and holders of capital. The rules concerning the allocation of surpluses are amended to require an allocation to the reserve. In addition, producers cooperatives, work cooperatives and shareholding workers cooperatives are authorized to establish an enhancement reserve from which rebates may be allotted.*

*As well, the bill modifies the rules relating to the winding-up, dissolution, amalgamation and continuation of cooperatives and introduces rules concerning the implementation of a cooperative compliance program.*

*Lastly, the bill includes transitional provisions and concordance amendments.*

## LEGISLATION AMENDED BY THIS BILL:

- Companies Act (R.S.Q., chapter C-38);
- Cooperatives Act (R.S.Q., chapter C-67.2);
- Act to amend the Cooperatives Act and other legislative provisions (1995, chapter 67).

## Bill 22

### AN ACT TO AMEND THE COOPERATIVES ACT

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

**1.** Section 2 of the Cooperatives Act (R.S.Q., chapter C-67.2) is amended by inserting “or venture” after “investment” in the fifth line.

**2.** Section 3 of the said Act is amended by inserting “or partnerships” after “persons” in the first line and by replacing “and social” in the first and second lines by “, social and cultural”.

**3.** Section 4 of the said Act is amended

(1) by replacing “member’s using” in paragraph 1 by “member actually using”;

(2) in the French text by striking out “sociales” in the second line of paragraph 2;

(3) by replacing “may” in paragraph 4 by “must”;

(4) by replacing “or to rebates” in the second line of paragraph 5 by “and to rebates”;

(5) by replacing paragraphs 6 and 7 by the following paragraphs:

“(6) cooperation must be promoted among the members, between the members and the cooperative and between the cooperative and other cooperative organizations;

“(7) the training of the members, directors, executive officers and employees of the cooperative in the field of cooperation must be promoted and the public must be informed of the nature and advantages of cooperation;

“(8) cooperatives must support development efforts in their community.”

**4.** Section 5 of the said Act is amended by replacing “within 90 days after” in the second line of the first paragraph by “after”.

**5.** Section 7 of the said Act is replaced by the following section:

**“7.** At least five founders are required to apply for the constitution of a cooperative.

The founders must have common needs that can be met by the cooperative and be capable of actually being users of the services the cooperative provides, and they must meet the requirements of paragraph 1 of section 4.”

**6.** Section 8 of the said Act is amended by inserting “whose object concerns him” after “cooperative” in the first line.

**7.** Section 9 of the said Act is amended by striking out paragraph 2.

**8.** Section 11 of the said Act is replaced by the following section:

**“11.** The articles of the cooperative signed by each founder shall be forwarded to the Minister.”

**9.** Section 12 of the said Act is amended

(1) by inserting the following paragraph after paragraph 4:

“(4.1) a document describing the cooperative’s business plan and the needs it can meet;”;

(2) by replacing paragraph 5 by the following paragraph:

“(5) any other document or information required by the Minister for the examination of the application.”

**10.** Section 13 of the said Act, amended by section 295 of chapter 45 of the statutes of 2002, is again amended

(1) by replacing “and the fees prescribed by government regulation” in the first and second lines of the first paragraph by “, the fees prescribed by government regulation and any other document or information required by the Minister”;

(2) by replacing “on each copy of the articles” in the first line of subparagraph 1 of the second paragraph by “on the articles”;

(3) by striking out “one duplicate of” in subparagraph 2 of the second paragraph;

(4) by replacing “one duplicate” in subparagraph 3 of the second paragraph by “a certified copy”;

(5) by replacing “one copy” in the first line of subparagraph 4 of the second paragraph by “a certified copy”;

(6) by replacing “if they are sent” in the second line of the third paragraph by “if a certified copy of the articles is sent”.

**11.** Section 15 of the said Act is replaced by the following section:

“**15.** The name of the cooperative must be in accordance with section 13 of the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons (chapter P-45).”

**12.** Section 16 of the said Act is amended by striking out “, “cooprix”” in the second line of the first paragraph.

**13.** Section 20 of the said Act is amended by adding the following sentence at the end of the first paragraph: “It must file a declaration to that effect in accordance with the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons.”

**14.** Section 21 of the said Act is replaced by the following section :

“**21.** The founders must hold an organization meeting at the latest six months after the date the cooperative is constituted.”

**15.** Section 22 of the said Act is amended by replacing “or unable to act,” in the first line of the second paragraph by “or is unable or refuses to act,”.

**16.** Section 23 of the said Act is amended by replacing “has an interest as” in the third line of the first paragraph by “is capable of actually being”.

**17.** Section 25 of the said Act is repealed.

**18.** Section 30 of the said Act is amended

(1) by inserting “on administration by the meeting” after “agreement” in the second line of paragraph 1;

(2) by adding “and binding” at the end of paragraph 4.

**19.** Section 33 of the said Act is replaced by the following section:

“**33.** The head office of a cooperative must at all times be located in Québec.

The general meeting may change the location of the cooperative’s head office. The cooperative must give notice of the change by filing a declaration to that effect in accordance with the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons.”

**20.** Sections 33.1 to 36 of the said Act are repealed.

**21.** Section 37 of the said Act is amended by replacing “and preferred shares” in the first paragraph by “, preferred shares and participating preferred shares”.

**22.** Section 38 of the said Act is amended by replacing “considers” in the first line of paragraph 2 by “shows”.

**23.** Section 38.2 of the said Act is amended by replacing “and the by-laws” in the third line by “ and the by-laws and resolutions”.

**24.** Section 46 of the said Act is amended by inserting “to any person or partnership” after “share” at the end of the first paragraph.

**25.** Section 47 of the said Act is amended by adding “or they must be attached to a copy of the resolution that determines the characteristics of the shares” at the end.

**26.** Section 49.1 of the said Act is amended by inserting “or partnership” after “person” in the second line of the first paragraph.

**27.** Section 49.2 of the said Act is amended by adding “or be accompanied by a copy of the by-law that determines the characteristics of the shares” at the end.

**28.** Section 50 of the said Act is amended by inserting “or partnership” after “person” in the first line.

**29.** Section 51 of the said Act is amended by replacing “have an interest as” in paragraph 1 by “be capable of actually being”.

**30.** The first paragraph of section 52 of the said Act is amended by inserting “The by-law shall indicate the reasons for creating the class of auxiliary members.” after the first sentence and by replacing “ has an interest as” in the fourth and fifth lines by “is capable of actually being”.

**31.** The said Act is amended by inserting the following section after section 52:

“**52.1.** In addition to the provisions of a by-law made under section 52, the auxiliary members are governed by the provisions of this Act that apply expressly to them and by paragraphs 1, 5, 6 and 7 of section 4, paragraph 5 of section 27, subparagraph 2 of the first paragraph of section 28, sections 38.1, 38.2, 43, 44, 51.1, 51.2 and 55 to 60, paragraphs 6 and 7 of section 90, section 128, paragraph 3 of section 132 and sections 140, 152, 193.1, 193.3, 219.1, 220, 221.1, 221.6 and 224.1.”

**32.** The said Act is amended by inserting the following section after section 54:

**“54.1.** The cooperative may by by-law determine conditions for the use of mediation to facilitate the settlement of any dispute between a member or auxiliary member and the cooperative.”

**33.** Section 57 of the said Act is amended by inserting the following subparagraph after subparagraph 1 of the first paragraph:

“(1.1) if he no longer is capable of actually being a user of the cooperative’s services;”.

