

NATIONAL ASSEMBLY  
Thirty-third Legislature, second session

1988, chapter 80  
**AN ACT TO AMEND THE ACT RESPECTING  
QUÉBEC BUSINESS INVESTMENT COMPANIES**

---

**Bill 97**

Introduced by Mr Pierre MacDonald, Minister of Industry, Commerce and Technology

Introduced 15 November 1988

Passage in principle 8 December 1988

Passage 22 December 1988

**Assented to 23 December 1988**

---

**Coming into force: 23 December 1988**

---

**Act amended:**

Act respecting Québec business investment companies (R.S.Q., chapter S-29.1)



## CHAPTER 80

### An Act to amend the Act respecting Québec business investment companies

*[Assented to 23 December 1988]*

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

- c. S-29.1,  
s. 2, am.
- 1.** Section 2 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1), amended by section 1 of chapter 106 of the statutes of 1987, is again amended by adding the following paragraph:
- Content of  
articles
- “The articles of a company referred to in section 4.2 or 4.3 shall state that its activities consist primarily in making and holding, as the actual owner, investments consisting solely of shares of the share capital of other corporations operating in a designated region and that its share capital is made up of a single class of common shares with full voting rights issued in a single series.”
- c. S-29.1,  
s. 3,  
replaced
- 2.** Section 3 of the said Act is replaced by the following section:
- Shareholder
- “3.** Every shareholder of a company shall be
- (1) a natural person or a venture capital corporation; and
- (2) the actual owner of the shares he or it holds.”
- c. S-29.1,  
s. 4, am.
- 3.** Section 4 of the said Act is amended by adding the words “except where the company is a regional company or an employee-owned regional company, in which case the amount shall not be less than \$50 000” after the figure “\$100 000” in subparagraph 1 of the first paragraph.

c. S-29.1,  
ss. 4.2, 4.3,  
added

**4.** The said Act is amended by inserting, after section 4.1, the following sections:

Registration

**“4.2** The Société de développement industriel du Québec shall register a regional company if, in addition to meeting the requirements set out in section 4, the company proves that its activities consist primarily in making investments consisting solely of shares of the share capital of corporations operating in a designated region.

Registration

**“4.3** The Société de développement industriel du Québec shall register a company as an employee-owned regional company if it meets the requirements set out in sections 4.1 and 4.2.”

c. S-29.1,  
s. 7, am.

**5.** Section 7 of the said Act is amended by adding, after subparagraph 2 of the first paragraph, the following subparagraph:

“(3) has filed an application for that purpose.”

c. S-29.1,  
s. 8, am.

**6.** Section 8 of the said Act is amended by replacing paragraph 5 by the following paragraph:

“(5) upon a reduction, after 1 May 1986, of the paid-up capital in respect of the company's shares to less than \$100 000 or, where the company is a regional company or an employee-owned regional company, upon a reduction, after 12 May 1988, of the paid-up capital in respect of its shares to less than \$50 000;”.

c. S-29.1,  
s. 10.1,  
added

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

Document  
and  
information

**“10.1** A company and a qualified corporation shall, upon the written request of the Société de développement industriel du Québec and within the time fixed therein, furnish to the Société any document and any information the latter may require for the carrying out of this Act and the regulations.”

c. S-29.1,  
s. 12, am.

**8.** Section 12 of the said Act is amended

(1) by inserting the word and figure “or 4.2” after the figure “4” in the first line of subparagraph 1 of the first paragraph;

(2) by inserting the word and figure “or 4.3” after the figure “4.1” in the first line of subparagraph 2 of the first paragraph;

(3) by replacing the first two lines of the third paragraph by the following:

## Conditions

“Where an investment is made in a corporation by a company registered under section 4 or 4.1 which is not a company registered under section 4.2 or 4.3, the corporation shall, to be qualified, meet, at the time of the acquisition, the following conditions:”;

(4) by replacing subparagraph 6 of the third paragraph by the following subparagraph:

“(6) deal at arm’s length with the company, within the meaning of the regulations, on that date and in the following two years, except with the authorization of the Société de développement industriel du Québec where it is not dealing at arm’s length with the company following a transaction that is subsequent to the date on which a qualified investment is made and that may prevent the bankruptcy of the corporation.”;

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

## Conditions

“Where an investment is made in a corporation by a company referred to in section 4.2 or 4.3, the corporation shall, to be qualified,

(1) meet, at the time of the acquisition, the conditions provided in subparagraphs 1 to 6 of the third paragraph;

(2) have paid, in the last 12 months preceding the date of acquisition, or in the months preceding that date in the case of a corporation that has been in operation for less than 12 months, more than 75 % of the salaries of its employees within the meaning of section 771 of the Taxation Act, to employees of an establishment situated in a designated region.”;

(6) by replacing the fourth paragraph by the following paragraph:

## Time limit

“The conditions referred to in subparagraph 4 of the third paragraph and subparagraph 2 of the fourth paragraph must be met by a corporation during the two years following the acquisition of a qualified investment.”

c. S-29.1,  
s. 12.1, am.

**9.** Section 12.1 of the said Act, enacted by section 4 of chapter 106 of the statutes of 1987, is amended by replacing paragraph 1 by the following paragraph:

“(1) in subparagraph 4 of the third paragraph of the said section and the condition provided in subparagraph 2 of the fourth paragraph of the said section must be met by the corporation only during the two years following the acquisition of a qualified investment;”.

c. S-29.1,  
ss. 13.1, 13.2,  
added

**10.** The said Act is amended by inserting, after section 13, the following sections:

Validation  
refused

**“13.1** The Société de développement industriel du Québec may refuse to validate any investment which, though consistent with the literal meaning of this Act and the regulations, does not, in the opinion of the Société, meet the objectives pursued by this Act and the regulations.

Powers of  
the Société

**“13.2** If it is of the opinion that an investment meets the objectives pursued by this Act, the Société de développement industriel du Québec may

(1) validate it as a qualified investment even if it was made before the registration of the company if, considering the circumstances, the time within which the company was subsequently registered appears to be reasonable;

(2) extend, in the case of a fledgling corporation, for the period it considers necessary according to the circumstances, the time limit fixed in paragraph 2 of section 12.1 to meet the requirement set out in subparagraph 5 of the third paragraph of section 12;

(3) if an application therefor is filed with it before the date of the investment, admit a percentage lower than the percentage fixed in subparagraph 4 of the third paragraph or in subparagraph 2 of the fourth paragraph of section 12, for the last 12 months preceding the date the investment is made or for any period prior to such date in the case of a corporation which has been in operation for less than 12 months.”

c. S-29.1,  
s. 15.0.1,  
am.

**11.** Section 15.0.1 of the said Act, enacted by section 5 of chapter 106 of the statutes of 1987, is amended by striking out the words “, enacted by section 63 of chapter 21 of the statutes of 1987” in the seventh and eighth lines.

c. S-29.1,  
s. 15.1, am.

**12.** Section 15.1 of the said Act is amended by inserting the word and figure “or 4.3” after the figure “4.1” in the fourth line.

c. S-29.1,  
s. 16, am.

**13.** Section 16 of the said Act, amended by section 6 of chapter 106 of the statutes of 1987, is again amended by inserting, after subparagraph 7 of the first paragraph, the following subparagraph:

“(8) determine the regions that are designated regions.”

Effect

**14.** Sections 1, 3, 4 and 12 have effect as of 13 May 1988.

Application  
of s. 2

**15.** Section 2 applies to every share issued after 12 May 1988.

Application  
of ss. 8, 9  
and 10

**16.** Paragraphs 1, 2, 3, 5 and 6 of section 8 and sections 9 and 10 apply to every investment made by a company after 12 May 1988.

Application  
of regula-  
tions

**17.** The regulations to be made before 1 October 1989 under the Act respecting Québec business investment companies as regards the determination of designated regions, the definition of the expression “venture capital corporation”, the financial statements that a company and a qualified corporation must furnish and the sectors of activity may provide that they will apply from any date not prior to 13 May 1988.

Coming into  
force

**18.** This Act comes into force on 23 December 1988.