

Gouvernement du Québec

O.C. 1519-2024, 16 October 2024

Insurers Act
(chapter A-32.1)

Act respecting financial services cooperatives
(chapter C-67.3)

Deposit Institutions and Deposit Protection Act
(chapter I-13.2.2)

Trust Companies and Savings Companies Act
(chapter S-29.02)

Acquisition and holding of securities or participations or a share of a right of ownership by certain financial institutions in excess of the limits imposed

—Amendment

Regulation to amend mainly the Regulation respecting the acquisition and holding of securities or participations or a share of a right of ownership by certain financial institutions in excess of the limits imposed

WHEREAS, under section 84 of the Insurers Act (chapter A-32.1), section 28.31 of the Deposit Institutions and Deposit Protection Act (chapter I-13.2.2) and section 68 of the Trust Companies and Savings Companies Act (chapter S-29.02), no authorized Québec insurer, authorized Québec deposit institution or authorized Québec trust company may acquire or hold contributed capital securities issued by a legal person or a partnership or participations in a trust in excess of 30% of the value of those securities or participations or of the number of those securities or participations allowing it to exercise more than 30% of the voting rights and nor may an insurer, deposit institution or company be the co-owner of property if its share of the right of ownership is greater than 30% without exceeding 50%, alone or together with the shares of groups affiliated with it;

WHEREAS, under section 473 of the Act respecting financial services cooperatives (chapter C-67.3), no financial services cooperative may acquire or hold contributed capital securities issued by a legal person or a partnership or participations in a trust in excess of 30% of the value of those securities or participations or the number of those securities or participations allowing it to exercise more than 30% of the voting rights and nor may a financial services cooperative be the co-owner of property if its

share of the right of ownership is greater than 30% without exceeding 50, alone or together with the shares of groups in the same financial group.

WHEREAS, under the first paragraph of section 85 of the Insurers Act, despite section 84 of this act, an authorized Québec insurer acquire and hold up to all the contributed capital securities issued by a legal person or a partnership or up to all the participations in a trust or a share of a right of ownership in cases where the insurer will be the holder of control of the person, partnership, trust or property after the acquisition or, in the case of a share of a right of ownership in an immovable, at least 50% of that right, and in the cases determined by government regulation;

WHEREAS, under section 474 of the Act respecting financial services cooperatives, section 28.32 of the Deposit Institutions and Deposit Protection Act and section 69 of the Trust Companies and Savings Companies Act, despite, as the case may be, sections 473, 28.31 or 68 of those act, a financial services cooperative, an authorized Québec deposit institution or an authorized Québec trust company may acquire and hold up to all the contributed capital securities issued by a legal person or a partnership, up to all the participations in a trust or a share of a right of ownership in cases where the cooperative, deposit institution or company will be the holder of control of the person, partnership, trust or property after the acquisition and in the cases determined by government regulation.

WHEREAS, under subparagraph 10° of the first paragraph of section 599 of the Act respecting financial services cooperatives, the Government may, by regulation, determine the cases where, despite section 473 of this act, a financial services cooperative may acquire and hold up to all the contributed capital securities issued by a legal person or a partnership, up to all the participations in a trust or a share of a right of ownership;

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (chapter R-18.1), a draft Regulation to amend mainly the Regulation respecting the acquisition and holding of securities or participations or a share of a right of ownership by certain financial institutions in excess of the limits imposed was published in Part 2 of the *Gazette officielle du Québec* of 26 June 2024 with a notice that it could be made by the Government on the expiry of 45 days following that publication;

WHEREAS it is expedient to make the Regulation without amendment;

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

THAT the Regulation to amend mainly the Regulation respecting the acquisition and holding of securities or participations or a share of a right of ownership by certain financial institutions in excess of the limits imposed, attached to this Order in Council, be made.

