



NATIONAL ASSEMBLY

FIRST SESSION

THIRTY-FIFTH LEGISLATURE

Bill 112

An Act to amend the Cooperatives Act and other legislative provisions

Introduction

**Introduced by
Mr Daniel Paillé
Minister of Industry, Trade, Science and Technology**

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EXPLANATORY NOTES

This bill amends the Cooperatives Act in order, in particular, to redefine the powers of cooperatives and their boards of directors. Under the bill, cooperatives will be able to determine, by by-law, certain conditions governing the allotment of rebates, and the territory in which or group from which they may recruit their members. Certain powers of cooperatives regarding the granting of financial assistance are also specified.

The bill amends the rules concerning the representation of members, and enables a cooperative to make by-laws authorizing its board of directors to suspend the voting rights of inactive members and making non-members of the cooperative eligible as directors of the cooperative.

In addition, the bill empowers the board of directors of a cooperative to determine the characteristics of its preferred shares and authorize their issue as qualifying shares. A new financing mechanism, based on the issue of participating preferred shares, is introduced, certain rules governing the operation of boards of directors are amended, and the involvement of cooperative employees as directors of a cooperative, except in the case of a work cooperative, is prohibited.

The bill modifies the required content of a cooperative's annual report, and gives a cooperative the power to mandate its auditor to conduct a review engagement. Under the bill, the compulsory allocation of surpluses may include the allotment of a rebate in the form of shares, subject to certain conditions set out in the bill.

A cooperative will be authorized to wind up its operations according to a simplified procedure and to transfer the balance of its assets to an eligible body.

The bill introduces provisions for the constitution of business cooperatives, and repeals those governing fishermen's cooperatives

and consumers' cooperatives. It amends the legislative provisions governing agricultural cooperatives and grants them the power to create a class of associate members. Specific provisions are introduced for cooperatives in the education sector, and the rules applicable to work cooperatives, especially as regards trial periods and the calculation of rebates, are amended.

Lastly, the bill contains consequential amendments and transitional provisions.

LEGISLATION AMENDED BY THIS BILL:

- Companies Act (R.S.Q., chapter C-38);
- Cooperatives Act (R.S.Q., chapter C-67.2);
- Winding-up Act (R.S.Q., chapter L-4).

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THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

1. Section 2 of the Cooperatives Act (R.S.Q., chapter C-67.2) is amended by replacing the words “except cooperatives incorporated to carry on the trust business, for mainly” in the second and third lines by the words “; however, no cooperative may be constituted under this title to engage in the activities of a trust company or a savings company governed by the Act respecting trust companies and savings companies (chapter S-29.01), for”.

2. Section 4 of the said Act is amended

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

“(4) a reserve may be established;”;

(2) by replacing the word “and” in the second line of paragraph 5 by the word “or” and by adding, at the end of that paragraph, the words “, or to other accessory purposes determined by law”.

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

“**8.** A minor may be a founder of a cooperative. However, if he is 14 years of age or over, the minor is, in that respect, deemed to be a person of full age.”

4. Section 9 of the said Act is amended

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

“(1) its name;”;

(2) by replacing the words “head office” in paragraph 2 by the word “domicile”;

(3) by striking out paragraph 4;

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

“(5) the name and domicile of each founder and, where applicable, the name of the founding partnership with the name and domicile of its members, or the name and domicile of the founding legal person together with the Act under which it is constituted.”

5. Section 12 of the said Act is amended

(1) by replacing the words “surname, given name and address” in the first line of paragraph 2 by the words “name and domicile”;

(2) by replacing the words “address of the head office” in paragraph 4 by the words “domicile of the cooperative”.

6. Section 13 of the said Act is amended by replacing the words “, after obtaining the advice of the Conseil de la coopération du Québec,” in the second and third lines of the first paragraph by the words “shall send a notice to the Conseil de la coopération du Québec advising it of the application for constitution, together with a copy of the articles and of the application. Not later than fifteen days after the sending of the notice or as soon as the Conseil has responded, the Minister”.

7. Section 14 of the said Act is amended by replacing the words “corporation within the meaning of the Civil Code of Lower Canada” in the second line by the words “legal person”.

8. The heading of Chapter IV of Title I of the said Act is replaced by the following heading:

“NAME OF COOPERATIVE”.

9. Section 16 of the said Act is amended

(1) by striking out the word “corporate” in the first line of the first paragraph and by inserting the word “cooprix” after the word “cooperation” in the second line of the first paragraph;

(2) by striking out the word “corporate” in the first line of the second paragraph.

10. Section 20 of the said Act is amended

(1) by replacing the words “its corporate name” in the first and second lines of the first paragraph by the words “the name appearing in its articles”;

(2) by replacing the words “its corporate name” in the first line of the second paragraph by the words “the name appearing in its articles”.

11. Section 23 of the said Act is replaced by the following section:

“23. Any person or partnership that, before the sending of the notice calling the meeting, transmitted to the provisional secretary a memorandum of membership indicating that he or it has an interest as a user of the cooperative’s services, shall be called to the meeting.

That person or partnership shall also be a founder of the cooperative if, before the beginning of the meeting, the founders who signed the articles of the cooperative have not rejected his or its memorandum of membership.”

12. Section 24 of the said Act is amended

(1) by replacing subparagraph 1 of the first paragraph by the following subparagraph:

“(1) adopt the by-laws of the cooperative;”;

(2) by striking out subparagraph 3 of the first paragraph;

(3) by replacing the words “pass any other by-law or” in the first line of the second paragraph by the words “adopt any”.

13. Section 25 of the said Act is amended

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

“(1) a list of the directors of the cooperative containing their names and domiciles and stating the positions they hold;”;

(2) by inserting, after paragraph 1, the following paragraph:

“(1.1) a list of the executive officers of the cooperative who are not members of the board of directors, containing their names and domiciles and stating the positions they hold;”.

14. Section 27 of the said Act is amended

- (1) by striking out paragraph 4;
- (2) by replacing paragraph 6 by the following paragraph:

“(6) retain, for the recovery of any claim it has against a person or partnership and up to the amount of the claim, any amounts it may owe him or it, or confiscate the person’s or partnership’s shares and effect compensation.”

15. Section 28 of the said Act is replaced by the following section:

“28. A cooperative may, in the pursuit of its object, grant financial assistance to

(1) a person or partnership, if the assistance enables the cooperative to do business with or increase its volume of business with the person or partnership, or is intended to enable the person to acquire the equipment necessary to perform the work provided to him by the cooperative;

(2) a member or an employee to enable him to invest in the cooperative;

(3) a legal person or partnership in which it holds shares or other securities.

Nothing in this section shall restrict the powers of the cooperative as regards the conditions of employment of its employees.”

16. Section 29 of the said Act is amended by inserting the words “, filed or deposited” after the word “registered” in the third line.

17. The heading of Chapter VII of Title I of the said Act is amended by adding, at the end, the words “OF A COOPERATIVE”.

18. Section 33 of the said Act is amended

- (1) by striking out, in the French text, the word “social” in the first line of the first paragraph;

(2) by striking out the second paragraph.

19. Section 36 of the said Act is amended by replacing the words “a head office” in the first and second lines by the words “the head office of a cooperative”.

20. Section 38 of the said Act is replaced by the following sections:

“38. No cooperative may repay or redeem a share or pay interest on a share if

(1) it is insolvent or would become insolvent as a result of the repayment, redemption or payment;

(2) the board of directors considers that the repayment, redemption or payment could adversely affect the financial stability of the cooperative;

(3) the repayment, redemption or payment would cause the cooperative to be unable to fulfil the undertakings made with any third party that grants it financial assistance.