**34.** Section 58 of the said Act is amended by replacing the third paragraph by the following paragraphs:

“The decision is taken by two-thirds of the votes cast by the directors present.

Within 15 days of its decision, the cooperative shall give the member written notice with reasons of his suspension or expulsion, which shall become effective on the date specified in the said notice.”

**35.** Section 60.1 of the said Act is amended by inserting “a shareholding workers cooperative or a solidarity cooperative consisting of members who are workers of the cooperative,” after “work cooperative,” in the first line of subparagraph 3 of the first paragraph.

**36.** The heading of Division III of Chapter IX of Title I of the said Act is replaced by the following heading:

“AGREEMENT ON ADMINISTRATION BY THE MEETING OF THE MEMBERS”.

**37.** Section 61 of the said Act is amended by striking out the third paragraph.

**38.** Section 62.1 of the French text of the said Act is amended by replacing “réunions” in the first line by “assemblées”.

**39.** The said Act is amended by inserting the following section after section 62.1:

**“62.2.** If the members have agreed not to elect directors, the cooperative is only required to give notice of its annual meeting to the federation of which it is a member.”

**40.** Section 64 of the said Act is amended by replacing the second paragraph by the following paragraph:

“If the quorum determined by by-law is not present, the meeting may be reconvened. If the quorum is not present at the second meeting, the meeting

may validly be held and must concern itself with the same matters as those indicated in the first notice of a meeting.”

**41.** Section 65 of the said Act is amended

(1) by inserting the following sentence at the end of the first paragraph: “The notice must indicate the place, date and time of the meeting and the matters to be discussed.”;

(2) by adding the following sentence at the end of the second paragraph: “The notice must also be given to the federation of which the cooperative is a member within the same time.”;

(3) by adding the following paragraph at the end:

“A representative of the federation may attend and speak at the meeting.”

**42.** Section 69 of the said Act is amended by inserting “, in his absence,” after “the meeting” in the third line of the first paragraph.

**43.** Section 76 of the said Act is amended

(1) by adding the following paragraph after paragraph 7:

“(8) take part in a question period on any matter within the competence of the meeting.”;

(2) by adding the following paragraph at the end:

“If the cooperative fails to hold an annual meeting of its members within the prescribed time, the board of directors of the federation of which the cooperative is a member may call the annual meeting. The cooperative shall reimburse the federation for reasonable expenses incurred by the federation to hold the meeting.”

**44.** The said Act is amended by inserting the following section after section 76:

“**76.1.** The cooperative may by by-law prescribe that a copy of the annual report be sent with the notice of its annual meeting or that it be made available in a place specified in the notice of a meeting.”

**45.** Section 77 of the said Act is amended

(1) by striking out the second paragraph;

(2) by adding the following sentence at the end of the third paragraph: “The requisition must specify the matters to be put on the agenda of the special meeting.”



**46.** Section 78 of the said Act is amended by adding the following paragraphs at the end:

“In such a case, the federation or the signatories may obtain a copy of the list referred to in paragraph 5 of section 124.

Unless the members object thereto by resolution at the meeting, the cooperative shall reimburse those who called the meeting for reasonable expenses incurred by them to hold the meeting.”

**47.** Section 79 of the said Act is amended by adding the following sentence at the end: “The matters specified in the requisition must also be stated in the notice, with an indication of those which may be deliberated on and decided by the general meeting.”

**48.** The said Act is amended by inserting the following section after section 79:

**“79.1.** The cooperative may by by-law authorize participation in a special meeting by means of communication enabling all participants to communicate with each other. The by-law sets out the requirements that apply to the holding of such a meeting, including those that apply to a vote.

Those who participate in the meeting in this manner are deemed to have attended the meeting.”

**49.** Section 80 of the said Act is amended by replacing “five” by “three” in the first paragraph.

**50.** Section 81 of the said Act is amended

(1) by replacing the second paragraph by the following paragraph:

“The representative of a financial services cooperative within the meaning of the Act respecting financial services cooperatives and the representative of a federation or confederation within the meaning of this Act may be a director, provided the financial services cooperative or the federation or confederation is a group within the meaning of section 83.”;

(2) by replacing “ or in a solidarity cooperative” in the second line of the third paragraph by “, in a shareholding workers cooperative or in a solidarity cooperative consisting of members who are workers of the cooperative”.

**51.** Section 81.1 of the said Act is amended

(1) by striking out the second paragraph;

(2) by adding the following paragraph after the third paragraph:

“During their terms of office, these directors also have the right to be convened to and attend a general meeting with the right to speak.”

**52.** The said Act is amended by inserting the following section after section 81.1:

**“81.1.1.** The number of positions held by persons referred to in the second paragraph of section 81 and in section 81.1 must not exceed one-third of the total number of directors’ positions.”

**53.** Section 82 of the said Act is amended by inserting “, a shareholding workers cooperative or a solidarity cooperative consisting of members who are workers of the cooperative” after “cooperative” in the first line of paragraph 3.

**54.** Section 83 of the said Act is amended by replacing the third paragraph by the following paragraph:

“A financial services cooperative governed by the Act respecting financial services cooperatives or a federation or a confederation governed by this Act may constitute a group even though it is not a member of the cooperative.”

**55.** Section 85 of the said Act is amended

(1) by replacing “before the next annual meeting, the meeting may fill the vacancy” in the third line of the first paragraph by “, the vacancy may be filled at a general meeting”;

(2) by adding the following sentence at the end of the third paragraph: “The cooperative shall reimburse those who called the meeting for reasonable expenses incurred by them to hold the meeting.”

**56.** Section 88 of the said Act is amended by replacing the first and second paragraphs by the following paragraph:

**“88.** Within 15 days from any change in the composition of the board of directors, the cooperative shall give notice of the change by filing a declaration to that effect in accordance with the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons.”

**57.** Section 89 of the said Act is amended

(1) by adding the following sentence at the end of the second paragraph: “The meeting may not require that the board of directors obtain its authorization to exercise the powers expressly granted to the board under other provisions of this Act.”;

(2) by adding “or auxiliary members” after “members” in the third line of the third paragraph;

(3) by adding the following paragraph at the end:

“The board of directors may not sell, rent or exchange all or substantially all the property of the cooperative, outside the normal course of its business, unless it is authorized to do so by a by-law adopted by three quarters of the votes cast by the members or their representatives present at a general meeting.”

**58.** Section 90 of the said Act is amended

(1) by adding “that takes into account the repayment of shares anticipated in the annual report” at the end of paragraph 4.1;

(2) by replacing paragraph 6 by the following paragraph:

“(6) promote the training of the members, directors, executive officers and employees of the cooperative in the field of cooperation and encourage information of the public on the nature and advantages of cooperation;”;

(3) by replacing paragraph 7 by the following paragraphs:

“(7) promote cooperation among the members, between the members and the cooperative and between the cooperative and other cooperative organizations;

“(7.1) encourage support of development efforts in the community where the cooperative operates;”;

(4) by replacing “of this title” in the second and third lines of paragraph 8 by “of this Act”.

**59.** Section 93 of the said Act is amended by replacing “of the members” in the first paragraph by “of the number of directors determined by by-law in accordance with section 80”.

