

NATIONAL ASSEMBLY

FIRST SESSION

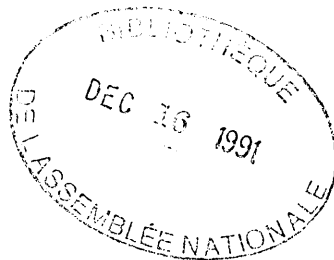
THIRTY-FOURTH LEGISLATURE

Bill 409

An Act to amend the Act respecting Québec business investment companies

Introduction

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



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EXPLANATORY NOTES

This bill amends the Act respecting Québec business investment companies in order to implement certain measures announced in the Budget Speech of 2 May 1991.

The bill standardizes the amount of the paid-up capital related to common shares with full voting rights issued by a Québec business investment company, setting it at \$50 000.

The bill also introduces provisions to ensure concordance with the Taxation Act as regards the increase in tax benefit that results from the waiver by a Québec business investment company of a deduction in respect of issue expenses. In addition, it expands the range of matters which may be regulated by the Government.

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THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

1. The Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) is amended by replacing paragraph 5 of section 8 by the following paragraph:

“(5) upon reduction to less than \$50 000 of the paid-up capital of the common shares with full voting rights of a company having made and holding a qualified investment;”.

2. Section 12.2 of the said Act is amended by replacing the figure “100 000” in the third line of paragraph 2 by the figure “50 000”.

3. Section 15.0.1 of the said Act is amended by replacing the first paragraph by the following paragraph:

“15.0.1 Where new common shares with full voting rights of a company are subscribed and paid and the company uses its funds to make a qualified investment, the company may allocate to the shareholders of its choice an amount as participation in a qualified investment not exceeding the amount of such investment, and also an amount as additional participation in a qualified investment, without, however, exceeding the financial commitment of each shareholder within the meaning of paragraph *b.1* of section 965.29 of the Taxation Act.”

4. Section 15.0.2 of the said Act is amended by adding, at the end, the words “and additional participation in a qualified investment has the meaning assigned by regulation.”

5. Section 16 of the said Act is amended by adding the following paragraphs:

“(13) determine the information that a company shall furnish where it waives, in favour of the shareholders of a company, a deduction in respect of all or part of the expenses incurred in making a distribution of securities to the public;

“(14) define the expression “additional participation in a qualified investment”. ”

6. The regulations which will be made pursuant to paragraphs 4, 8, 13 and 14 of section 16 of the Act respecting Québec business investment companies between the date of coming into force of this Act and 30 September 1992 may apply from any date not prior to 3 May 1991.

7. Sections 1 to 4 have effect from 3 May 1991.

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