“38.1 In the case of the death, resignation or expulsion of a member, the cooperative shall, subject to the conditions set out in section 38, repay the sums paid in respect of the member’s common shares.

Preferred shares are repaid on the conditions determined pursuant to section 46.

“38.2 The sole fact of holding shares in the cooperative confers none of the rights reserved for members other than the right to apply for repayment in accordance with law and the by-laws of the cooperative.

“DIVISION 1.1

“QUALIFYING SHARES

“38.3 Every member must hold the minimum number of common shares or common and preferred shares prescribed by by-law. Such shares are called qualifying shares.

The number of qualifying shares may vary depending on the nature of the services the member intends to use. The terms and

conditions of payment of the qualifying shares are determined by by-law."

21. Section 39 of the said Act is replaced by the following section:

"39. The common shares are registered. They may be transferred only with the approval of the board of directors. However, additional transfer conditions may be prescribed by by-law."

22. Section 40 of the said Act is repealed.

23. Section 41 of the said Act is amended by striking out the second paragraph.

24. Section 43 of the said Act is amended by replacing the word "common" in the first line of the first paragraph by the word "qualifying".

25. Section 44 of the said Act is replaced by the following section:

"44. At the request of a member and subject to the conditions set out in section 38, the cooperative may repay, on the conditions prescribed by by-law, the sums paid by the member in respect of common shares other than qualifying shares."

26. Section 46 of the said Act is amended

(1) by replacing the words "The by-law must provide for" in the first line of the second paragraph by the words "The board shall determine";

(2) by replacing the words "or repayment" in the second and third lines of the second paragraph by the words ", repayment or transfer";

(3) by adding, after the second paragraph, the following paragraph:

"Such shares may be issued in series of the same class. The interest rate may be different for each series."

27. Section 47 of the said Act is amended

(1) by inserting the words “the amount of and” after the word “state” in the second line;

(2) by replacing the words “or repayment” in the third line by the words “, repayment or transfer”.

28. Section 48 of the said Act is amended by striking out the second paragraph.

29. The said Act is amended by inserting, after section 49, the following sections:

“DIVISION III.1

“PARTICIPATING PREFERRED SHARES

“49.1 The board of directors may, if so authorized by a by-law, issue participating preferred shares to any person who is not a member or auxiliary member of the cooperative.

The by-law may provide for more than one class of participating preferred shares and must determine the amount of, the preferences, rights and restrictions attaching to, and the conditions governing the redemption, repayment or transfer of, each class of participating preferred shares.

Each class may be divided into series. The interest rate may be different for each series.

“49.2 The cooperative must issue certificates of participating preferred shares. The certificates must state the amount of, the preferences, rights and restrictions attaching to, and the conditions of redemption, repayment or transfer of the shares.

“49.3 Participating preferred shares may confer on their holders the right to be convened to and attend a general meeting but not the right to speak.

“49.4 Participating preferred shares may entitle their holders to receive annual interest of up to 25% of the amount paid for the shares. The interest may include a participation in the operating surplus or surplus earnings of the cooperative up to a maximum of 25% of the operating surplus or surplus earnings. Such participation shall be determined by the annual meeting.

The operating surplus or surplus earnings referred to in the first paragraph are the operating surplus or surplus earnings

appearing in the income statement of the cooperative once the interest allocated to preferred shares and participating preferred shares, other than interest allocated as participation in the operating surplus or surplus earnings, has been deducted.”

30. Section 50 of the said Act is replaced by the following section:

“50. No initiation fee may be charged to a person admitted as a member or auxiliary member of a cooperative.”

31. Section 51 of the said Act is amended

(1) by replacing subparagraph 1 of the first paragraph by the following subparagraph:

“(1) have an interest as a user of the cooperative’s services;”;

(2) by replacing subparagraph 3 of the first paragraph by the following subparagraph:

“(3) subscribe and pay for the required qualifying shares in accordance with the by-laws;”;

(3) by striking out the second paragraph.

32. The said Act is amended by inserting, after section 51, the following sections:

“51.1 A minor may be a member of a cooperative. However, if he is 14 years of age or over, the minor is, in that respect, deemed to be a person of full age.

“51.2 A cooperative may determine by by-law the territory in which or the group from which it may recruit its members.

“51.3 The founders have the same rights and obligations as any other member.”

33. Section 52 of the said Act is amended by replacing the words “is in a position to participate in the pursuit of the objects for which the cooperative is incorporated” in the fourth, fifth and sixth lines of the first paragraph by the words “has an interest as a user of the cooperative’s services”.

34. Section 53 of the said Act is amended by inserting the words “and on the conditions determined therein,” after the word “require” in the first line.

35. Section 54 of the said Act is amended

(1) by replacing, in the French text, the word “cotisation” in the second line by the word “contribution”;

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

“Unless otherwise provided for in the by-laws, the amount of the contribution is determined by the board of directors.”

36. Section 55 of the said Act is amended by replacing the first paragraph by the following paragraph:

“**55.** A member may resign by giving the board of directors a thirty-day written notice.”

37. Section 57 of the said Act is amended

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

“(1) if he is not a user of the cooperative’s services;”;

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

“(3) if he has not paid for his qualifying shares in accordance with the terms and conditions prescribed in the by-laws;”;

(3) by striking out, in the French text, the word “sociales” in paragraph 4;

(4) by striking out the words “, or if he injures it” in the second line of paragraph 6;

(5) by adding, after paragraph 7, the following paragraph:

“However, the board of directors may not suspend or expel a member who is a director before he has been dismissed from his position as director.”

38. Section 58 of the said Act is replaced by the following section:

“58. Before deciding to suspend or expulse a member, the board of directors shall give him written notice of the grounds invoked for the suspension or expulsion and of the place, date and time of the meeting at which the board of directors will render its decision. The notice must be given within the time prescribed for the calling of the meeting.

At the meeting, the member may oppose his suspension or expulsion by making representations or by transmitting a written statement to be read by the chairman.

The cooperative shall give the member written notice of its decision within 15 days of the decision.”

39. Section 60 of the said Act is amended by replacing the words “also loses” in the first line of the second paragraph by the words “loses, for the duration of the suspension,”.

40. The said Act is amended by inserting, after section 60, the following sections:

“60.1 The board of directors may, if authorized by by-law, suspend a member’s right to vote at a meeting if, in the two fiscal years preceding the meeting,

(1) the member has not done business with the cooperative;

(2) the member has not done business with the cooperative for the amount determined by by-law;

(3) in the case of a work cooperative, the member has not performed the number of days of work determined by by-law.

A written notice informing the member that his right to vote at the meeting has been suspended must be sent to him at least 30 days before the date of the meeting.

“60.2 A member whose right to vote has been suspended by the board of directors may, within 15 days of receiving the notice, contest the decision in writing.

After examining the grounds raised in support of the member’s objection, the board of directors shall render its decision and, if it cancels the suspension, inform the member in writing thereof before the meeting.”

41. Section 61 of the said Act is amended by inserting the words “made annually” after the words “must be” in the first line of the second paragraph.

42. Section 62 of the said Act is amended by replacing the second paragraph by the following paragraph:

“They must, however, designate a president, a vice-president and a secretary from among their number. They are not bound to hire a general manager or a manager.”

