

Gouvernement du Québec

**O.C. 527-2011**, 25 May 2011

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

**Chartered administrators  
— Practice of the profession within a partnership  
or a joint-stock company**

Regulation respecting the practice of the profession of chartered administrators 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 board of directors of a professional order may authorize the members of the order to carry on their professional activities within a limited liability partnership or a joint-stock company constituted for that purpose and, as appropriate, determine the applicable terms and conditions and restrictions;

WHEREAS, under paragraphs *g* and *h* of section 93 of the Professional Code, the board of directors of a professional order must impose on its members who carry on their professional activities within a partnership or a joint-stock company the obligation to furnish and maintain coverage, on behalf of the partnership or company, against liabilities of the partnership or company arising from fault in the practice of their profession and fix the conditions and procedure applicable to a declaration made to the order;

WHEREAS the board of directors of the Ordre des administrateurs agréés du Québec made the Regulation respecting the practice of the profession of chartered administrators within a partnership or a joint-stock company and in multidisciplinary;

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

WHEREAS, pursuant to section 95 of the Professional Code and subject to section 95.2, every regulation made by the board of directors of a professional order under the Code must be transmitted to the Office des professions du Québec for examination and be submitted, with the recommendation of the Office, to the Government which may approve it with or without amendment;

WHEREAS, pursuant to the first paragraph of section 95.2 of the Professional Code, a regulation made by the board of directors of a professional order under paragraph *g* or *h* of section 93 must be transmitted for examination to the Office, which may approve it with or without amendment;

WHEREAS the first regulation made by the board of directors of a professional order under paragraph *p* of section 94 of the Professional Code must be submitted to the Government for approval;

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), a draft of the Regulation respecting the practice of the profession of chartered administrators within a partnership or a joint-stock company and in multidisciplinary was published in Part 2 of the *Gazette officielle du Québec* of 3 November 2010 with a notice that it could be submitted to the Government for approval on the expiry of 45 days following that publication;

WHEREAS the Office approved the Regulation, except Division I, section 4, paragraphs 2 to 6 of section 5, sections 7 and 8 and Divisions IV and V;

WHEREAS the Office has examined the Regulation and submitted it to the Government with its recommendation;

WHEREAS it is expedient to approve Division I, section 4, paragraphs 2 to 6 of section 5, sections 7 and 8 and Divisions IV and V of the Regulation with amendments;

IT IS ORDERED, therefore, on the recommendation of the Minister of Justice:

THAT Division I, section 4, paragraphs 2 to 6 of section 5, sections 7 and 8 and Divisions IV and V of the Regulation respecting the practice of the profession of chartered administrators within a partnership or a joint-stock company, attached to this Order in Council, be approved.

GÉRARD BIBEAU,  
*Clerk of the Conseil exécutif*

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

Professional Code

(R.S.Q., c. C-26, a. 93, par. *g* et *h* et a. 94, par. *p*)

### DIVISION I

#### GENERAL PROVISIONS

**1.** A member of the Ordre des administrateurs agréés du Québec may, subject to the terms, conditions and restrictions established in this Regulation, carry on his or her professional activities within a joint-stock company or a limited liability partnership within the meaning of Chapter VI.3 of the Professional Code (R.S.Q., c. C-26).

**2.** A person struck off the roll for a period in excess of 3 months or who has had his or her professional license revoked may not, during the period of the striking off or revocation, directly or indirectly hold a share in the partnership or joint-stock company.

During that period, such person may not hold the position of director, officer or representative of the partnership or joint-stock company.

**3.** Where a member notices that the conditions set out in this Regulation or in Chapter VI.3 of the Professional Code is no longer satisfied, the member shall, within 15 days, take the necessary measures to comply, failing which, the member shall no longer be authorized to carry on his or her professional activities within the partnership or company.

### DIVISION II

#### TERMS AND CONDITIONS

**4.** A member may practice his professional activities within a partnership or a company if the following conditions are met :

1° more than 50% of the voting rights attached to the shares of the company or partnership are held:

*a)* by members of a professional order governed by the Professional Code or by persons subject to similar rules;

*b)* by legal persons, trusts or any other enterprises where the voting rights attached to the shares of the company, partnership units, equity interests or other rights wholly owned by one or more persons referred to in subparagraph *a*;

*c)* at once by persons, trusts or enterprises referred to in subparagraphs *a* and *b*;

2° a majority of directors of the board of directors or, as the case may be, the partners or directors appointed by the partners are persons referred to in subparagraph *a* of paragraph 1° and constitute the majority of the quorum of such councils;

3° a minimum of one director of the joint-stock company or director appointed by the partners to manage the business of the limited liability partnership shall be a member of the Order;

4° a minimum of one member of the Order must hold one share with the voting rights or one partnership unit.

The member of the Order must ensure that these conditions appear in the articles of the joint-stock company or in the contract of the limited liability partnership and that the documents stipulate that the partnership or joint-stock company is constituted for the purpose of carrying on professional activities.

**5.** A member can carry on his professional activities within a partnership or joint-stock company, if he provides the Order with the following documents:

1° a sworn declaration in compliance with section 6, accompanied by the fees payable prescribed by the board of directors of the Order;

2° a written document from the competent authority to the effect that the partnership or joint-stock company is covered by security in compliance with Division III;

3° in the case of a joint-stock company, a copy of the incorporating instrument issued by the competent authority, certifying the existence of the joint-stock company;

4° a written document from the competent authority to the effect that the partnership or joint-stock company is registered in Québec;

5° an irrevocable written undertaking from the partnership or joint-stock company allowing a person, committee, council or tribunal referred to in section 192 of the Professional Code to require disclosure of any document listed in section 12 from a person; and;

6° where applicable, a true copy of the declaration required under the Act respecting the legal publicity of enterprises (R.S.Q., c. P-44.1), stating that the general partnership has become a limited liability partnership.

