

NATIONAL ASSEMBLY

FIRST SESSION

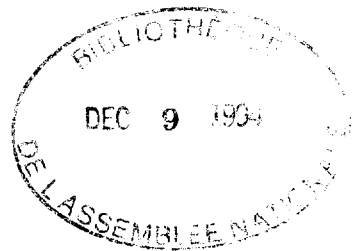
THIRTY-FIFTH LEGISLATURE

Bill 42

**An Act respecting the reduction of
the share capital of legal persons
established in the public interest
and of their subsidiaries**

Introduction

**Introduced by
Mr Jean Campeau
Minister of Finance**



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EXPLANATORY NOTE

The object of this bill is to authorize a reduction of the share capital of legal persons established in the public interest all of the shares of which form part of the domain of the State, except Hydro-Québec, and of their subsidiaries. It also provides for a repayment of capital equivalent to the reduction in the share capital.

Bill 42

An Act respecting the reduction of the share capital of legal persons established in the public interest and of their subsidiaries

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

1. This Act applies to legal persons established in the public interest all the shares of which form part of the domain of the State, except Hydro-Québec, and to their subsidiaries.

A legal person is the subsidiary of another legal person if all its shares are held by that other legal person.

Any subsidiary of a legal person which is itself the subsidiary of another legal person is deemed to be the subsidiary of that other legal person.

2. Following consultation with the minister responsible for the administration of the Act fixing the authorized share capital of a legal person, the Minister of Finance may, with the authorization of the Government and on the conditions it determines, request the legal person or one or more of its subsidiaries to effect a reduction of any part of its issued and paid-up share capital and to make an equivalent repayment of capital.

3. Within thirty days after the request of the Minister of Finance, the auditor of the legal person shall inform the legal person and the Minister of Finance as to whether or not, in his opinion, the requested reduction of the share capital would prevent the legal person from discharging its liabilities when due.

Where the request concerns a subsidiary, the auditor of the legal person holding all the shares of the subsidiary shall inform the legal

person, the subsidiary and the Minister of Finance as to whether or not, in his opinion, the requested reduction of the share capital would prevent the legal person or the subsidiary from discharging its liabilities when due.

If the auditor is of the opinion that the reduction of the share capital would not prevent the legal person or the subsidiary from discharging its liabilities when due, the Minister of Finance shall cause to be published in the *Gazette officielle du Québec* a notice of receipt of the opinion, of the reduction of the share capital to be effected and of the equivalent repayment of capital to be made.

4. The request for the reduction of the share capital and repayment of capital becomes enforceable on the date of publication of the notice prescribed by section 3. In that case, the order of the Government authorizing the reduction of the share capital stands in lieu, for the legal person and, where applicable, for the subsidiary, of a by-law respecting the reduction of the share capital, from the same date.

In that case, the legal person and, where applicable, the subsidiary shall cancel the shares affected by the reduction.

5. The order of the Government authorizing the reduction of the share capital shall be tabled before the National Assembly.

6. Sections 21.1 to 21.4 of the Act respecting the Société québécoise d'exploration minière (R.S.Q., chapter S-19) are repealed.

7. The Minister of Finance is responsible for the administration of this Act.

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