43. The said Act is amended by inserting, after section 62, the following section:

“62.1 Sections 92 to 98, adapted as required, apply to the meetings of the members.”

44. Section 65 of the said Act is amended by inserting the words “in writing” after the word “given” in the first line of the second paragraph.

45. Section 68 of the said Act is amended by striking out the word “sociales” in the second line of the French text.

46. Section 69 of the said Act is replaced by the following section:

“69. Unless otherwise provided for in the by-laws, a member may authorize in writing his spouse or his child of full age to take part in the deliberations of the meeting and to vote in his place, except if that person is already a member.

For the purposes of this section, spouses are persons who are married to each other and cohabit or persons who have been living together in a *de facto* union for at least one year.”

47. Section 70 of the said Act is amended

(1) by replacing the word “corporation” in the first line of the first paragraph by the words “legal person”;

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

“However, no representative of such a legal person or partnership may represent another member of the cooperative.”

48. Section 71 of the said Act is repealed.

49. Section 72 of the said Act is amended

(1) by striking out the words “However, at the election of a director, the returning officer has the casting vote.” in the first and second lines of the second paragraph;

(2) by adding, after the second paragraph, the following paragraph:

“In the election of a director, the election officer, if he is a member of the cooperative, also has a casting vote, unless otherwise provided for in the by-laws.”

50. Section 73 of the said Act is amended by adding the words “by one or more of them” after the word “represented” in the third line of the first paragraph.

51. Section 76 of the said Act is amended by inserting, after paragraph 1, the following paragraph:

“(1.1) determine, where applicable, the interest payable on participating preferred shares as participation in the operating surplus or surplus earnings pursuant to the first paragraph of section 49.4;”.

52. The said Act is amended by replacing, in the French text, the heading of Division III of Chapter X of Title I by the following heading:

“ASSEMBLÉE EXTRAORDINAIRE”.

53. Section 77 of the said Act is amended

(1) by replacing, in the French text, the word “spéciale” in the third line of the first paragraph by the word “extraordinaire”;

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

“A representative of the federation which ordered that a special meeting be held may attend and speak at the meeting.”;

(3) by replacing the figure “100” in the second line of the second paragraph by the figure “500”, and by replacing the figure “400” in

the second and in the third lines of the second paragraph by the figure “2,000”;

(4) by replacing, in the French text, the word “spéciale” in the second line of the third paragraph by the word “extraordinaire”.

54. Section 81 of the said Act is amended

(1) by replacing the words “member corporation or partnership” in the first and second lines of the first paragraph by the words “legal person or partnership that is a member”;

(2) by adding, after the second paragraph, the following paragraph:

“However, no employee of the cooperative may be elected as a director, except in a work cooperative.”

55. The said Act is amended by inserting, after section 81, the following sections:

“81.1 The by-laws may provide that persons other than those referred to in section 81 may be eligible as directors.

The number of positions held by such persons must not exceed 25% of the total number of directors’ positions.

Such persons shall be recommended as candidates to the meeting by the board of directors.

“81.2 Minors and persons of full age under tutorship may be directors of a cooperative whose object concerns them.”

56. Section 82 of the said Act is amended by adding, after paragraph 2, the following paragraph:

“(3) if, in the case of a work cooperative, he has not in the preceding fiscal year done business with the cooperative for the amount determined by by-law, or performed the number of days of work determined by by-law.”

57. Section 84 of the said Act is amended by adding, after the second paragraph, the following paragraph:

“At the expiry of his term, a director remains in office until re-elected or replaced.”

58. Section 85 of the said Act is amended

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

“85. In case of vacancy, the directors may appoint a person entitled to become a director for the unexpired portion of the term of office. Should the directors fail to do so before the next annual meeting, the meeting may fill the vacancy.”;

(2) by replacing, in the French text, the word “spéciale” in the fourth line of the second paragraph by the word “extraordinaire”.

59. Section 86 of the said Act is replaced by the following section:

“86. A director may resign from office by giving written notice to that effect to the board of directors.

The resignation of a member who is a director entails his disqualification as a director.”

60. Section 88 of the said Act is amended by replacing the words “surnames, given names, addresses and occupations” in the fourth and fifth lines of the first paragraph by the words “names and domiciles and stating, if they are executive officers, the positions they hold”.

61. Section 89 of the said Act is replaced by the following section:

“89. The board of directors has all the powers necessary to manage the affairs of the cooperative.

The general meeting may, by by-law, determine the powers that cannot be exercised by the board of directors except with the authorization of the general meeting.

However, the board of directors may not borrow or hypothecate or otherwise give as security any property of the cooperative or property delivered to the cooperative by members unless it is authorized to do so in a by-law adopted by two-thirds of the votes cast by the members or their representatives present at a general meeting.”

62. Section 90 of the said Act is amended

(1) by replacing the words “and convene him to its meetings” in the first and second lines of paragraph 1 by the words “, unless otherwise provided for in the by-laws”;

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

“(2) insure the cooperative against the risks it determines, subject to the requirements and restrictions set out in the by-laws;”;

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

“(4.1) make a recommendation to the annual meeting concerning the allocation of any operating surplus or surplus earnings;

“(4.2) make a recommendation to the general meeting in connection with the election of the persons referred to in section 81.1.”.

63. Section 95 of the said Act is amended

(1) by replacing the word “all” in the first line by the words “a majority of them”;

(2) by replacing the word “They” in the third line by the words “Those that agreed”.

64. Section 99 of the said Act is replaced by the following section:

“99. A director may be dismissed by the members entitled to elect him, at a special meeting to which only such members are called.”

65. Section 101 of the said Act is replaced by the following section:

“101. No director may be dismissed at a special meeting unless he has been informed in writing, within the time prescribed for calling the meeting, of the grounds for dismissal and of the place, date and time of the meeting.

At the meeting, the director may oppose his dismissal by making representations or by transmitting a written statement to be read by the chairman.”

66. Section 102 of the said Act is amended by adding, after the second paragraph, the following paragraph:

“In addition, where a director, pursuant to a mandate given by the board of directors, represents the cooperative outside the meetings of the board of directors, the board may decide to remunerate him and shall fix the amount.”

67. Section 103 of the said Act is amended by replacing the first paragraph by the following paragraph:

“**103.** A cooperative shall assume the defence of its director or other mandatary prosecuted by a third party for any act done or omission made in the exercise of his functions, or in the execution of a mandate on behalf of the cooperative. The cooperative shall pay any damages resulting from the act or omission, unless the director or mandatary is guilty of a gross or intentional fault.”

68. Section 104 of the said Act is amended by replacing the first paragraph by the following paragraph:

“**104.** A cooperative shall, where the court so decides, assume the expenses of its director or other mandatary if, having prosecuted him for an act done or omission made in the exercise of his functions or the execution of a mandate on behalf of the cooperative, it loses its case.”

69. Section 106 of the said Act is replaced by the following sections:

“**106.** Any director having a direct or indirect interest in an enterprise, a contract or an economic activity placing his personal interest in conflict with the interest of the cooperative, other than an interest arising from his capacity as a member, must under pain of forfeiture of office disclose his interest, abstain from voting on any matter concerning the enterprise, contract or economic activity in which he has an interest and refrain from influencing the decision pertaining to that matter. The disclosure shall be made in writing and shall be entered in the minutes of the deliberations of the board of directors.

He must, in addition, leave the meeting for the duration of the deliberation regarding the enterprise, contract or economic activity in which he has an interest.