**60.** Section 95 of the said Act is replaced by the following section:

“**95.** Subject to the by-laws, the directors may, if a majority of them agree, participate in a meeting of the board by using means of communication enabling all participants to communicate with each other. Those who participate in the meeting in this manner are deemed to have attended the meeting.”

**61.** Section 103 of the said Act is amended by adding “, or if the proceeding has been withdrawn or dismissed” at the end of the second paragraph.

**62.** Section 106 of the said Act is amended by inserting “and for the decision” after “deliberation” in the first line of the second paragraph.

**63.** Section 107 of the said Act is replaced by the following section:

**“107.** If the board of directors is composed of at least six members, it may, if so authorized by the by-laws, establish an executive committee composed of directors.

The number of members of the executive committee may not exceed half the number of directors and may not be less than three.”

**64.** Section 120 of the said Act is replaced by the following section:

**“120.** The articles of amendment shall be accompanied with an application for the amendment of the articles, signed by the director authorized to sign the articles of amendment, with an attestation of the secretary establishing that the cooperative has met the requirements of section 119 and with any other document or information required by the Minister for the examination of the application.

The articles of amendment signed by a director shall be sent to the Minister.”

**65.** Section 121 of the said Act, amended by section 295 of chapter 45 of the statutes of 2002, is replaced by the following section:

**“121.** On receiving the articles of amendment, the accompanying documents, the fees prescribed by government regulation and any other required document or information, the Minister may, if he or she considers it advisable, accept the amendment.

For that purpose, the Minister, in addition to the procedure set out in subparagraphs 2 and 3 of the second paragraph of section 13, shall endorse “articles amended” on the articles of amendment, with the date of approval, followed by the signature of the Minister or of the Minister’s designee.

The Minister shall send a certified copy of the articles of amendment to the enterprise registrar, who shall deposit them in the register.

The amendment is effective from the date of the Minister’s approval appearing on the articles of amendment or any subsequent date that is mentioned in the articles.”

**66.** Section 123 of the said Act is amended by adding the following paragraph at the end:

“Where the notice of meeting is given in writing, it shall be accompanied with a copy or summary of any draft by-law appearing on the agenda. Where another manner of calling the meeting is used, the cooperative must make a copy of those documents available at a place designated in the notice of the meeting.”

**67.** Section 124 of the said Act is amended

(1) by inserting “on administration by the meeting” after “agreement” in the first line of paragraph 1;

(2) by replacing paragraph 2 by the following paragraph:

“(2) a list of its directors and executive officers stating their names and domiciles and stating, where applicable, the starting date and duration of their terms of office;”;

(3) by replacing paragraph 5 by the following paragraph:

“(5) a list of the members, auxiliary members and other shareholders stating their names and their last known addresses;”.

**68.** Section 127 of the said Act is amended by replacing “of the agreement of the members” in the fourth line of the first paragraph by “of the resolutions that determine the characteristics of the shares issued by the cooperative and of the agreement”.

**69.** The said Act is amended by inserting the following sections after section 127:

“**127.1.** A holder of shares in the cooperative may obtain a copy of the resolution or by-law that determines the characteristics of those shares.

A shareholder may also consult the last annual report, during the cooperative’s usual office hours.

“**127.2.** The cooperative may require that a member or shareholder declare in writing that the information obtained under section 127 or 127.1 will be used solely for the exercise of the rights of the member or shareholder under this Act.”

**70.** The said Act is amended by inserting the following sections after section 128:

“**128.1.** A cooperative must carry on with its members a proportion of its total business according to a percentage determined by government regulation.

In the case of a solidarity cooperative, this proportion is calculated separately for the members who are users of the cooperative and for those who are workers of the cooperative.

The total business of a cooperative includes business done by a subsidiary of the cooperative or by a trust company to which the cooperative transfers property that is part of its patrimony.

**“128.2.** Where the cooperative does not indicate in its annual report the proportion of its business done with its members, that proportion is deemed to be less than the proportion prescribed by government regulation, except if the cooperative establishes that proportion by attestation from its auditor within 90 days of receipt of a notice to that effect.”

**71.** Section 130 of the said Act is amended by adding the following paragraph at the end:

“If the fiscal year ends on another date, the cooperative shall notify the Minister.”

**72.** Section 132 of the said Act is amended

(1) by replacing “names and domiciles” in paragraph 2 by “names”;

(2) by inserting the following paragraph after paragraph 2:

“(2.1) a mention, if such is the case, that the members have agreed not to elect any directors for that year;”;

(3) by inserting the following paragraph after paragraph 4:

“(4.1) a statement of the capital stock, including requests for repayment of shares, and the anticipated repayment of the shares;”;

(4) by inserting the following paragraph after paragraph 5:

“(5.1) the date of the annual meeting;”;

(5) by inserting the following paragraph after paragraph 6:

“(6.1) where applicable, the name of the federation with which the cooperative is affiliated;”.

**73.** Section 146 of the said Act is amended by replacing the first paragraph by the following paragraphs:

**“146.** The members must allocate at least 10% of the operating surplus or surplus earnings to the reserve and, in addition, they must allocate to the reserve or allot as rebates in the form of shares an additional percentage of at least 10% of the operating surplus or surplus earnings.

The cooperative must comply with this total obligation of allocation until equity is equal to at least 40% of the debts of the cooperative.”

**74.** Section 148 of the said Act is amended by adding “and the payment of interest on any category of preferred shares it has determined” at the end.

**75.** The said Act is amended by inserting the following sections after section 149:

**“149.1.** A producers cooperative, a work cooperative or a shareholding workers cooperative may by by-law constitute a reserve, to be known as an “enhancement reserve”, in order to enhance the use of the cooperative’s services.

**“149.2.** The by-laws may provide that the sums making up the enhancement reserve may be allotted in the form of rebates to the persons or partnerships who ceased to be members or auxiliary members of the cooperative following their resignation or otherwise.

The by-laws may also provide that, should there be a winding-up of the cooperative, the sums making up the enhancement reserve will be remitted in the manner and under the conditions set out in section 185.

**“149.3.** The board of directors of a cooperative that has constituted an enhancement reserve may, to the extent that the reserve presents a positive balance and within the limits set in the second paragraph, allocate to the enhancement reserve part of the operating surplus or surplus earnings that cannot be allotted to the members or auxiliary members.

Only a proportion of the operating surplus or surplus earnings equal to the proportion of business done by the members or auxiliary members with the cooperative or with a company or partnership in which the cooperative holds shares or other securities may be allocated to the enhancement reserve.

Any deficit must first be charged to the enhancement reserve.

**“149.4.** Where the by-laws of the cooperative contain provisions for the purposes of the first paragraph of section 149.2, the board of directors may, as part of a policy it establishes, allot a rebate to the persons or partnerships referred to in that section.

The rebate shall be allotted in proportion to the business done by those persons or partnerships with the cooperative or with a company or partnership in which the cooperative holds shares or other securities during the period determined by the by-laws.

The allotment of the rebate is subject to the conditions set out in section 38, with the necessary modifications.

**“149.5.** Where the by-laws of the cooperative contain provisions for the purposes of the second paragraph of section 149.2, a shareholding workers cooperative which, upon its winding-up, earns a profit on the disposal of its shares may pay into the enhancement reserve a portion of this profit equal to the average proportion of the business done by the cooperative with its members and auxiliary members, if any, during the five fiscal years preceding the year the winding-up was voted.

