



NATIONAL ASSEMBLY

SECOND SESSION

THIRTY-FOURTH LEGISLATURE

Bill 48

**An Act to amend the Act to promote
the capitalization of small and
medium-sized businesses**

Introduction

**Introduced by
Mr Gérard Tremblay
Minister of Industry, Trade and Technology**

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EXPLANATORY NOTES

This bill amends the Act to promote the capitalization of small and medium-sized businesses in order to implement certain measures announced in the 1992-93 Budget Speech given on 14 May 1992 and the measures announced in the Bulletin d'information 92-7 published by the Ministère des Finances, dated 30 June 1992.

The bill allows a convertible preferred share to constitute, on certain conditions, a qualified investment for the purposes of the said Act.

The Government will be authorized to adopt the regulatory provisions necessary for the implementation of these measures, among which are provisions relating to the inclusion of the cultural and film and television production sectors. Lastly, the bill enables amendments to be made concerning businesses operating in the tourism sector.

Bill 48

An Act to amend the Act to promote the capitalization of small and medium-sized businesses

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

1. Section 2 of the Act to promote the capitalization of small and medium-sized businesses (1992, chapter 46) is amended by replacing paragraph 2 by the following paragraph:

“(2) the remaining amount of qualified investment, if any, consists of a qualified convertible debenture or a convertible preferred share which was paid in cash and issued to the qualified investor mentioned in paragraph 1 of this section, as first purchaser.”

2. Section 10 of the said Act is replaced by the following section:

“10. A qualified convertible debenture is a debenture which meets the following requirements:

(1) it was paid and issued after 19 June 1991, in respect of a debt of a corporation and acquired by a qualified investor for cash consideration;

(2) it is not guaranteed, directly or indirectly, by the qualified corporation or by any other person or corporation;

(3) it has a minimum term of 60 months and a maximum term of 84 months from the date of the qualified investment;

(4) it is convertible, under its conditions of issue, at any time within the term of the qualified investment, into common shares carrying full voting rights of the share capital of the qualified corporation;

(5) it is subject to conversion on or before its maturity date into common shares carrying full voting rights of the share capital of the qualified corporation.”

3. The said Act is amended by inserting, after section 10, the following section:

“10.1 A qualified convertible preferred share is a preferred share which meets the following requirements:

(1) it was paid and issued after 14 May 1992 and acquired by a qualified investor for cash consideration;

(2) it is issued for a minimum term of 60 months;

(3) it is, under its conditions of issue, convertible at any time within the term of the qualified investment into common shares carrying full voting rights of the share capital of the qualified corporation;

(4) it is subject to conversion, at or before the end of the 84th month following the date of the qualified investment, into common shares carrying full voting rights of the share capital of the qualified corporation.”

4. The regulations to be made pursuant to paragraphs 1, 4 and 6 of section 20 of the Act to promote the capitalization of small and medium-sized businesses between the date of coming into force of this Act and 31 July 1993 may provide that their provisions have effect with regard to a qualified investment made after 14 May 1992 for which the Société de développement industriel du Québec has issued a validation certificate after that date.

5. The regulations to be made pursuant to paragraph 3 of section 20 of the Act to promote the capitalization of small and medium-sized businesses between the date of coming into force of this Act and 31 July 1993 may provide that their provisions have effect from any date not prior to 1 July 1992.

6. Sections 1 and 3 have effect with regard to a qualified investment made after 14 May 1992 for which the Société de développement industriel du Québec has issued a validation certificate after that date.

7. Section 2 has effect with regard to any qualified investment made after 19 June 1991.

8. This Act comes into force on (*insert here the date of assent to this Act*).