"106.1 Any other mandatary of the cooperative who is in the situation described in section 106 must disclose his interest in writing to the board of directors, under pain of dismissal or cancellation of contract or of other measures determined by the board. Such mandatary must also refrain from influencing the decision of the board of directors and must, where applicable, leave the meeting."

70. The heading of Chapter XII of Title I of the said Act is amended by adding, at the end, the words "AND OTHER COMMITTEES".

71. The said Act is amended by inserting, after section 108, the following section:

"108.1 The board of directors of a cooperative with revenues of at least \$10 000 000 for the preceding fiscal year may, if authorized by the by-laws, establish other committees composed of directors, determine their mandate and delegate certain powers to them.

Such committees shall report to the board of directors."

72. Section 110 of the said Act is amended by replacing the words "the executive" in the first line by the word "a".

73. Chapter XIII of Title I of the said Act is repealed.

74. The said Act is amended by inserting, after the heading of Chapter XIV of Title I, the following sections:

"112.1 The executive officers of the cooperative are the president, the vice-president and the secretary and, where applicable, the treasurer and the general manager or manager.

"112.2 The board of directors may, if authorized by the by-laws, create other executive positions."

75. Section 117 of the said Act is amended by replacing the first paragraph by the following paragraph:

"117. The powers and duties of the executive officers are determined by by-law. The by-laws may, however, authorize the board of directors to determine the powers and duties of the executive officers who are not directors."

76. Section 124 of the said Act is replaced by the following sections:

“124. Every cooperative shall keep a register at its head office containing

(1) its articles and by-laws, the agreement of its members referred to in section 61 and the latest notice of the address of its head office;

(2) a list of its directors containing their names and domiciles and stating the starting date and duration of their terms of office;

(3) the minutes and resolutions of its general meetings;

(4) the minutes of the meetings and the resolutions of the board of directors, of the executive committee and of any other committee;

(5) a list of the members and other shareholders stating their names and domiciles;

(6) the number of common shares, preferred shares and participating preferred shares held by the members and shareholders;

(7) the subscription, redemption, repayment or transfer dates of each share and the amount, if any, owing on each share.

“124.1 The register may be stored on any information storage device that is capable of reproducing data in intelligible written form.”

77. Sections 125 and 126 of the said Act are repealed.

78. Section 127 of the said Act is replaced by the following section:

“127. Any member may consult the documents referred to in paragraphs 1 to 3 and 5 to 7 of section 124 contained in the cooperative’s register during the cooperative’s usual office hours. In addition, the member may obtain a copy of the articles and by-laws, a copy of the agreement of the members referred to in section 61 and a copy of the last annual report.

The cooperative may require the payment of fees for the reproduction and transmission of the documents.”

79. Section 128 of the said Act is amended by striking out the words “the carrying on of a trade or of” in the first and second lines.

80. Section 129 of the said Act is repealed.

81. Section 132 of the said Act is replaced by the following section:

“132. Within four months after the close of the fiscal year, the board of directors shall prepare an annual report containing, in particular,

(1) the name and domicile of the cooperative and any other name under which it is identified;

(2) the names and domiciles of the directors and executive officers;

(3) the number of members and of associate members, if any, of the cooperative;

(4) the financial statements for the last fiscal year;

(5) the auditor’s report;

(6) the number of persons, if any, employed by the cooperative;

(7) the other information required by by-law.”

82. Section 134 of the said Act is amended by striking out the words “the Minister responsible for the Bureau de la statistique du Québec,” in the second and third lines.

83. Section 135 of the said Act, amended by section 457 of chapter 40 of the statutes of 1994, is again amended by striking out the words “or the nature of its activities” in the third line of the third paragraph.

84. The said Act is amended by inserting, after section 136, the following section:

“136.1 Every auditor, except an auditor appointed by the Minister under section 136, may be dismissed at a special meeting called for that purpose.

The vacancy created by the dismissal of an auditor may be filled during the meeting at which the dismissal takes place or, failing that, in accordance with the second paragraph of section 136.”

85. Section 137 of the said Act is repealed.

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

“139. Subject to the agreement of all the members attending the annual meeting, a cooperative may give the auditor a mandate to conduct a review engagement as defined by government regulation.”

87. Section 143 of the said Act is amended

(1) by inserting the words “, once the interest allocated to preferred shares and participating preferred shares has been deducted,” after the word “earnings” in the fourth line;

(2) by replacing the words “where the members so decide and in such proportion as they determine” in the third and fourth lines of paragraph 3 by the words “in accordance with the by-laws”;

(3) by adding, after paragraph 3, the following paragraphs:

“(4) to the payment of interest on participating preferred shares as participation in the operating surplus or surplus earnings.

“The rebates are allotted to the members and to the auxiliary members, if any, in proportion to the business done by each of them, during that fiscal year, with the cooperative and with a company or partnership in which the cooperative holds shares or other securities.”

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

“144. The operating surplus or surplus earnings referred to in section 143 may be paid into the reserve, allotted as rebates, or allocated to the payment of interest on the participating preferred shares, subject to sections 146, 148, 148.1 and 149.”

89. Section 146 of the said Act is replaced by the following section:

“146. At least 20% of the operating surplus or surplus earnings must be allocated to the reserve or allotted as rebates in the form of

shares, until equity is equal to at least 30% of the debts of the cooperative.

The operating surplus or surplus earnings referred to in the first paragraph are the operating surplus or surplus earnings appearing in the income statement of the cooperative once the interest allocated to preferred shares and participating preferred shares, other than interest allocated as participation in the operating surplus or surplus earnings, has been deducted.”

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

“148. The articles of a cooperative may include a clause prohibiting the allotment of rebates.”

91. Section 148.1 of the said Act is replaced by the following section:

“148.1 The board of directors of a cooperative may, where authorized by the by-laws and on the conditions and for the maximum period fixed in the by-laws, make an undertaking with a person granting financial assistance to the cooperative that its members will not allot rebates to themselves or if rebates are allotted, that they authorize their payment only in the form prescribed in the first paragraph of section 152.”

92. Section 149 of the said Act is replaced by the following section:

“149. Only the proportion of the operating surplus or surplus earnings equal to the proportion of business done by the members or the auxiliary members, as the case may be, with the cooperative or with a company or partnership in which the cooperative holds shares or other securities, may be allotted to members and auxiliary members. Such operating surplus or surplus earnings shall be allotted in the form of rebates.”

93. Section 150 of the said Act is repealed.

94. Section 152 of the said Act is amended

(1) by replacing the first paragraph by the following paragraphs:

“152. Instead of paying rebates, the annual general meeting may decide to allot common or preferred shares or decide that the

rebates allotted shall be loaned to the cooperative by its members, or it may avail itself of both methods of allotment and determine the conditions attached to each method of payment.

The methods of payment and the conditions attached thereto may also be determined in the by-laws of the cooperative.

The repayment of such loans to the members is also subject to the conditions set out in section 38.”;

(2) by striking out the words “by virtue of the resolution or by-law” in the first and second lines of the second paragraph.

95. The said Act is amended

(1) by inserting, after the heading of Chapter XXI of Title I, the following division:

“DIVISION I

“GENERAL PROVISIONS

“**152.1** Every amalgamation takes effect on the date on which the articles of amalgamation are approved by the Minister or on any later date specified in the articles.

“**152.2** The Minister shall send a notice to the Conseil de la coopération du Québec advising it of the application for amalgamation, together with a copy of the application and of the articles.”;

(2) by renumbering Divisions I, II and III of Chapter XXI of Title I as Divisions II, III and IV, respectively.