**“149.6.** The annual report of a cooperative that has constituted an enhancement reserve must, in addition to the other requirements of this Act, present a statement concerning the enhancement reserve, including the total amount of the rebates allotted from the enhancement reserve for the fiscal year concerned.”

**76.** Section 155 of the said Act is amended

(1) by striking out “, the judicial district in which its domicile is situated” in the first and second lines of paragraph 1;

(2) by replacing “Chapter I” in the third line of paragraph 5.3 by “Division I of Chapter I”.

**77.** Section 160 of the said Act is amended

(1) by striking out paragraph 4;

(2) by replacing “a notice” in paragraph 5 by “an attestation”;

(3) by replacing paragraph 6 by the following paragraph:

“(6) an attestation, signed by the auditor appointed by the special general meetings which approved the articles of amalgamation, establishing that the cooperative resulting from the amalgamation meets the requirements of sections 154 and 154.1;”;

(4) by replacing paragraph 7 by the following paragraph:

“(7) any other document or information required by the Minister for the examination of the petition.”

**78.** Section 161 of the said Act is replaced by the following section:

**“161.** The articles of amalgamation signed by a director of each of the cooperatives must be sent to the Minister.”

**79.** Section 162 of the said Act is amended

(1) by replacing “and the fees prescribed by government regulation” in the second line of the first paragraph by “, the fees prescribed by government regulation and any other required document or information”;

(2) by striking out “each copy of” in the third line of the second paragraph.

**80.** Section 162.1 of the said Act, amended by section 295 of chapter 45 of the statutes of 2002, is again amended by replacing “one copy” in the first line by “a certified copy”.



**81.** Section 163 of the said Act is amended

(1) by adding the following sentence at the end of the second paragraph: “Proceedings pending by or against the amalgamating cooperatives may be continued without continuance of suit.”;

(2) by inserting “and auxiliary members, if any,” after “members” in the fifth line of the third paragraph.

**82.** Section 165 of the said Act is amended by striking out “, the judicial district in which its domicile is situated” in the first and second lines of paragraph 1.

**83.** Section 170 of the said Act is amended by replacing paragraphs 4 to 6 by the following paragraphs:

“(4) an attestation of the absorbed cooperative establishing that the cooperative has met the requirements of section 166;

“(5) an attestation of the absorbing cooperative establishing that the cooperative has met the requirements of section 168;

“(6) an attestation of the auditor of the absorbing cooperative establishing that the cooperative has met the requirements of sections 154 and 154.1;

“(7) any other document or information required by the Minister for the examination of the petition.”

**84.** Section 171 of the said Act is amended by inserting “154.1,” after “154,”.

**85.** Section 171.1 of the said Act, amended by section 295 of chapter 45 of the statutes of 2002, is again amended by replacing “a copy” in the first line by “a certified copy”.

**86.** Section 172 of the said Act is amended

(1) by replacing “its members to become members” in the first paragraph by “its members and auxiliary members to become members and auxiliary members”;

(2) by inserting “and auxiliary members, if any,” after “members” in the fifth line of the second paragraph.

**87.** Section 173 of the said Act is amended by striking out “and the regulations thereunder” in the second and third lines of paragraph 2.

**88.** Section 174 of the said Act is amended

(1) by striking out “and the regulations thereunder” in the fourth line of the first paragraph;

(2) by replacing the second paragraph by the following paragraph:

“The articles must be accompanied with the documents referred to in paragraphs 1, 3 and 7 of section 160 and with the following documents:

(1) an attestation of the amalgamating cooperative establishing that the cooperative has met the requirements of section 173;

(2) an attestation of the amalgamating company establishing that the company has met the requirements of section 173;

(3) an attestation of the auditor of the amalgamating cooperative establishing that the cooperative resulting from the amalgamation meets the requirements of sections 154 and 154.1.”

**89.** Section 175 of the said Act is amended by inserting “, 154.1” after “154” in the first line.

**90.** The said Act is amended by inserting the following division after section 176:

#### “DIVISION V

#### “AMALGAMATION BETWEEN A COOPERATIVE AND A LEGAL PERSON GOVERNED BY PART III OF THE COMPANIES ACT

“**176.1.** A cooperative and a legal person governed by Part III of the Companies Act (chapter C-38) having similar or related objects may amalgamate to constitute a cooperative.

“**176.2.** Sections 154 to 163 apply to the amalgamation, with the necessary modifications, except paragraphs 4, 5, 5.1 and 6 of section 155 and the third paragraph of section 163, which apply only to the amalgamating cooperative.

In addition to the requirements set out in section 155, the agreement of amalgamation must provide for the subscription and payment by the members of the legal person of shares of the cooperative resulting from the amalgamation.”

**91.** Section 184 of the said Act is replaced by the following section:

“**184.** The liquidator shall, within the time and in respect of the period determined by the Minister, transmit, at the request of the Minister, a summary report of the liquidator’s activities or any document or information required by the Minister concerning the conduct of the winding-up.”

**92.** Section 185 of the said Act is amended

- (1) by adding “or a resolution” at the end of the first paragraph;
- (2) by inserting the following paragraphs after the second paragraph:

“Where the by-laws of a producers cooperative, a work cooperative or a shareholding workers cooperative contain provisions for the purposes of the second paragraph of section 149.2, the balance remaining in the enhancement reserve, if any, shall be paid to the persons or partnerships that were members or auxiliary members of the cooperative during the period covering the five fiscal years preceding the year the winding-up was voted, in proportion to the business done with the cooperative or with a company or partnership in which the cooperative held shares or other securities during the period determined by the cooperative’s by-laws by those persons or partnerships.

The balance remaining in the enhancement reserve mentioned in the preceding paragraph is the balance appearing on the balance sheet of the cooperative established by the liquidator, minus the net loss from the disposal of the cooperative’s assets.

In the case of a cooperative to which section 149.5 applies, the balance includes, as the case may be, the portion of any profit earned on the disposal of the shares of the cooperative that may be paid into the enhancement reserve.”

**93.** Section 185.2 of the said Act is amended by replacing “10,000” in the first line of the first paragraph by “25,000”.**94.** The said Act is amended by inserting the following section after the heading of Chapter XXIV of Title I:

**“185.5.** When, upon examination of its annual report, the Minister finds that the cooperative has failed to comply with the requirements of the law, the Minister may require that the board of directors produce, within a specified time, a cooperative compliance program in accordance with the Minister’s recommendations and a report on the implementation of the program.

The Minister may also require that the board of directors present the recommendations submitted to the cooperative, the compliance program and the program implementation report at the annual meeting following their production.”

**95.** Section 186 of the said Act is amended

- (1) by striking out paragraphs 2 and 5;
- (2) by replacing paragraph 6 by the following paragraph:

“(6) if the compliance program referred to in section 185.5 has not been produced or implemented within the time prescribed in the notice provided for in section 188.”

**96.** Section 187 of the said Act is amended by replacing “to the cooperative, its interim secretary or the liquidator, as the case may be, notice” in the second and third lines of the first paragraph by “notice to the cooperative”.

**97.** Section 188 of the said Act is replaced by the following section:

“**188.** If the cooperative fails to produce the compliance program provided for in section 185.5 or fails to implement the program to the Minister’s satisfaction within the time prescribed, the Minister shall give notice to the cooperative of the default and of the penalty to which the cooperative is liable.

If the cooperative fails to remedy the default within 60 days after the date of the notice, the Minister, after requesting the cooperative to continue under Part IA or Part III of the Companies Act within a specified time, may order the cooperative dissolved.

