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YOUR LETTERS OF REFERENCE

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FRANÇAIS

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A new *Business Corporations Act* in Québec: major changes concerning corporate law in Québec are expected.

Last October 7th, Mr. Raymond Bachand, Québec's Minister of Finance, tabled Bill 63, which will replace the current *Québec Companies Act* when it comes into effect. In fact, the *Québec Companies Act*, which has not seen any significant updates since 1981, will become the *Business Corporations Act* (hereafter called Bill 63).

Bill 63 was finally approved last December 4th and is expected to come into force in the fall of 2010, following the government's decree.

Milestones to date:

Tabled October 7, 2009

Adopted in principle November 5, 2009

Adopted December 1, 2009

Approved December 4, 2009

This bill follows extensive consultations, begun in December 2007, with several stakeholders including law firms, bar associations, university professors, professional orders, etc.

Certain organizations, such as the *Barreau du Québec* and the *Fédération des chambres de commerce du Québec* expressed disappointment that they were given so little time to study the bill, to gather the opinions of their members and finally, to share their positions and suggestions.

The Minister mentioned that the adoption of the bill would notably allow the province of Québec to mirror the legal corporate frameworks already in place in other Canadian provinces. Mr. Bachand even added that the objective is to make Québec a leader in providing legal frameworks for corporations.

Modernization and new technologies

Bill 63 includes the modernization of procedures pertaining to administrative transactions. In fact, the bill proposes a new electronic platform. However, the exact rollout date of this platform remains unknown at this time.

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In order to modernize Québec corporate law, Bill 63 also seeks to incorporate the use of new technologies by, for example, allowing for remote voting and remote participation in meetings of directors and shareholders.

Relief of administrative burden

The bill also aims to relieve Québec corporations' administrative burdens which will be done through the use of more flexible and simplified administrative procedures. Furthermore, the unanimous shareholders' agreement was clarified, which will be beneficial to small and medium-sized companies, who remain the main users of this type of agreement.

Shareholder protection

Currently, in Québec, shareholders must rely on the general superintending powers of the Superior Court of Québec when attempting to assert their rights. This lack of a legal framework has led to controversy when establishing jurisprudence.

One of the main innovations included in this new Act concerns minority shareholder protection. In fact, they will now be able to benefit from new recourses in cases of abuses of power and inequities. For example, the bill will provide a recourse similar to the recourse found in Article 241 of the Canada Business Corporations Act (CBCA), which allows security holders and directors to sue the corporation in which they have an interest so as to remedy the situation. For example, minority shareholders in corporations governed by Bill 63 from the time it comes into effect, who disagree with a substantial change to the corporation's structure or activities, can demand that their shares be redeemed.

Provincial company acts, in addition to the CBCA do not provide for a similar recourse for a company's minority shareholders, security holders or other creditors. Québec is therefore a figurehead in these matters.

Transitional provisions

Many people are wondering what will happen to existing companies which are governed by Part 1 or Part 1A of the existing *Québec Companies Act*. In fact, the new Act would state that all incorporated companies, which are a continuation or the product of a merger under Part 1A of the *Québec Companies Act*, and which are mainly existing provincial companies doing business in Québec, will become "incorporated companies" governed by the new bill as soon as it comes into effect.

Companies governed by Part 1 of the current Act will have a delay of five (5) years to send the *Registraire des entreprises* an article of continuance in accordance with the bill. It is interesting to note that it is estimated that there are about 3,000 companies governed by Part 1. Companies which do not take appropriate action before the deadline will be dissolved.

Conclusion

As previously mentioned, the *Business Corporations Act* has not yet come into effect, but surely will by the end of 2010.

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Training is offered in English or in French, generally early in the day, at our offices. We can, however, adapt to your specific requests regarding the schedule, and even bring the training to you if at least three people are interested in taking the training.

Until then, the CRAC will gladly keep you abreast of new developments and will also guide you through the transition that has been announced.