96. The said Act is amended by inserting, after section 154, the following section:

“**154.1** Notwithstanding paragraph 2 of section 154, two or more cooperatives may amalgamate even if the book value of the assets of the cooperative resulting from the amalgamation is less than the sum of its liabilities and the sums representing the value of the paid-up capital stock, provided that all the creditors consent to the amalgamation.”

97. Section 155 of the said Act is amended

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

“(1) the name of the cooperative resulting from the amalgamation, the judicial district in which its domicile is situated, its objects and the provisions referred to in section 10;”;

(2) by replacing the words “surname, given name, address and occupation” in the first line of paragraph 2 by the words “name and domicile”;

(3) by replacing the words “or preferred shares” in the third line of paragraph 4 by the words “shares, preferred shares or other securities”;

(4) by replacing paragraph 5 by the following paragraphs:

“(5) where shares of one of the cooperatives are not converted into shares of the cooperative resulting from the amalgamation, the amount of money or any other form of payment to be received by the holders of such shares in addition to or instead of shares of the cooperative resulting from the amalgamation;

“(5.1) the amount of money or any other form of payment to stand in lieu of fractions of shares of the cooperative resulting from the amalgamation;

“(5.2) the date on which the amalgamation is to take effect if that date differs from the date of approval;

“(5.3) in the case of the amalgamation of cooperatives pursuing agricultural purposes, mention to the effect that the cooperative resulting from the amalgamation is or is not governed by Chapter I of Title II of this Act;”;

(5) by inserting the words “, in particular, the holding of meetings to decide on the allocation of the operating surplus or surplus earnings of the amalgamating cooperatives, as provided for in section 163” after the word “amalgamation” in the third line of paragraph 6.

98. Section 156 of the said Act is amended

(1) by replacing, in the French text, the word “spéciale” in the second line of the first paragraph by the word “extraordinaire”;

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

“(2) the by-laws of the cooperative resulting from the amalgamation.”;

(3) by adding, after paragraph 2, the following paragraph:

“Only the board of directors may call such a meeting.”

99. Section 159 of the said Act is amended by replacing the words “paragraph 1” in the third line by the words “paragraphs 1 and 5.2”.

100. Section 160 of the said Act is amended

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

“(2) the agreement of amalgamation;”;

(2) by replacing the words “address of the head office” in paragraph 3 by the words “its domicile”;

(3) by striking out the words “of internal management and the general loan by-laws” in the first and second lines of paragraph 5;

(4) by replacing, in the French text, the word “spéciale” in the second line of paragraph 5 by the word “extraordinaire”.

101. Section 162 of the said Act is amended by striking out the words “, or any date subsequent to the receipt of the articles indicated in the articles,” in the fourth and fifth lines of the second paragraph.

102. Section 163 of the said Act is amended

(1) by inserting the words “of taking effect” after the word “date” in the first line of the first paragraph;

(2) by adding, after the second paragraph, the following paragraph:

“However, the cooperatives that have amalgamated may, if so authorized in the agreement and notwithstanding the date on which the amalgamation takes effect, call and hold a general meeting of their members to allocate the operating surplus or surplus earnings from their last fiscal year to the allotment of rebates to their members, to the payment of interest on participating preferred shares as participation in the operating surplus or surplus earnings, or to the reserve of the cooperative resulting from the amalgamation; where

applicable, the latter cooperative is empowered to carry out any decision made at the meetings.”

103. Section 165 of the said Act is amended

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

“(1) the name of the absorbing cooperative, the judicial district in which its domicile is situated, its objects and the provisions referred to in section 10;”;

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

“(2) the new number of directors, the new composition of the board of directors and the new manner of forming the board of directors, where applicable, of the absorbing cooperative;”;

(3) by replacing the words “or preferred shares” in the third line of paragraph 4 by the words “shares, preferred shares or other securities”;

(4) by adding, after paragraph 4, the following paragraphs:

“(5) where shares of the absorbed cooperative are not converted into shares of the absorbing cooperative, the amount of money or any other form of payment to be made to the holders of such shares in addition to or in lieu of shares in the absorbing cooperative;

“(6) the amount of money or any other form of payment to stand in lieu of fractions of shares of the absorbing cooperative;

“(7) the date on which the amalgamation is to take effect if that date differs from the date of approval.”

104. Section 166 of the said Act is amended

(1) by replacing, in the French text, the word “spéciale” in the second line of the first paragraph by the word “extraordinaire”;

(2) by replacing, in the French text, the word “spéciale” at the end of the second paragraph by the word “extraordinaire”;

(3) by adding, after the second paragraph, the following paragraph:

“Only the board of directors may call such a meeting.”

105. Section 169 of the said Act is amended by replacing the words “paragraph 1” in the third line by the words “paragraphs 1 and 7”.

106. Section 172 of the said Act is amended

(1) by inserting the words “of taking effect” after the word “date” in the first line;

(2) by adding, after the first paragraph, the following paragraph:

“However, the absorbed cooperative may, if so authorized in the agreement and notwithstanding the date on which the amalgamation takes effect, call and hold a general meeting of its members to allocate the operating surplus or surplus earnings from its last fiscal year to the allotment of rebates to its members, to the payment of interest on participating preferred shares as participation in the operating surplus or surplus earnings, or to the reserve of the absorbing cooperative; where applicable, the latter cooperative is empowered to carry out any decision made at the meetings.”

107. Section 174 of the said Act is amended by inserting the words “and the date on which the amalgamation is to take effect if that date is later than the date of approval,” after the word “cooperative” in the second line of the first paragraph.

108. Section 176 of the said Act is amended by inserting the words “of taking effect” after the word “date” in the first line of the first paragraph.

109. The said Act is amended by inserting, after the heading of Chapter XXIII of Title I, the following heading:

“DIVISION I

“ORDINARY WINDING-UP”.

110. Section 181 of the said Act is amended

(1) by replacing, in the French text, the word “spéciale” in the third line of the first paragraph by the word “extraordinaire”;

(2) by striking out the second paragraph.

111. The said Act is amended by inserting, after section 181, the following section:

“181.1 Notice of the resolution adopted by the members for the winding-up and dissolution of the cooperative must be sent to the Minister. The Minister shall send a copy to the Inspector General of Financial Institutions who shall deposit it in the register established under the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons (R.S.Q., chapter P-45).”

112. Section 182 of the said Act is replaced by the following section:

“182. Divisions II and III of the Winding-up Act (R.S.Q., chapter L-4) apply to the winding-up of a cooperative, except section 9 and any provisions inconsistent with this chapter.

For that purpose, the Minister shall exercise the rights and assume the obligations conferred on the Inspector General by the said Act, except with respect to deposits and registration in the register that are provided for in sections 17 to 19 of that Act.”

113. Section 185 of the said Act is amended by replacing the second paragraph by the following paragraph:

“Once such payments have been made, the balance of the assets shall be transferred to a cooperative, a federation, a confederation or the Conseil de la coopération du Québec by the meeting of the members by means of a resolution adopted by a majority of the votes cast.”

114. The said Act is amended by inserting, after section 185, the following:

“185.1 Where the members have not made a decision concerning the balance of the assets of the cooperative, it shall be transferred to the Conseil de la coopération du Québec.

“DIVISION II

“SIMPLIFIED WINDING-UP

“185.2 A cooperative having assets of \$10 000 or less is exempted from appointing a liquidator.