If the cooperative continues under the Companies Act, it must, in accordance with the terms of an agreement with the Conseil de la coopération du Québec, pay to that council an amount equal to the amount of the reserve that appears in its financial statements at the end of the last fiscal year prior to the continuance.”

**98.** Section 188.1 of the said Act is repealed.

**99.** The heading of Chapter I of Title II of the said Act is replaced by the following:

“PRODUCERS COOPERATIVES

“**193.1.** A producers cooperative is a cooperative whose principal object is to provide its members, who are producers within the meaning of section 193.2, with goods and services necessary to their professional practice or the operation of an enterprise.

“**193.2.** A producer is a person or partnership that provides services or produces goods within a profession or as a business, in order to earn a livelihood or professional or business income that is the person’s or partnership’s principal professional or business income.

“**193.3.** A cooperative may by by-law establish supplementary conditions in respect of the admission, expulsion or suspension of members.

“**193.4.** A cooperative may by by-law subject any producer to a trial period of not more than 12 months. During the trial period, the producer is an auxiliary member.

In that case, the cooperative must also adopt the by-law provided for in section 52.

**“DIVISION I**

**“AGRICULTURAL COOPERATIVES”.**

**100.** Section 197 of the said Act is amended by replacing “this chapter” in the first line by “this division”.

**101.** Section 198 of the said Act is repealed.

**102.** Section 202 of the said Act is amended by replacing “, expulsion or placing under tutorship or curatorship of a member” in the first and second lines by “or expulsion of a member or auxiliary member”.

**103.** Section 208 of the said Act is amended by replacing “persons who” in the second line of the first paragraph by “persons or partnerships that”.

**104.** Section 211.1 of the said Act is amended by replacing “ have an interest as” in paragraph 1 by “be capable of actually being”.

**105.** Section 211.4 of the said Act is amended by replacing “in” in the fourth line by “at the meeting of”.

**106.** Section 211.5 of the said Act is amended by replacing “this chapter” in the fourth line of the first paragraph by “this division”.

**107.** The heading of Chapter IV of Title II of the said Act is replaced by the following:

**“CONSUMER COOPERATIVES**

**“219.1.** A consumer cooperative is a cooperative whose principal object is to provide its members with goods and services for their personal use.

**“DIVISION I**

**“HOUSING COOPERATIVES”.**

**108.** Section 221.2 of the said Act is amended by replacing “three” in the second line by “six”.

**109.** The said Act is amended by inserting the following sections after section 221.2:

**“221.2.1.** A housing cooperative must adopt the by-law provided for in section 54.1 during its general organization meeting.

A housing cooperative constituted before (*insert the date of coming into force of this section*) has up to 12 months from that date to adopt the by-law referred to in the first paragraph.

**“221.2.2.** In addition to the requirements set out in section 132, the annual report of a housing cooperative must state the number of dwelling units that belong to the cooperative.

**“221.2.3.** Where a building belonging to a housing cooperative has been built, acquired, restored or renovated under a government housing assistance program, the cooperative must

(1) set up a reserve sufficient to ensure the sound and prudent management, maintenance and preservation of the building;

(2) name an auditor in compliance with the second paragraph of section 135;

(3) have the building inspected by an expert at least every five years and submit the expert’s report at the cooperative’s meeting that follows the filing of the report;

(4) prepare a five-year plan for the maintenance and preservation of the building and the related budgets;

(5) in its annual report, in addition to the requirements set out in section 132, report on the maintenance and preservation work done on the building, and on the related budgets.”

**110.** Title II of the said Act is amended by replacing the heading “CHAPTER IV.I” by “DIVISION II”.

**111.** Section 221.3 of the said Act is replaced by the following sections:

**“221.3.** A students’ cooperative is a cooperative whose members are the students and staff of the educational institution in which it has a permanent place of business and offers its services. The educational institution may also be a member of the cooperative.

Where the educational institution is a school, a vocational training centre or an adult education centre governed by the Education Act (chapter I-13.3), the governing board shall decide on the institution’s membership in the cooperative.

**“221.3.1.** A students’ cooperative shall at all times have a head office in at least one educational institution where it offers its services.”

**112.** Section 221.4 of the said Act is amended by replacing “premises in a facility of the institution” in the third and fourth lines by “its head office and a permanent place of business in a facility of the educational institution”.

**113.** The said Act is amended by inserting the following section after section 221.4:

“**221.4.1.** The board of directors of a students’ cooperative may designate persons authorized to admit members in its name.”

**114.** The said Act is amended by inserting the following section after section 221.5:

“**221.5.1.** The students and the staff of the educational institution constitute groups of members within the meaning of section 83, and each group has the right to elect at least one director.

Where a cooperative offers its services in more than one institution, the students of the educational institutions and the staff of the educational institutions constitute two distinct groups of members within the meaning of section 83, and each group has the right to elect at least one director.

The cooperative may by by-law provide for the election of other directors by the meeting.”

**115.** Section 221.6 of the said Act is amended

(1) by striking out the first paragraph;

(2) by replacing “It may also” in the first line of the second paragraph by “The cooperative may by by-law”.

**116.** The said Act is amended by inserting the following section after section 221.6:

“**221.6.1.** The name of a students’ cooperative may include one of the following expressions: “students’ cooperative”, “students’ coop”, “students cooperative”, “students coop”, “student cooperative”, “student coop”, “school community cooperative” and “school community coop”.

Only a students’ cooperative may use those expressions or include any of them in its name.”

**117.** Section 222 of the said Act is replaced by the following section :

“**222.** A work cooperative is a cooperative made up exclusively of natural persons who, as workers, join together to operate an enterprise pursuant to the rules of cooperative action, and whose object is to provide work to its members and auxiliary members.”

**118.** Section 223.1 of the said Act is replaced by the following section:

**“223.1.** At least three founders are required to apply for the constitution of a work cooperative.”

**119.** Sections 223.2 and 224 of the said Act are repealed.

**120.** Section 224.2 of the said Act is amended

(1) by replacing “24” in the third line of the first paragraph by “18”;

(2) by replacing the second paragraph by the following paragraph:

“The cooperative shall pass the by-law provided for in section 52 in respect of workers on trial. It may not provide for other categories of auxiliary members.”

**121.** The said Act is amended by inserting the following section after section 224.2:

**“224.2.1.** At the end of a 30-day period following the end of the trial period, a worker on trial who is in the employ of the cooperative becomes a member of the cooperative.”

**122.** The said Act is amended by inserting the following sections after section 224.4:

**“224.4.1.** The termination of the employer-employee relationship entails the loss of member or auxiliary member status.

In the case of a lay-off, a worker ceases to be a member or auxiliary member upon being informed in writing by the cooperative that it does not intend to recall the worker to work or 24 months after the worker’s last period of work for the cooperative, whichever occurs first.

**“224.4.2.** A cooperative that has more than 50 members and auxiliary members must by by-law

(1) form a liaison committee between the members and auxiliary members and the board of directors to greet new members or auxiliary members and to ensure that the enterprise implements the rules of cooperative action;

(2) determine the operating rules of the liaison committee.

A by-law under this section must be passed at the latest during the first annual meeting following the date the cooperative’s membership rises above 50 members and auxiliary members.

**“224.4.3.** The cooperative is required to ensure the on-going cooperative training of its members, auxiliary members, directors and executive officers.