Of interest on this topic:

Bill 63

BUSINESS CORPORATIONS ACT

Column by Paul Martel (December 2009)

Québec government announcement (October 2009)

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New at the provincial level: amalgamations, continuations, letters patent and revocation of striking-off on accelerated basis!

Over the past year, we've announced a progressive improvement in the processing time of several services at the provincial level. Here is a summary of the services for which there is expedited processing:

| Service | Priority service delay | Regular service delay | Documents issued |
|--|-------------------------------|------------------------------|--|
| Provincial Incorporation | N/A | 12 to 48 hours | Stamped Initial Declaration and certificate by email |
| Declarations | 12 to 48 hours | 4 to 7 business days | Stamped copy sent by email through priority service |
| Articles of Amendment | 12 to 48 hours | 4 to 7 business days | Certificate sent by email through priority service |
| Amalgamation | 12 to 48 hours | 4 to 7 business days | Certificate sent by email through priority service |
| Continuation | 12 to 48 hours | 4 to 7 business days | Certificate sent by email through priority service |
| Letters patent | 12 to 48 hours | 4 to 7 business days | Certificate sent by email through priority service |
| Revocation of striking-off/Dissolution | 12 to 48 hours | 4 to 7 business days | Certificate sent by email through priority service |

These expedited delays make a real difference in the processing of your documents because, without the CRAC's intervention, certain documents may take up to 18 weeks to be processed by the Quebec

Enterprise Registrar.

For more information, please contact Mr. Pierre Bilodeau at (514) 861-2799 extension 343, toll-free at 1-800-361-5744 or by email at pbilodeau@crac.com

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Update on pharmacist incorporation

The regulation governing the practice of pharmacy within a company was amended in November 2009. It is an easing of the rules concerning the corporate designation of incorporated pharmacist companies (see below in red).

Regulation respecting the practice of pharmacy within a partnership or a joint-stock company, c. P-10, r. 11.01

4. Pharmacists are authorized to practice pharmacy within a joint-stock company provided the following conditions are met at all times:

[...]

- 2. the name of the company does not consist of a designating number and includes only the name of one or more shareholder pharmacists, preceded by the word "pharmacie" or followed by the word "pharmacien(s)".**

The initial regulation required that the corporate designation include the word "pharmacie" **and** the word "pharmacien (s)" or "pharmacienne (s)".

Designations are therefore less redundant while still respecting the Regulation respecting the keeping of pharmacies.

You'd like to find out more concerning the incorporation of professionals? Sign up for a one-hour presentation! For more information, contact Me Annie Fredette by email at afredette@crac.com or by telephone at 514- 861-2799, extension 355.

We also invite you to [consult a summary table](#) on our website in the Useful Information section.

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CRAC employees' families are growing!

Little Victoria Julie, born April 29th, 2009, just turned 1. Her parents were thrilled with her arrival. Her mother, Joanna Jacobson is Director of Corporate Inquiries, Bank Act as well as RDPRM searches and registrations at CRAC.





Then, Rosanna D'Aloé, Paralegal and Team Leader for Corporate Services, surprised us all when she announced that she would soon be welcoming a third child. Her son Davide was born August 16th, 2009.

And finally, just in time to kick off the New Year in style, Marie-Michèle José, Paralegal in Corporate Inquiries, welcomed her second child, Zackary, who was born on January 3rd, 2010.



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Come meet us in Québec

We will be exhibiting at the Château Frontenac, in Québec, during the 20th annual conference for the Institute of Law Clerks of Ontario, from May 26th to 29th 2010.

We hope to see you there!

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C.R.A.C. Corporate Research and Analysis Centre, a Division of Davis + Henderson

1080 Beaver Hall Hill,
Suite 1717
Montreal (Quebec) Canada
H2Z 1S8
Tel: (514) 861-2722
Toll free: 1-800-361-5744
Fax: (514) 861-2751
E-mail: crac@crac.com

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