In that case, the board of directors shall prepare an asset disposal plan, with a view to winding up the cooperative, and submit the plan to a special meeting called for that purpose.

“185.3 The special meeting may accept the asset disposal plan and decide to wind up the cooperative by a resolution adopted by three-quarters of the votes cast by the members or representatives present. The directors shall in such case assume the tasks incumbent upon the liquidator under section 185 and shall send notice of the resolution to the Minister along with a report describing the manner in which they have disposed of the assets of the cooperative.

“185.4 The Minister shall inform the Inspector General that the report has been produced. The Inspector General shall make an entry in the register to that effect and the cooperative shall be dissolved from the date of that entry.”

115. Section 186 of the said Act is amended

(1) by replacing the words “12 or less than the number that was required for its incorporation” in the first and second lines of paragraph 1 by the words “the minimum number referred to in section 7 or 223.1, as the case may be”;

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

“(4) it does not send him a copy of the annual report within the prescribed time;”.

116. The said Act is amended by inserting, after section 188, the following section:

“188.1 Where the cooperative does not indicate in its annual report the proportion of its business with its members, that proportion is deemed to be less than the proportion prescribed by government regulation and to be no greater than the proportion reported for its preceding fiscal year, except if the cooperative establishes that proportion by attestation from its auditor within 90 days of receipt of a notice to that effect.”

117. Section 192 of the said Act is amended by replacing the words “devolve in the manner prescribed in section 185” in the first and second lines by the words “are transferred to the Conseil de la coopération du Québec”.

118. Section 193 of the said Act is amended by inserting the words “the Conseil de la coopération du Québec in accordance with section 192 or rights acquired by” after the word “by” in the fifth line.

119. Section 195 of the said Act is repealed.

120. Section 196 of the said Act is amended by striking out the second paragraph.

121. Section 197 of the said Act is replaced by the following section:

“197. Every agricultural cooperative that elects to be governed by this chapter must indicate that election in its articles.”

122. Section 199 of the said Act is repealed.

123. Section 200 of the said Act is amended

(1) by replacing subparagraph 3 of the first paragraph by the following subparagraph:

“(3) subscribe and pay for the required qualifying shares in accordance with the by-laws;”;

(2) by replacing the words “at least five years” in the third line of the second paragraph by the words “one year or for a longer period determined under paragraph 2 of section 205”.

124. Sections 201 and 204 of the said Act are repealed.

125. Section 205 of the said Act is amended

(1) by striking out paragraph 1;

(2) by inserting the words “and establish the term” after the word “conditions” in the first line of paragraph 2, and by replacing the words “200 and 201” in the second line of paragraph 2 by the words “53 and 200”;

(3) by replacing the words “196, 200 and 201” in the second line of paragraph 3 by the words “53 and 200”.

126. Sections 206, 207 and 209 of the said Act are repealed.

127. Section 211 of the said Act is replaced by the following sections:

“211. An agricultural cooperative may make a by-law to establish a class of associate members.

“211.1 To be an associate member of an agricultural cooperative, a person or partnership must

- (1) have an interest as a user of the cooperative’s services;
- (2) apply for membership;
- (3) subscribe and pay for the required qualifying shares in accordance with the by-laws;
- (4) undertake to comply with the by-laws of the cooperative;
- (5) be admitted by the board of directors.

“211.2 The associate members of an agricultural cooperative are eligible to be directors and are entitled to rebates.

“211.3 For the formation of the board of directors of the cooperative, associate members form a group within the meaning of section 83 which is entitled to elect a proportion of the number of directors equal to the proportion obtained by dividing the number of associate members by the total number of members and associate members of the cooperative.

If that proportion results in a number of directors that includes a decimal fraction greater than 0.5, the group is entitled to elect an additional director.

However, the number of directors that the group is entitled to elect may not be greater than 25% of the number of directors of the cooperative.

“211.4 The associate members are entitled to a proportion of voting rights in the cooperative equal to the proportion obtained by dividing the number of associate members by the total number of members and associate members of the cooperative up to a maximum of 25% of the voting rights in the cooperative.

“211.5 If, during a fiscal year, the proportion of business done by the agricultural cooperative with its members is less than 20% of its business within the meaning of government regulations, the Minister may order the cooperative to amend its articles to specify that it is no longer governed by this chapter.

If the cooperative fails to comply with the Minister's order within 60 days of service of the order, the Minister may of his own initiative amend the articles of the cooperative.

"211.6 Where the Minister amends the articles of the cooperative of his own initiative, he shall produce a certificate in triplicate evidencing the amendment.

The Minister shall register one copy of the certificate and send a second copy to the cooperative. He shall send a third copy to the Inspector General, who shall deposit it in the register. The amendment takes effect on the date appearing on the certificate.

"211.7 The associate members become members of the cooperative when the amendment to the articles made by the cooperative or by the Minister takes effect.

"211.8 The term "member" includes the term "associate member", except for the purposes of sections 61, 62, 73, 77 and 139, paragraph 1 of section 186 and section 211.5."

128. Chapters II and III of Title II of the said Act are repealed.

129. Section 220 of the said Act is replaced by the following section:

"220. A housing cooperative is a cooperative whose principal object is to assist its members in acquiring the ownership or use of a house or dwelling."

130. Section 221 of the said Act is replaced by the following sections:

"221. A housing cooperative that rents dwellings to its members may, where authorized by the by-laws, allow two members per dwelling unit.

"221.1 To be admitted as a member of a cooperative referred to in section 221, a person must be a party to a lease for the rental of a dwelling unit owned by the cooperative.

A member whose lease is resiliated, cancelled or not renewed is deemed to have resigned from the cooperative on the date of the resiliation, cancellation or expiry of the lease.

“221.2 A cooperative that rents dwellings to its members may, by by-law, make any person’s admission subject to a trial period of not more than three months. During that period, the person is an auxiliary member.

“CHAPTER IV.1

“STUDENTS’ COOPERATIVES

“221.3 A students’ cooperative is a cooperative made up principally of members recruited from among the students and staff of the educational institution in which it offers services.

“221.4 An application for the constitution of a students’ cooperative must be accompanied with a written statement from the educational institution in which the cooperative intends to offer services, authorizing it to have a place of business in a facility of the institution.

“221.5 The price for a common share in a students’ cooperative must be fixed by by-law. The price may vary from \$2 to \$10.

“221.6 The cooperative may, by by-law, provide that a member who leaves the educational institution in which the cooperative offers services is deemed to have resigned from the cooperative.

It may also provide that a member who does not request the repayment of his qualifying shares in the year following his resignation is deemed to have donated them to the cooperative.

“221.7 A students’ cooperative may include the term “Coopsco” in its name or use it for other purposes if so authorized by the Fédération des coopératives québécoises en milieu scolaire.

A cooperative constituted under a name including the term “Coopsco” is not required to include in its name any of the terms mentioned in section 16.

No person or partnership may use the term “Coopsco” in its name or otherwise.

“221.8 Where the authorization to use the term “Coopsco” is revoked by the federation, the cooperative must cease using it and, where necessary, change its name within 60 days of the revocation.

If the cooperative fails to change its name, the Minister shall assign another name to the cooperative and evidence the change in a certificate that he shall send to the Inspector General; the latter shall deposit the certificate in the register."

131. The heading of Chapter V of Title II of the said Act is amended by replacing the word "WORKERS" by the word "WORK".

132. 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 for the operation of an enterprise and whose main object is to provide work to its members and auxiliary members."