**“224.4.4.** In its annual report, in addition to the requirements set out in section 132, the cooperative must report on

(1) any liaison committee activities;

(2) the participation of members, auxiliary members, directors and executive officers in cooperative training activities.”

**123.** Section 224.5 of the said Act is replaced by the following section:

**“224.5.** The cooperative may hire a person who does not have member or auxiliary member status to do short-term casual work.”

**124.** Section 224.6 of the said Act is amended by adding “within the meaning of section 69” at the end.

**125.** The said Act is amended by inserting the following section after section 224.6:

**“224.7.** Rebates are calculated on the basis of the amount of work performed by a member or auxiliary member during the last fiscal year for the cooperative or for the company or partnership in which the cooperative is a shareholder or partner.

The amount of work may be measured by the income of the member or auxiliary member, the number of hours of work or any other scale determined by the by-laws.

Notwithstanding the first paragraph, the cooperative may by by-law provide that rebates are calculated on the basis of the volume of work performed during a period covering not more than its last four fiscal years.

The rebate rate may vary according to the nature of the transactions in which the member or auxiliary member has participated.”

**126.** Sections 225 to 226 of the said Act are replaced by the following:

## **“CHAPTER VI**

### **“SHAREHOLDING WORKERS COOPERATIVES**

**“225.** A shareholding workers cooperative is a cooperative made up exclusively of natural persons for the purpose of acquiring and holding shares in the company that employs them and whose object is to provide work to its members and auxiliary members through the enterprise operated by that company.

The cooperative enables its members and auxiliary members collectively to be shareholders in the company through the cooperative and is deemed to prosecute an enterprise within the meaning of section 3.

**“225.1.** The cooperative must be a party to a written agreement among the shareholders of the company. This agreement must provide for the presence of at least one representative of the cooperative on the company’s board of directors.

**“225.2.** The cost at which the cooperative acquires voting and participating shares must exceed thirty percent of the total cost of the shares it acquires in the company.

**“225.3.** A shareholder of the company may not act as a founder of the cooperative for the purpose of constituting the cooperative and holding the organization meeting. Nor may a shareholder of the company who holds more than twenty percent of the company’s voting shares be a member of the cooperative.

**“225.4.** Any worker in the enterprise operated by the company in which the cooperative holds shares who meets the requirements of the law and those set out in the by-laws of the cooperative has the right to become a member of the cooperative.

**“225.5.** In addition to the powers conferred by section 82, the cooperative may by by-law provide that a member who holds shares in the company in which the cooperative holds shares is ineligible as a director of the cooperative.

**“225.6.** In its annual report, in addition to the requirements provided for in section 132, the cooperative must

(1) state the name of the cooperative’s representative on the company’s board of directors;

(2) state the percentage of the company’s voting and participating shares held by the cooperative, the acquisition cost of those shares and the total acquisition cost of the shares the cooperative holds in the company;

(3) report on any liaison committee activities;

(4) report on the participation of the members, auxiliary members, directors and executive officers in the cooperative training activities.”

**“225.7.** Sections 223.1, 224.1, 224.1.1, 224.2, 224.4.1 to 224.4.3, 224.6 and 224.7 apply, with the necessary modifications, to a shareholding workers cooperative.

**“225.8.** Sections 225.1 to 225.3 and paragraphs 1 and 2 of section 225.6 apply only to cooperatives constituted after (*insert the date of coming into force of this section*).”

**127.** The said Act is amended by replacing “TITLE II.1” and its heading by “CHAPTER VII” and the heading “SOLIDARITY COOPERATIVES”.

**128.** Section 226.1 of the said Act is replaced by the following sections:

**“226.1.** A solidarity cooperative is a cooperative consisting of at least two of the following categories of members:

(1) user members, that is, persons or partnerships that are users of the services provided by the cooperative;

(2) worker members, that is, natural persons who are workers of the cooperative;

(3) supporting members, that is, any other person or partnership that has an economic, social or cultural interest in the pursuit of the objects of the cooperative.

**“226.1.1.** A person or partnership that is a member of a solidarity cooperative may be part of only one category of members.

**“226.1.2.** Notwithstanding the second paragraph of section 7, persons or partnerships that have an economic, social or cultural interest in the pursuit of the objects of the cooperative may apply for the constitution of a solidarity cooperative, provided they form a minority of the founders.”

**129.** Section 226.3 of the said Act is amended by replacing “the second paragraph” in the first line by “paragraph 3”.

**130.** Section 226.6 of the said Act is amended by inserting “and the persons referred to in the second paragraph of section 81 and in section 81.1” after “members” in the first line of the third paragraph.

**131.** Section 226.7 of the said Act is amended by striking out “, if any”.

**132.** Section 226.8 of the said Act is amended by replacing “a member’s income” in the first and second lines of the second paragraph by “the income of the member or auxiliary member”.

**133.** Section 226.9 of the said Act is amended by replacing “no longer includes users or no longer includes workers” in the first paragraph by “includes only users or workers”.

**134.** Section 226.11 of the said Act is repealed.

**135.** Section 226.14 of the said Act is replaced by the following sections:

“**226.14.** Where the services provided by a solidarity cooperative to its user members are the acquisition or use of a house or dwelling, sections 221 to 221.2.3 apply to the cooperative, with the necessary modifications.

“**226.15.** Where one of the objects of a solidarity cooperative is to provide work to its members and auxiliary members, sections 224.1, 224.1.1, 224.2, 224.2.1 and 224.4 to 224.6 apply, with the necessary modifications, to the worker members and workers on trial of the cooperative.”

**136.** The said Act is amended by inserting the following section after section 230:

“**230.1.** In addition to the documents provided for in section 12, the articles must be accompanied with an attestation by each of the founding cooperatives establishing that the cooperative meets the requirements of section 229 and that it has designated the persons authorized to sign the articles in its name.”

**137.** Section 233 of the said Act is amended

(1) by replacing paragraph 2 by the following paragraph:

“(2) establish training, technical assistance and promotional services;”;

(2) by inserting “or partnerships” after “persons” in the first line of paragraph 8.

**138.** The said Act is amended by inserting the following sections after section 233:

“**233.1.** In addition to the powers conferred by section 233, a federation may, if its by-laws so provide, cause the affairs of its members to be inspected.

The by-laws shall determine the cases and manner in which this power of inspection may be used.

Subject to the by-laws, the costs, fees and expenses of the inspection are chargeable to the cooperative that is inspected.

“**233.2.** The federation must, within a reasonable time, present an inspection report to the general meeting of the cooperative and inform the meeting of its recommendations.

“**233.3.** A cooperative that is inspected must maintain its membership in the federation for as long as the inspection report has not been presented to the general meeting.”

**139.** Section 239 of the said Act is replaced by the following section :

“**239.** The majority of the directors of a federation must be chosen from among the directors of its members.

The representative of any financial services cooperative within the meaning of the Act respecting financial services cooperatives may also be a director if the financial services cooperative constitutes a group pursuant to section 83.

The federation may also provide by by-law that directors may be chosen from among the members or officers of its members.

No employee of the federation may be elected as a director.”

**140.** The said Act is amended by inserting the following sections after section 239:

“**239.1.** The by-laws may provide that auxiliary members or persons other than those referred to in section 239 are eligible as directors.

The candidacy of such persons shall be recommended to the meeting by the board of directors.

