
NATIONAL ASSEMBLY

THIRTY-SECOND LEGISLATURE

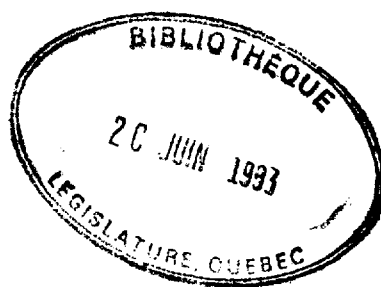
FOURTH SESSION

Bill 192

An Act to establish the Fonds de solidarité des travailleurs du Québec

First reading

Introduced by
Mr Robert Dean
Member for Prévost



Québec Official Publisher

1983

EXPLANATORY NOTES

This bill is designed to give effect to a proposal made by the Fédération des travailleurs du Québec.

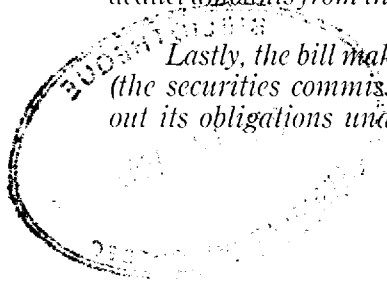
The object of the bill is to establish an investment fund chiefly intended to give financial assistance to Québec undertakings in view of preserving or creating jobs, stimulating the economy, contributing towards the training of Québec working men and women and promoting their participation in the growth of business undertakings.

The bill provides for the organization of the Fund and defines its main functions.

The Fund will have authority to invest in all undertakings, but will be required to devote at least 60% of its assets to investments in Québec undertakings that do not entail any security or guarantee on its part.

From another standpoint, the bill makes it possible for employees, individually or through their certified association, to have their employer deduct amounts from their salaries so they may purchase shares in the Fund.

Lastly, the bill makes the Commission des valeurs mobilières du Québec (the securities commission) responsible for seeing that the Fund carries out its obligations under this Act.



Bill 192

An Act to establish the Fonds de solidarité des travailleurs du Québec

WHEREAS the Fédération des travailleurs du Québec has proposed the establishment of an investment fund for the objectives, mainly, of promoting job maintainance and job creation, stimulating the economy and training workers in economic matters;

Whereas, to achieve those objectives, an appeal will be made to the solidarity of the working men and women of Québec;

Whereas it is expedient to accede to the request of the Fédération des travailleurs du Québec;

Whereas the establishment of such a fund requires the enactment of special legislation regarding both its organization and the protection of the investors concerned.

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

DIVISION I

ARTICLES

§ 1.—*Incorporation and head office*

1. A joint-stock company is hereby constituted under the name of “Fonds de solidarité des travailleurs du Québec”, hereinafter called “the Fund”.

2. Notwithstanding section 125 of the Companies Act (R.S.Q., chapter C-38), the provisions of that Act which are applicable to companies incorporated by the filing of articles apply to the Fund, *mutatis mutandis*, where they are not inconsistent with this Act, except section 2, the second paragraph of section 46, subsection 1 of section 53,

section 54, sections 123.9 to 123.11, 123.21 to 123.28, 123.55, 123.72, 123.82, 123.91 to 123.93, 123.95, 123.96, 123.98 to 123.100, the second paragraph of section 123.114 and sections 123.115 to 123.139.

The Fund is deemed to have been incorporated by the filing of articles on (*insert here the date of sanction of this Act*).

The articles may be amended, but no filing of articles may result in the amendment of any provision of this Act.

3. The head office of the Fund is established in the territory of the Communauté urbaine de Montréal.

§ 2.—*Management*

4. The affairs of the Fund are managed by a board of directors consisting of

(1) seven persons appointed by the Conseil général of the Fédération des travailleurs du Québec;

(2) two persons elected by the general meeting of holders of class “A” shares;

(3) three persons appointed by the members contemplated in subparagraphs 1 and 2 from among the persons considered by those members to represent industrial undertakings, financial institutions and the socio-economic sector, respectively;

(4) the person appointed president and chief executive officer of the Fund by the members contemplated in subparagraphs 1, 2 and 3.

The person contemplated in subparagraph 4 of the first paragraph is a member of the board of directors during his term as president and chief executive officer.

5. If a vacancy occurs among the members of the board of directors contemplated in subparagraph 1 of the first paragraph of section 4, the Conseil général of the Fédération des travailleurs du Québec may appoint a person for the unexpired portion of the term.

6. The first persons appointed under subparagraph 1 of the first paragraph of section 4 may appoint two persons for not over one year to act as directors until the election of the persons contemplated in subparagraph 2 of that paragraph.