DOMINIQUE SAVOIE
Clerk of the Conseil exécutif

Regulation to amend mainly the Regulation respecting the acquisition and holding of securities or participations or a share of a right of ownership by certain financial institutions in excess of the limits imposed

Insurers Act
(chapter A-32.1, s. 85, 1st par.).

Act respecting financial services cooperatives
(chapter C-67.3, s. 474, 1st par., and s. 599, 1st par., subpar. 10).

Deposit Institutions and Deposit Protection Act
(chapter I-13.2.2, s. 28.32).

Trust Companies and Savings Companies Act
(chapter S-29.02, s. 69).

1. The Regulation respecting the acquisition and holding of securities or participations or a share of a right of ownership by certain financial institutions in excess of the limits imposed (chapter A-32.1, r. 0.1) is amended by inserting the following after section 1:

“**1.1.** The purpose of this Regulation is to determine the cases, other than those provided by the Insurers Act (chapter A-32.1), the Act respecting financial services cooperatives (chapter C-67.3), the Deposit Institutions and Deposit Protection Act (chapter I-13.2.2) and the Trust Companies and Savings Companies Act (chapter S-29.02), in which an authorized financial institution may acquire and hold contributed capital securities issued by a legal person or partnership or participations in a trust or a share of a right of ownership, in excess of the limits imposed in the Acts referred to in section 1.”.

2. Section 2 is replaced by the following:

“**2.** An authorized financial institution may acquire and hold contributed capital securities issued by a legal person or partnership or participations in a trust or a share of a right of ownership if this is done through a limited partnership or a trust of which it is the holder of control, but whose financial information is not consolidated or combined with its own, in accordance with the Acts referred to in section 1.

“**2.1.** An authorized financial institution may acquire and hold contributed capital securities of a legal person if

(1) the legal person’s principal activity is the offering or the soliciting of shares in investment portfolios, the making of loans, the distribution of securities, including bonds or contributed capital securities of legal persons, factoring, leasing, the offering of computing services or actuarial advisory services;

(2) the legal person’s principal activity is the purchase, holding, leasing, sale, operation or administration of an immovable;

(3) the legal person’s principal activity is complementary to the distribution of certain insurance products such as travel assistance, legal assistance and road assistance;

(4) the legal person is registered as a firm under the Act respecting the distribution of financial products and services (chapter D-9.2);

(5) the legal person offers financial products and services only outside Québec; or

(6) the legal person is registered as a mutual fund dealer under the Securities Act (chapter V-1.1) or registered as such under extra-provincial securities laws within the meaning of section 305.1 of that Act.

An authorized financial institution may also acquire and hold contributed capital securities of a partnership or participations in a trust if the principal activity of the trust or partnership corresponds to one of the activities referred to in subparagraphs 1 to 3 of the first paragraph as well as, in cases where that partnership is a limited partnership, the contributed capital securities of its general partner.

“**2.2.** An authorized financial institution other than a mutual company that is a member of a federation may acquire and hold contributed capital securities of a legal

person or a partnership or participations in a trust if the legal person, partnership or trust operates a residential and long-term care center.

“**2.3.** An authorized financial institution may, where it acquires or holds contributed capital securities of a legal person whose principal activity corresponds to the activity referred to in subparagraph 2 of the first paragraph of section 2.1, acquire and hold a share of a right of ownership in an immovable referred to in that subparagraph.

“**2.4.** An authorized financial institution may acquire and hold a share of a right of ownership in an immovable if the immovable comprises units to be sold or leased, or in land, if the acquisition and holding are done for the purposes of building such an immovable.

“**2.5.** An authorized financial institution may acquire and hold a share of a right of ownership in an immovable or another asset if the immovable or other asset is of public utility.

“**2.6.** An authorized financial institution may acquire and hold a share of a right of ownership in a contract if the contract pertains to an immovable or an asset referred to in any of sections 2.3 to 2.5.”.

3. Sections 38 and 39 of the Regulation under the Act respecting insurance (chapter A-32.1, r. 1) are revoked.

4. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

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