133. Section 223 of the said Act is repealed.

134. The said Act is amended by inserting, after section 224.1, the following section:

"224.1.1 The number of qualifying shares may vary according to the nature of the transactions in which the member participates, and on the amount of work that the cooperative is in a position to offer him."

135. Section 224.2 of the said Act is amended by replacing the first paragraph by the following paragraph:

"224.2 The cooperative may, by by-law, make any worker's admission subject to a trial period of not more than 250 work days extending over a period of not more than 24 months. During the trial period, the worker is an auxiliary member."

136. Section 224.3 of the said Act is repealed.

137. Section 224.4 of the said Act is replaced by the following section:

"224.4 The cooperative must establish, by by-law, a procedure for work sharing, lay-offs and recalls."

138. The said Act is amended by inserting, after section 224.5, the following section:

"224.6 A member may not be represented."

139. Section 225 of the said Act is replaced by the following section:

“225. In addition to the powers conferred on it by Title I, a cooperative may acquire and hold shares in a legal person or a share in a partnership, if its status as shareholder or partner allows its members to work in the enterprise owned by the legal person or partnership.

In such a case, the cooperative is deemed to be operating an enterprise within the meaning of section 222.”

140. The said Act is amended by inserting, after section 225, the following section:

“225.1 In the case of a cooperative referred to in section 225, the proportion of transactions effected with its members is equal to the proportion that the total remuneration paid to the workers of the enterprise that are members of the cooperative is of the total remuneration paid by the enterprise.”

141. Section 226 of the said Act is amended

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

“226. Rebates are calculated on the basis of the volume of work performed by the member during the last fiscal year for the cooperative or for the company or partnership in which the cooperative is a shareholder or partner.”;

(2) by adding, after the second paragraph, the following paragraphs:

“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 has participated.”

142. Section 228 of the said Act is replaced by the following section:

“228. The Minister shall send a notice to the Conseil de la coopération du Québec advising it of any application for the

constitution of a federation, together with a copy of the application and of the constituting articles. Not later than fifteen days after the sending of the notice or as soon as the Conseil has responded, the Minister may, if he considers it advisable, constitute a federation of cooperatives pursuing similar or related objects.”

143. Section 230 of the said Act is amended

(1) by replacing the words “provisions provided for by paragraphs 1 to 3 and 5 of section 9 and by section” in the first and second lines by the words “particulars referred to in sections 9 and”;

(2) by adding, after the first paragraph, the following paragraph:

“The Minister shall notify the Conseil de la coopération du Québec of any change made to the territory of the federation.”

144. Section 232 of the said Act is amended by replacing paragraph 4 by the following paragraph:

“(4) subscribe and pay for the required qualifying shares in accordance with the by-law;”.

145. Section 233 of the said Act is amended

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

“(3) grant financial assistance to a member in addition to its powers under section 28;”;

(2) by striking out paragraph 4.

146. Section 234 of the said Act is repealed.

147. Section 241 of the said Act is amended by replacing the first paragraph by the following paragraph:

“**241.** The Minister shall send a notice to the Conseil de la coopération du Québec advising it of any application for the constitution of a confederation, together with a copy of the application and of the constituting articles. Not later than fifteen days after the sending of the notice or as soon as the Conseil has responded, the Minister may, if he considers it advisable, constitute a confederation of federations.”

148. Section 244 of the said Act is amended

(1) by replacing the words “corporate name” in the second line of paragraph 6 by the words “name appearing in the articles”;

(2) by striking out the word “corporate” in the first line of paragraph 6.2;

(3) by striking out the words “or the nature of its activities” in the second line of paragraph 8;

(4) by striking out paragraphs 9 and 10;

(5) by adding, at the end of paragraph 11, the words “for the purposes of this paragraph and of section 211.5”.

149. 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, or any of the provisions of sections 25, 33, 48, 124, 125, 127, 131, 132, 133, 135, 138, 140, 141, 146, 149 and 221.”

150. Chapter I of Title VII of the said Act is repealed.

151. The heading of Chapter II of Title VII of the said Act is amended by striking out the words “OR COOPERATIVE SYNDICATE”.

152. Section 257 of the said Act is amended by striking out the words “or a cooperative syndicate governed by the Cooperative Syndicates Act (chapter S-38)” in the second and third lines.

153. Section 258 of the said Act is amended

(1) by replacing the words “surname, given name, address and occupation” in the first line of paragraph 1 by the words “name and domicile”;

(2) by striking out the words “or the syndicate” in the first line of paragraph 3, and by replacing the words “into share capital of” in the second line of paragraph 3 by the word “in”;

(3) by replacing the words “common shares and preferred shares, if any,” in the first and second lines of paragraph 4 by the words “the shares” and by inserting the words “or other securities” after the word “capital” in the second line of the same paragraph.

154. Section 262 of the said Act is amended

(1) by replacing the words “surname, given name, address and occupation” in the first line of paragraph 1 by the words “name and domicile”;

(2) by inserting, in the French text, the word “mobilières” after the word “valeurs” in the second line of paragraph 3;

(3) by striking out the words “common or preferred” in the first line of paragraph 4;

(4) by striking out the words “of internal management and the general by-laws” in the first line of paragraph 5;

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

“(5.1) where the cooperative resulting from the continuance is an agricultural cooperative, whether or not it is governed by Chapter I of Title II of the Act;”.

155. Section 263 of the said Act is amended by replacing the words “internal management and the general loan by-laws” in the third and fourth lines by the words “the cooperative resulting from the continuance”.

156. Section 265 of the said Act is amended by striking out the words “of internal management and the general loan by-law” in the second and third lines of the second paragraph.

157. Section 266 of the said Act is amended

(1) by striking out the words “after taking the advice of the Conseil de la coopération du Québec and,” in the third and fourth lines of the first paragraph;

(2) by adding, at the end of the first paragraph, the following sentence: “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.”

158. Section 267 of the said Act is repealed.

159. The said Act is amended by inserting, after section 269, the following chapter:

“CHAPTER IV

“CONTINUANCE OF STUDENTS’ ASSOCIATIONS AS COOPERATIVES

“269.1 An association incorporated under Part III of the Companies Act, carrying on activities in the education sector, may continue its existence under this Act.

Chapter III of this Title, adapted as required, applies to the continuance, except section 260, paragraphs 3 and 4 of section 262 and the second paragraph of section 264.

“269.2 In addition to the requirements set out in section 262, the continuance plan must provide for the subscription and payment of the common or preferred shares of the cooperative resulting from the continuance.”

160. Section 272 of the said Act is amended by striking out the word “corporate” in the first line of paragraph 4, and by replacing the figure “216” in the same line of the same paragraph by the figure “221.7”.

161. Section 273 of the said Act is replaced by the following section:

“273. The price of a common share in a home economics cooperative must be fixed by by-law. The price may vary from \$2 to \$10.”

162. Section 275 of the said Act is amended by striking out the second paragraph.

163. The said Act is amended by inserting, after section 281, the following section:

“281.1 The Minister may, on request, issue a certificate attesting that a cooperative is governed by the Cooperatives Act and that no dissolution proceedings have been taken against the cooperative under the Cooperatives Act.”

164. Sections 323 and 324 of the said Act are repealed.

MISCELLANEOUS AND TRANSITIONAL PROVISIONS

165. Sections 3, 105 and 203 of the said Act are amended by

replacing the word "corporation", wherever it occurs, by the words "legal person".