Upon the appointment of the directors contemplated in subparagraphs 1 and 2 of the first paragraph of section 4, two duplicates of the list of their full names, addresses and occupations must be filed with the Inspector General of Financial Institutions by the secretary general of the Fédération des travailleurs du Québec. These directors enter office from the date of the filing

§ 3.—*Share capital*

7. The Fund is authorized to issue class “A” shares without par value, giving the rights provided for in section 123.40 of the Companies Act, the right to elect two directors pursuant to subparagraph 2 of section 4 and the right of redemption provided for in sections 10 and 11.

The directors may also, by articles of amendment according to sections 123.101 and 123.103 of the Companies Act, create any other class of shares which does not give the right to vote at meetings of the shareholders. The articles of amendment determine the other rights, privileges, conditions and restrictions attached to the shares of each class.

8. Only a natural person may purchase or hold class “A” shares. No holder of class “A” shares may alienate them except by authorization of the board of directors or a committee composed of persons designated by it for that purpose.

9. Notwithstanding section 8, class “A” shares may be transferred to or purchased by a trustee within the scope of a registered retirement savings plan under which the shareholder is a beneficiary.

However, the trustee is subject to section 8 in respect of any transfer to a person other than the shareholder from whom he acquired a class “A” share.

10. A class “A” share is redeemable by the Fund only in the following cases:

(1) at the request of the person who purchased the share from the Fund or, in the case of section 9, from a trustee designated by the Fund if, after reaching 60 years of age, he has availed himself of his right to early retirement or retirement;

(2) at the request of a shareholder who did not purchase the share from the Fund, if the person who had acquired it from the Fund has reached 60 years of age or, if deceased, would have reached that age had he lived;

(3) at the request of the person on whom the share has devolved by succession;

(4) at the request of a person who purchased it from the Fund if he applies to it therefor in writing within 60 days of subscribing the share or, in the case of section 31, 60 days of the first deduction from his salary or wages.

11. Subject to the second paragraph of section 123.54 of the Companies Act, the Fund is bound to redeem any class “A” share on demand by a person contemplated in section 10.

The obligation to redeem shares is carried out twice a year on the dates determined by the board of directors, which shall fix the price of redemption of the shares on the basis of the value of the Fund as established by experts according to generally accepted accounting principles.

12. Each shareholder is entitled to receive written confirmation of the number of shares he holds and of the amount paid on the shares.

The confirmation is provided to the shareholder free of charge once yearly under the form and modalities prescribed by by-law of the Fund.

Where a mode of confirmation other than a share certificate is prescribed, the document sent to the shareholder serves as a certificate issued under section 53 of the Companies Act.

DIVISION II

INVESTMENTS

13. The main functions of the Fund are

(1) to invest in Québec undertakings and provide them with services in order to create, maintain and protect jobs;

(2) to promote the training of workers in economic matters and enable them to increase their influence on Québec’s economic development;

(3) to stimulate the Québec economy by making strategic investments that will be of benefit to Québec workers and undertakings;

(4) to promote the development of Québec undertakings by inviting workers to participate in that development by subscribing shares of the Fund.

14. For the purposes of this Act, an undertaking is a company or legal person pursuing economic objects; investment includes any financial assistance granted to an undertaking in the form of a loan, security, guarantee, purchase of capital stock or any other form; any undertaking the majority of whose employees are resident in Québec is a Québec undertaking.

15. The Fund may make investments in any undertaking with or without security or guarantee.

However, in the course of each financial year, the portion of the Fund's investments in Québec undertakings entailing no guarantee, mortgage, pledge, privilege or hypothec must represent, on the average, 60% of the assets of the Fund for the preceding year. For the purposes of this section, the assets do not include the movable and immovable property used by the Fund to carry on its operations.

The requirement prescribed in the second paragraph applies from the third financial year following that in progress on 1 April 1984.

16. The Fund shall make no investment in an undertaking that would make the total amount of its investment in the undertaking greater than 5% of the assets of the Fund as established on the basis of the latest expert evaluation contemplated in the second paragraph of section 11.

An undertaking that holds securities enabling it, under all circumstances, to elect a majority of the directors of another undertaking is deemed to form, together with the latter, one and the same undertaking for the purposes of this section.

The requirement prescribed in the first paragraph applies from the third financial year following that in progress on 1 April 1984.

17. Where the Fund makes an investment in the form of a security or guarantee, it must establish and maintain, for the duration of the security or guarantee, a reserve equivalent to not less than 50% of the amount of the security or guarantee.

The Fund may invest the money deposited in the reserve under this section in the manner provided in paragraphs *a* to *d* of article 981 of the Civil Code.

DIVISION III

CONFLICT OF INTEREST

18. Any director having an interest in an economic activity causing his personal interest to conflict with that of the Fund shall, under pain of forfeiture of office, disclose his interest and abstain from voting on any decision involving the activity in which he has an interest.

The director is deemed to have an interest in any business activity in which his spouse or child has an interest.