**6.** The sworn declaration in paragraph 1° of section 5 is made on the form provided for that purpose by the Order and contains:

1° the authorized administrator's name, member number and status within the partnership or joint-stock company;

2° the name of the partnership or joint-stock company as well as the business number assigned to it by the enterprise registrar;

3° the legal form of the partnership or joint-stock company and the confirmation that the conditions referred to in section 4 are met;

4° in the case of a limited liability partnership, the address of the head office of the company and the address of all other establishments of the partnership located in the province of Québec, as well as the names and home addresses of all the partners, the percentage of partnership units they own along with the position they hold in management, where applicable;

5° in the case of a joint-stock company, the address of the head office of the company and the address of its other establishments in the province of Québec, the names and home addresses of all shareholders, the number of shares they hold with voting rights along with an indication of their functions as administrator, director and officer, where applicable; and

6° where applicable, the date on which the general partnership is continued as a limited liability partnership or a joint-stock company.

**7.** Where more than one member carries on professional activities within a partnership or joint-stock company, one representative may make a declaration for all other members in the partnership or company.

The representative's declaration is each member's declaration of the partnership or company. Each member remains fully responsible for the accuracy of the information provided pursuant to section 6.

The representative must be a member of the Order and act as a partner, director, officer or shareholder of the partnership or company.

**8.** The member or representative must:

1° update and provide, before March 31 of each year, the declaration prescribed in section 6;

2° promptly notify the Order of any change in the security coverage specified in Division III or if the information given in the declaration pursuant to section 6 may violate the conditions set out in section 4.

### **SECTION III** SECURITY AGAINST THE PROFESSIONAL FAULT OF PARTNERSHIP OR COMPANY MEMBERS

**9.** A member who carries on professional activities within a partnership or joint-stock company must provide and maintain on behalf of the partnership or company, either by means of an insurance contract or a suretyship or by joining a collective insurance plan contract entered into by the Order or by contributing to a professional liability insurance fund established in accordance with section 86.1 of the Professional Code, security coverage against the professional liability of the partnership or company that may arise from the fault of the members in the course of carrying on professional activities within the partnership or joint-stock company.

**10.** The security must include the following conditions:

1° an undertaking by the insurer or the surety to pay on behalf of the partnership or joint-stock company, over and above the amount of the security to be supplied by the member pursuant to the *Règlement sur l'assurance de la responsabilité professionnelle des membres de l'Ordre des administrateurs agréés du Québec*, approved by the Office des professions on September 22, 2008, up to the amount of the security, any sum that the partnership or joint-stock company may legally be liable to pay to an injured third party regarding a claim filed during the coverage period and arising from fault on the part of the member in the carrying on of professional activities within the partnership or joint-stock company;

2° an undertaking by the insurer or the surety to indemnify and hold the partnership or joint-stock company harmless in any legal action launched against the partnership or company and to pay, in addition to the amounts covered by the security, all the costs and expenses of legal actions brought against the partnership or company, including the costs and expenses of investigation and defence as well as interest on the amount of the security;

3° an undertaking by the insurer or the surety that the security is not less than \$1,000,000.00 per incident and will be for all claims during a period of coverage of 12 months;

4° an undertaking by the insurer to give the Order a 30-day prior notice of intent to terminate or modify the coverage when the modification refers to a condition set out in this Regulation;

5° an undertaking by the insurer to notify the Order when the coverage is not to be renewed, this notice must be given within 15 days prior to the termination date.

#### **DIVISION IV** ADDITIONAL INFORMATION

**11.** The information referred to in paragraph 5° of section 5 are as follow:

1° in the case of a limited liability partnership:

- a) the partnership agreements and all amendments;
- b) the declaration of registration of the partnership and any update;
- c) the names and home addresses of the company's directors holding positions in management
- d) a complete and updated register of the partners;
- e) a complete and updated register of the directors.

2° in the case of a joint-stock company:

- a) a complete and updated register of the articles and by-laws;
- b) a complete and updated securities register;
- c) a complete and updated register of shareholders;
- d) a complete and updated register of directors;
- e) all shareholders' agreement and voting agreements, and all corresponding amendments;
- f) any agreement concerning stock options with voting rights or concerning any other right, even if conditional, granted to a person and enabling the person to be issued such stocks;
- g) the declaration of registration of the joint-stock company and updates; and
- h) the names and home addresses of the company's principal officers.

**12.** Where members carrying on professional activities within a general partnership which is continued as a limited liability partnership or where a joint-stock company or a limited liability partnership is constituted, members practicing their profession within the company or partnership shall, within 15 days of the continuance or constitution, send a notice informing their clients of the nature and effects of the continuance or constitution for the partnership or joint-stock company, in particular with respect to the member's professional liability and that of the partnership or joint-stock company.

#### **DIVISION V** FINAL PROVISIONS

**13.** A member carrying on professional activities within a joint-stock company constituted before the effective date of the present Regulation shall, at the latest within the year following this date, comply in accordance with the requirements set out in the present Regulation.

**14.** This 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. 528-2011, 25 May 2011**

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

#### **Chartered administrators**

— **Code of ethics**  
— **Amendment**

Regulation amending the Code of ethics of chartered administrators

WHEREAS, under section 87 of the Professional Code (R.S.Q., c. C-26), the board of directors of a professional order must make, by regulation, a code of ethics governing the general and special duties of the professional towards the public, clients and the profession, particularly the duty to discharge professional obligations with integrity;

WHEREAS the board of directors of the Ordre des administrateurs agréés du Québec made the Regulation amending the Code of ethics of chartered administrators;