“**239.2.** The number of positions held by the representative of a financial services cooperative within the meaning of the Act respecting financial services cooperatives and by the persons referred to in section 239.1 must not exceed one third of the total number of directors’ positions.”

**141.** The said Act is amended by inserting the following section after section 240:

“**240.1.** If so authorized by the by-laws, the board of directors of a federation may establish, in addition to an executive committee, other committees composed of directors, determine their mandate and delegate certain powers to them.

Such committees shall report to the board of directors.”

**142.** Section 244 of the said Act is amended

(1) by striking out paragraphs 2, 4, 5 and 6.1 to 6.3;

(2) by adding “and the manner of keeping these documents” at the end of paragraph 3;

(3) by replacing paragraph 11 by the following paragraphs:

“(11) determine, for the purposes of section 128.1, the proportion of business that a cooperative must carry on with its members and with its auxiliary

members, if any, and define, for any specified class of cooperatives, the meaning of the word “business” for the purposes of that section and of section 211.5;

“(12) define the meaning of the word “subsidiary” for the purposes of section 128.1;

“(13) define the meaning of the word “debts” for the purposes of section 146.”

**143.** Section 246 of the said Act is amended by replacing paragraph 5 by the following paragraph:

“(5) contravenes the second paragraph of section 16 or 20, paragraph 8 of section 90 or any of the provisions of sections 33, 48, 124, 127, 127.1, 131, 132, 133, 135, 138, 140, 141, 146, 149 and 149.3, the second paragraph of section 221.6.1, the third paragraph of section 221.7 and the second paragraph of section 226.2.”

**144.** Section 248 of the said Act is replaced by the following section:

“**248.** Every person who is guilty of an offence under section 246 is liable to a fine of not less than \$500 nor more than \$10,000 for each offence, and to a fine of not less than \$1,000 nor more than \$20,000 for each subsequent conviction.

However, every person who is guilty of an offence under paragraph 4 of section 246 is liable to a fine equal to not less than the amount of the sums unlawfully apportioned and not more than twice that amount.”

**145.** Chapter I of Title VII of the said Act, comprising sections 249 to 256, is repealed.

**146.** The heading of Chapter II of Title VII of the said Act is amended by adding “OR A LEGAL PERSON GOVERNED BY PART III OF THE COMPANIES ACT” at the end.

**147.** Section 257 of the said Act is amended by inserting “or under Part III” after “Part IA” in the second line.

**148.** Section 258 of the said Act is replaced by the following section:

“**258.** The plan of continuance must contain

- (1) the names and domiciles of the directors;
- (2) the mode of election of subsequent directors;

(3) the agreement between the cooperative and the Conseil de la coopération du Québec as regards the remittal of the reserve;

(4) a statement indicating the amount of money or any other form of payment to be received by the holders of shares of the cooperative to stand in lieu of such shares;

(5) a statement indicating the amount of money or any other form of payment to stand in lieu of fractions of shares of the cooperative;

(6) any other provision necessary to complete the continuance and ensure the organization and management of the company or legal person governed by Part III of the Companies Act resulting from the continuance;

(7) any other information determined by the Minister.

If the cooperative is continued as a company, the continuance plan must also contain the terms and conditions governing the conversion of shares into shares of the share capital or other securities of the company resulting from the continuance.”

**149.** Section 260 of the said Act is amended by adding the following paragraph at the end:

“The continuance becomes effective on the date the articles of continuance are approved by the Minister or on a later date determined in the articles.”

**150.** Section 262 of the said Act is amended

(1) by striking out “first” in paragraph 1;

(2) by replacing “Chapter” by “Division I of Chapter” in the second line of paragraph 5.1;

(3) by inserting the following paragraph after paragraph 5.1:

“(5.2) the effective date of the continuance, if that date is subsequent to the date of approval;”.

**151.** Section 265 of the said Act is replaced by the following sections:

**“265.** The articles of continuance shall contain the provisions mentioned in paragraphs 1 and 3 of section 9, section 10 and paragraph 5.2 of section 262.

**“265.1.** The articles of continuance shall be accompanied with

(1) a petition applying for the continuance of the company as a cooperative signed by the director authorized to sign the articles;

(2) the continuance plan, except the by-laws of the cooperative resulting from the continuance;

(3) a list of the directors of the cooperative resulting from the continuance stating the name and domicile of each;

(4) a notice of the domicile of the cooperative;

(5) an attestation establishing that the company has met the requirements of sections 263 and 264;

(6) any other document or information required by the Minister for the examination of the petition.”

**152.** Section 266 of the said Act, amended by section 295 of chapter 45 of the statutes of 2002, is replaced by the following section:

“**266.** Upon receipt of the articles of continuance, the accompanying documents, the fees prescribed by government regulation and any other required document or information, the Minister may, if he or she considers it advisable, continue the company as a cooperative. The Minister shall send a notice to the Conseil de la coopération du Québec advising it of any application for the continuance of a company as a cooperative, together with a copy of the articles of continuance.

For that purpose, the Minister shall

(1) endorse on the articles the words “company continued as a cooperative” and the date of approval. The date is followed by the signature of the Minister or of the Minister’s designee;

(2) register the articles of continuance;

(3) send a certified copy of the articles to the cooperative or its representative;

(4) send a certified copy of the articles and of the document referred to in paragraph 4 of section 265.1 to the enterprise registrar, who shall deposit them in the register.”

**153.** Section 268 of the said Act is amended by replacing “On the date” by “As of the effective date” in the first line.

**154.** The heading of Chapter IV of Title VII of the said Act is replaced by the following heading:

“CONTINUANCE OF A LEGAL PERSON GOVERNED BY PART III OF THE COMPANIES ACT AS A COOPERATIVE”.

**155.** Section 269.1 of the said Act is replaced by the following sections:



**“269.1.** A legal person governed by Part III of the Companies Act may continue under this Act.

Chapter III of this Title, with the necessary modifications, applies to the continuance, except the first paragraph of section 260, paragraphs 3 and 4 of section 262, sections 263 and 264 and paragraph 5 of section 265.1.

**“269.1.1.** The directors of the legal person must adopt a by-law in order to approve the plan of continuance and authorize one among them to sign the articles of continuance, and must adopt the by-laws of the cooperative resulting from the continuance.

**“269.1.2.** The by-laws must be confirmed by two-thirds of the votes cast by the members present at a special general meeting called for that purpose.

If the by-laws authorize them to do so, the directors may annul the by-laws before the Minister issues the articles of continuance.

**“269.1.3.** The articles of continuance must be accompanied with an attestation establishing that the legal person has met the requirements of sections 269.1.1 and 269.1.2.”

**156.** Section 269.2 of the said Act is amended by replacing “of the common and preferred shares” in the second and third lines by “of shares”.

**157.** Section 270 of the said Act is replaced by the following section:

**“270.** The articles and other documents required under this Act shall be drawn up on the forms provided or authorized by the Minister.”

**158.** Section 271 of the said Act is repealed.

**159.** Section 272 of the said Act is amended

(1) by striking out paragraph 2;

(2) by replacing “prescribed fees and documents” in paragraph 3 by “prescribed fees and required documents”;

(3) by replacing paragraph 4 by the following paragraph:

“(4) provide for a name that is not in conformity with section 16, 221.6.1, 221.7, 226.2 or 231 or with any of subparagraphs 1 to 6 of the first paragraph of section 13 of the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons.”