19. In no case may the Fund grant financial assistance to a senior executive or to his spouse or child, nor to any of its major shareholders.

Senior executive has the same meaning as in the Securities Act.

20. In no case may the Fund grant financial assistance to an undertaking in which a director contemplated in paragraph 1, 2 or 4 of the first paragraph of section 4 has a major interest nor to an undertaking controlled by him.

21. A person is considered to be major shareholder in the Fund if he directly or indirectly holds more than 10% of the issued and paid-up capital stock.

A person is considered to have a major interest in an undertaking if he holds more than 10% of the stocks or shares of the undertaking.

A person is deemed to control an undertaking if he holds securities enabling him under all circumstances to elect a majority of its directors.

22. Any contract in contravention of section 19 or 20 may be cancelled within one year of the date of the contract.

The senior executives of the Fund who carried out the financial transaction or consented thereto are jointly and severally liable for the losses to the Fund resulting from the transaction.

23. No contract made in contravention of section 19 may be cancelled and the second paragraph of section 22 does not apply if the contravention results from the opening of a succession or a gift and if the beneficiary renounces the property concerned or disposes of it with dispatch.

DIVISION IV

PURCHASE OF CLASS "A" SHARES BY PAYROLL DEDUCTIONS

24. A person may request his employer to deduct the amount he determines from his salary or wages, for the period he specifies, to pay for the class "A" shares he has decided to purchase from the Fund.

The employer shall make the deduction from the salary or wages of the person requesting it if 50 of his employees, or 20% of them if that is fewer, avail themselves of this section.

25. A certified association within the meaning of the Labour Code may request an employer to deduct, for such period as it specifies, from the salary or wages of all its employees represented by the association, the amounts allowing them to pay for the class "A" shares they have decided to purchase from the Fund.

26. A certified association wishing to avail itself of section 25 must previously transmit to every employee concerned who receives remuneration from the employer an information document on the Fund; the tenor, form and mode of transmission of the document are prescribed by the Commission des valeurs mobilières du Québec.

27. Not less than thirty days after the information document has been transmitted pursuant to section 26, the association of employees may convene a general meeting of its members and submit to them a class "A" shares purchase by payroll deduction scheme.

28. Where an employer receives an application from a certified association having complied with section 26 and approved a class "A" shares purchase by payroll deduction scheme at a general meeting, he shall within a reasonable time make the deduction requested from the salary or wages of every employee represented by the certified association who does not avail himself of his option under section 30.

29. No deduction contemplated in section 25 may be made before the expiry of thirty days from the date of the certified association's application.

30. An employee whose salary is subject to a deduction under this division may, at any time, notify the employer of his decision not to purchase or to cease purchasing shares of the Fund by a deduction from his salary or wages.

The employer shall comply with the employee's decision with reasonable dispatch.

31. An employee availing himself of section 30 may demand redemption of the shares he has subscribed provided he applies to the Fund in writing within 60 days of the payday when the first deduction was made from his salary or wages under this division.

32. An employer shall remit to the Fund or the trustee designated by the latter the amounts deducted under this division not later than the fifteenth day of the month following that in which he made the deduction. The remittance must be accompanied with a statement specifying the amount deducted from each employee and the latter's name, address and date of birth.

Copy of the statement is also forwarded, where applicable, to the certified association.

33. An employee on behalf of whom sums have been remitted under section 32 is deemed to have subscribed for as many of the Fund's

class “A” shares as the amounts deducted from his salary permit him to purchase.

34. An employer required to make a deduction under this division shall at the request of the Fund transmit a notice once yearly to each employee concerned who receives remuneration advising him where he may examine the half-yearly financial statements of the Fund.

The form, tenor and mode of transmission of the notice are prescribed by the Commission des valeurs mobilières du Québec.

DIVISION V

MISCELLANEOUS AND FINAL PROVISIONS

35. In addition to the other statutory duties it may have regarding the Fund, the Commission des valeurs mobilières du Québec is responsible for inspecting once yearly the internal affairs and the activities of the Fund to see that this Act is complied with.

For the inspection, the Commission has the powers vested in it by Chapters I and II of Title IX of the Securities Act (1982, chapter 48).

The Commission shall make a report of each inspection to the Minister of Finance.

36. Sections 123.77 to 123.79 of the Companies Act apply only in the case of the directors contemplated in subparagraph 2 of the first paragraph of section 4.

37. A shareholder may, on payment of the costs prescribed by by-law of the board of directors, obtain copy of the articles and by-laws of the Fund.

38. This Act shall operate notwithstanding the provisions of sections 2 and 7 to 15 of the Constitution Act, 1982 (Schedule B of the Canada Act, chapter 11 in the 1982 volume of the Acts of the Parliament of the United Kingdom).

39. This Act comes into force on the day of its sanction.