166. Sections 15, 17, 18, 19 and 231 of the said Act are amended by replacing the words "corporate name" by the word "name", with any necessary adaptations.

167. Sections 22 and 115 of the said Act are amended by replacing, in the French text, the words "incapacité d'agir" by the word "empêchement".

168. Sections 33.1, 34, 35, 183 and 278 of the said Act are amended by striking out, in the French text, the word "social" wherever it occurs in conjunction with the word "siège".

169. Sections 63, 79, 119, 157, 158, 180 and 264 of the said Act are amended by replacing, in the French text, the word "spéciale" by the word "extraordinaire".

170. Sections 162.1, 170 and 171.1 of the said Act are amended by replacing the words "address of the head office" by the word "domicile".

171. The said Act is amended by replacing the word "incorporation" by the word "constitution" wherever it occurs in the English text of sections 5 to 7, 9, 12 to 14, 21, 186, 196, 223.1 and 233 and in the headings of Chapters II and III of Title I.

172. The said Act is amended by replacing the word "incorporate" by the word "constitute" in the English text of section 13.

173. The said Act is amended by replacing the word "incorporated" by the word "constituted" wherever it occurs in the English text of sections 1, 2, 6 and 13.

174. Section 17 of the Winding-up Act (R.S.Q., chapter L-4) is amended by adding, at the end, the following paragraphs:

"However, where a cooperative is wound up, the return shall be transmitted to the Minister of Industry, Trade, Science and Technology. The latter shall send a notice to the Inspector General indicating that he has received the return.

The Inspector General shall make an entry in the register

indicating that the return was transmitted to the Minister, and the cooperative shall be dissolved from the date of such entry.”

175. Section 18 of the said Act is amended by inserting, after the fifth paragraph, the following paragraph:

“However, where a cooperative is wound up, the notice of such resolution and of its approval shall be transmitted in duplicate to the Minister of Industry, Trade, Science and Technology. The latter shall send a copy thereof to the Inspector General, who shall deposit it in the register.”

176. The heading of Division II of Chapter XVIII of Part IA of the Companies Act (R.S.Q., chapter C-38) is amended by striking out the words “AND A COOPERATIVE SYNDICATE”.

177. Section 123.139.1 of the said Act is amended by striking out the words “or a cooperative syndicate governed by the Cooperative Syndicates Act (chapter S-38)” in the second and third lines.

178. Section 123.139.2 of the said Act is amended by striking out the words “or syndicate” in the second line.

179. Section 123.139.6 of the said Act is amended by replacing paragraph 1 by the following paragraph:

“(1) that certificate attests the existence of the cooperative and the continuance of the cooperative as a company governed by this Part;”.

180. Section 123.139.7 of the said Act is amended by striking out the words “or syndicate” in the second line.

181. Any mention concerning the territory or the group in or from which a cooperative may recruit its members and appearing in the articles of the cooperative on (*insert here the date of coming into force of this section*) is deemed, from that date, to form part of the by-laws of that cooperative and to no longer form part of its articles.

182. Sections 13, 228, 241 and 266 of the Cooperatives Act, amended by sections 6, 142, 147 and 157, respectively, of this Act, apply to pending applications received by the Minister before (*insert here the date of coming into force of this section*).

183. Paragraph 1.1 of section 25 of the Cooperatives Act, introduced by paragraph 2 of section 13 of this Act, does not apply to

cooperatives, federations or confederations incorporated before *(insert here the date of coming into force of this section)*.

184. Any by-law of a cooperative establishing the amounts, preferences, rights and restrictions attached to preferred shares and the conditions for their redemption or repayment, adopted before *(insert here the date of coming into force of this section)*, shall remain in force as adopted until the board of directors of the cooperative decides otherwise, subject to the approval of the shareholders.

Such approval must be obtained in the manner prescribed in the by-laws, where applicable.

185. Any condition of an undertaking made by a member with respect to a cooperative, federation or confederation in accordance with section 53 of the Cooperatives Act, in existence before *(insert here the date of coming into force of this section)*, is deemed to have been adopted by by-law.

186. The provisions of the third paragraph of section 81 of the Cooperatives Act, introduced by section 54 of this Act, shall not operate to terminate the term of office of an employee who was elected director of a cooperative before *(insert here the date of coming into force of this section)*; the employee shall continue in office until the expiry of his term of office.

187. The provisions of section 89 of the Cooperatives Act, amended by section 61 of this Act, that make the borrowing power of the board of directors of a cooperative subject to the adoption of a by-law, do not apply before the first annual meeting held after *(insert here the date of coming into force of this section)*.

188. Any provision of a by-law adopted by a cooperative, federation or confederation before *(insert here the date of coming into force of this section)* shall continue to apply until the first annual meeting held after that date, notwithstanding any contrary provision of this Act.

189. Any special committees formed in accordance with Chapter XII of Title I of the Cooperatives Act, repealed by section 73 of this Act, shall continue to exist, unless the board of directors decides otherwise.

190. Section 132 of the Cooperatives Act, amended by section 81 of this Act and section 188.1 of the Cooperatives Act, introduced by section 116 of this Act, apply to annual reports for

fiscal years ending after (*insert here the date of coming into force of this section*).

191. A cooperative, federation or confederation that has not appointed an auditor in accordance with section 139 of the Cooperatives Act before (*insert here the date of coming into force of this section*) is not bound to do so before its next annual meeting.

192. Any undertaking made under the second paragraph of section 196 of the Cooperatives Act before (*insert here the date of coming into force of section 120 of this Act*) shall remain valid until its expiry.

193. The second paragraph of section 200 of the Cooperatives Act, amended by paragraph 2 of section 123 of this Act, does not apply to a contract entered into by a member of an agricultural cooperative before (*insert here the date of coming into force of this section*).

194. An undertaking made under section 201 of the Cooperatives Act before (*insert here the date of coming into force of this section*) is deemed to have been made under section 53 of the Cooperatives Act as amended by section 34 of this Act.

195. A by-law adopted by the board of directors of a cooperative under section 204 of the Cooperatives Act before (*insert here the date of coming into force of this section*), may be ratified at the first annual meeting held after that date.

196. The amounts, preferences, rights and restrictions attaching to, and the conditions of redemption or repayment of preferred shares determined by the board of directors of an agricultural cooperative under paragraph 1 of section 205 of the Cooperatives Act before (*insert here the date of coming into force of this section*) shall remain valid.

197. An annual loan by-law adopted by a cooperative under section 206 of the Cooperatives Act before (*insert here the date of coming into force of this section*) is deemed to be the loan by-law of that cooperative.

198. A cooperative that, on (*insert here the date of coming into force of this section*) was governed by Chapter II of Title II of the Cooperatives Act may, by by-law, change the price of a common share to increase it to \$10.

199. A housing cooperative referred to in section 221 of the Cooperatives Act, as replaced by section 130 of this Act, that has two members per dwelling unit, must adopt a by-law to that effect at a date not later than the first annual meeting held after (*insert here the date of coming into force of this section*).

200. A by-law made under section 221.6 of the Cooperatives Act, introduced by section 130 of this Act, may apply to a person who was a member of a students' cooperative before (*insert here the date of coming into force of this section*).

201. Notwithstanding section 224.2 of the Cooperatives Act, as amended by section 135 of this Act, a trial period begun before (*insert here the date of coming into force of this section*) shall continue until its expiry, without, however, exceeding 24 months.

202. The provisions of this Act come into force on the date or dates to be fixed by the Government.