**160.** Section 275 of the said Act is amended by replacing “Chapter” in the third line by “Division I of Chapter”.

**161.** Section 278 of the said Act is repealed.

**162.** Section 280 of the said Act is amended by replacing “person who” in the second paragraph by “person or partnership that”.

**163.** Section 282 of the said Act is repealed.

**164.** Section 327 of the said Act is repealed.

**165.** Section 328 of the said Act is amended by replacing “of Industry and Trade” by “of Economic and Regional Development”.

#### OTHER AMENDING PROVISIONS

**166.** The Companies Act (R.S.Q., chapter C-38) is amended by inserting “OR CONTINUED” after “CONSTITUTED” in the heading of Part III.

**167.** Section 217 of the said Act is amended by inserting “or 227.5” after “221” in paragraph 4.

**168.** Section 224 of the said Act, amended by section 168 of chapter 70 of the statutes of 2002, is again amended by inserting “or continued” after “incorporated” in the second line of the first paragraph.

**169.** Section 225 of the said Act is amended

(1) by inserting “or continued” after “created” in the first line;

(2) by adding “or continued” at the end of paragraph 1.

**170.** Section 227 of the said Act is amended by inserting “or continued” after “constituted” in the second line.

**171.** The said Act is amended by inserting the following division after section 227:

#### “DIVISION III.1

##### “CONTINUANCE OF A COOPERATIVE

“**227.1.** A cooperative that is liable to be dissolved under section 188 of the Cooperatives Act (chapter C-67.2) may, if the minister responsible for the administration of the Cooperatives Act has approved its continuance plan under section 259 of that Act, apply to the Inspector General for the issue of letters patent in order for it to continue under this Part.

“**227.2.** The members must make a by-law at a special general meeting called for that purpose so as to enable the cooperative to continue as a legal person governed by this Part.

**“227.3.** The by-law must be adopted by two-thirds of the votes cast by the members or representatives present at the special general meeting.

The by-law must authorize at least three directors to sign the application.

The directors may cancel the by-law before the letters patent are issued if the by-law authorizes them to do so.

**“227.4.** The applicants shall file with the Inspector General an application setting out

- (1) the proposed name of the legal person;
- (2) the purpose or purposes of the legal person;
- (3) the place within Québec where its head office is to be situated;
- (4) the amount to which the immovable property which may be owned or held by the legal person, or the revenue therefrom, is limited;
- (5) the name and address of each of the directors of the legal person.

The application must be accompanied with a copy of the by-law made by the members and a research report on the names of persons, partnerships or groups used and entered in the register.

**“227.5.** Immediately after the granting of the letters patent, the Inspector General shall deposit them in the register; subject to the deposit of and effective from the date of the letters patent, the cooperative shall continue as a legal person governed by this Part.

**“227.6.** Subject to this Part, the rights and obligations of the cooperative and those of its members are not affected by the continuance.”

**172.** Section 150 of the Act to amend the Cooperatives Act and other legislative provisions (1995, chapter 67) is repealed.

#### TRANSITIONAL AND FINAL PROVISIONS

**173.** For the purposes of sections 121 and 266 of the Cooperatives Act, as enacted by this Act, the expression “enterprise registrar” designates the Inspector General of Financial Institutions until the coming into force of section 7 of the Act respecting the Agence nationale d’encadrement du secteur financier (2002, chapter 45).

**174.** The provisions of section 81.1.1, the third paragraph of section 226.6, the third paragraph of section 239 and section 239.2 of the Cooperatives Act that relate to the composition of boards of directors, as enacted by this Act, affect the composition of the boards of directors of cooperatives, federations

or confederations constituted before (*insert the date of coming into force of this section*) only as and when terms expire on those boards.

**175.** The provisions of paragraph 4.1 of section 90 and section 146 of the Cooperatives Act, as enacted by this Act, apply to cooperatives constituted before (*insert the date of coming into force of this section*) only as of the end of their fiscal year in progress on that date.

**176.** Cooperatives constituted before (*insert the date of coming into force of this section*) are not required, for the drafting of their first annual report presented after that date, to comply with the provisions relating to the content of annual reports set out in paragraphs 2, 2.1, 4.1, 5.1 and 6.1 of section 132, section 221.2.2, section 224.4.4 and paragraphs 3 and 4 of section 225.6 of the Cooperatives Act, as enacted by this Act.

**177.** For the purposes of the Cooperatives Act,

(1) a cooperative constituted before (*insert the date of coming into force of this paragraph*) and whose principal object is to provide its members with goods and services necessary to their professional practice or business operation is deemed to be a producers cooperative from that date;

(2) a cooperative constituted before (*insert the date of coming into force of this paragraph*) and whose principal object is to provide its members with goods and services for their personal use is deemed to be a consumer cooperative from that date;

(3) a cooperative constituted before (*insert the date of coming into force of this paragraph*) and whose object is to operate an enterprise in order to provide work to its members through a company is deemed to be a shareholding workers cooperative from that date.

**178.** An agricultural cooperative which, before (*insert the date of coming into force of this section*), indicated in its articles that it elected to be governed by Chapter I of Title II of the Cooperatives Act is deemed to have elected to be governed by Division I of Chapter I of Title II of that Act.

**179.** The provisions of section 221.2.3 of the Cooperatives Act, as enacted by this Act, apply to cooperatives constituted before (*insert the date of coming into force of this section*) only as of the end of their fiscal year in progress on that date.

As regards paragraph 3 of that section 221.2.3, however, cooperatives have six months as of the end of their fiscal year in progress on (*insert the date of coming into force of this section*) to have an inspection carried out, as provided for in that section, for the first time.

**180.** A person who on (*insert the date of coming into force of section 119, which repeals section 224 of the Cooperatives Act*) holds both the position of

general manager or manager and that of director within a work cooperative must give the cooperative notice, within 30 days after that date, of the position he or she is relinquishing. Otherwise, the person is deemed to have relinquished the position of director.

**181.** A worker in a work cooperative who has been on trial for 18 months or longer on (*insert the date of coming into force of section 121*) becomes a member of the cooperative on the expiry of a period of 30 days after that date if he or she is still in the employ of the cooperative on that date.

Any trial period in progress on (*insert the date of coming into force of section 121*) less than 18 months of which have elapsed is reduced to 18 months.

**182.** A cooperative that is subject to the provisions of section 224.4.2 of the Cooperatives Act on (*insert the date of coming into force of section 122 insofar as it enacts section 224.4.2 of the Cooperatives Act*) must adopt a by-law under that section at the latest at its first annual meeting following that date.

**183.** Until (*insert the date of coming into force of section 221.2.3 of the Cooperatives Act enacted by section 109*), the reference to the provisions of sections 221 to 221.2.3 in section 226.14 of the Cooperatives Act, enacted by section 135, shall read as a reference to the provisions of sections 221 to 221.2.2.

**184.** A solidarity cooperative whose object, on (*insert the date of coming into force of section 135 insofar as it enacts section 226.15 of the Cooperatives Act*), includes the provision of work to its members must adopt a by-law under section 224.4 of the Cooperatives Act at the latest at its first annual meeting after that date.

**185.** Until (*insert the date occurring one year after the date of coming into force of this section*), the Government may, by regulation, adopt any other transitional provision or appropriate measure for the application of this Act.

**186.** The provisions of this Act come into force on the date or dates to be determined by the Government.