



NATIONAL ASSEMBLY

ECOND SESSION

THIRTY-THIRD LEGISLATURE

Bill 205

(Private)

An Act respecting the conversion of the Fédération des caisses d'établissement du Québec, of affiliated savings and credit unions and of the Corporation de fonds de sécurité de la Fédération des caisses d'établissement du Québec and their amalgamation with Société d'entraide économique du Québec inc.

Introduction

Introduced by
Mr Guy Chevrete
Member for Joliette

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An Act respecting the conversion of the Fédération des caisses d'établissement du Québec, of affiliated savings and credit unions and of the Corporation de fonds de sécurité de la Fédération des caisses d'établissement du Québec and their amalgamation with Société d'entraide économique du Québec inc.

WHEREAS the Fédération des caisses d'établissement du Québec is a federation of savings and credit unions governed by the Savings and Credit Unions Act (R.S.Q., chapter C-4) and its capital stock is constituted of shares subscribed for and paid by its affiliated caisses d'établissement;

Whereas each caisse d'établissement is a savings and credit union governed by the Savings and Credit Unions Act, whose capital stock is constituted of shares subscribed for and paid by its members;

Whereas the Corporation de fonds de sécurité de la Fédération des caisses d'établissement du Québec is a corporation governed by the Act respecting security fund corporations (R.S.Q., chapter C-69.1), whose purpose is to establish and manage a security, liquidity and mutual aid fund for the benefit of all the caisses d'établissement;

Whereas the Fédération des caisses d'établissement du Québec, the caisses d'établissement and the Corporation de fonds de sécurité de la Fédération des caisses d'établissement du Québec form a movement having total assets of approximately \$285 million and approximately 110 000 members served by a network of 25 regional branches or service centres;

Whereas the Société d'entraide économique du Québec inc. is a société d'entraide économique governed by the Act respecting the sociétés d'entraide économique (R.S.Q., chapter S-25.1) having total assets of approximately \$635 million and a clientele of nearly 135 000 persons served by a network of 42 regional branches throughout Québec;

Whereas Financière Entraide-Coopérants inc. was incorporated on 6 February 1987 under Part IA of the Companies Act (R.S.Q., chapter C-38) and is the owner of all issued shares of Société d'entraide économique du Québec inc.;

Whereas a memorandum of agreement was concluded on 19 March 1988 as regards the conversion of the Fédération des caisses d'établissement du Québec, its affiliated caisses d'établissement and the Corporation de fonds de sécurité de la Fédération des caisses d'établissement du Québec and their amalgamation with Société d'entraide économique du Québec inc. into a société d'entraide économique governed by the Act respecting the sociétés d'entraide économique;

Whereas pursuant to the memorandum of agreement it is agreed that Financière Entraide-Coopérants inc. shall issue preferred shares of its capital stock to the members of the caisses d'établissement to be amalgamated, in consideration of the cancellation of their common shares;

Whereas the memorandum of agreement has been approved by the boards of directors of the Fédération des caisses d'établissement du Québec, of the Corporation de fonds de sécurité de la Fédération des caisses d'établissement du Québec, of Société d'entraide économique du Québec inc. and of Financière Entraide-Coopérants inc.;

Whereas the memorandum of agreement has also been approved by more than 90 % of the votes cast by the members of the Fédération des caisses d'établissement du Québec at a special general meeting convened for that purpose and held on 19 March 1988;

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

1. In this Act, unless the context indicates a different meaning,

(1) “**caisse d'établissement**” means a savings and credit union affiliated with the Fédération pursuant to the Savings and Credit Unions Act;

(2) “**Corporation de fonds de sécurité**” means the Corporation de fonds de sécurité de la Fédération des caisses d’établissement du Québec;

(3) “**Fédération**” means the Fédération des caisses d’établissement du Québec;

(4) “**Financière**” means Financière Entraide-Coopérants inc.;

(5) “**memorandum of agreement**” means the memorandum of agreement referred to in the preamble to this Act, concluded on 19 March 1988;

(6) “**SEEQ**” means Société d’entraide économique du Québec inc.

2. The Fédération, the Corporation de fonds de sécurité and the caisses d’établissement may, in accordance with the provisions of this Act, be converted and may amalgamate with SEEQ to form a société d’entraide économique governed by the Act respecting the sociétés d’entraide économique.

3. For the purposes of such conversion and amalgamation, the Fédération, SEEQ and Financière shall jointly establish a plan of amalgamation based on the general principles of the memorandum of agreement. In addition to the terms and conditions of conversion and amalgamation, the plan of amalgamation shall set out, in respect of the société d’entraide économique resulting from the amalgamation,

(1) its corporate name;

(2) the judicial district where it proposes to establish its head office;

(3) the surname, given name, address and occupation of each of the first directors as well as the election procedure for subsequent directors;

(4) its authorized capital and its issued and paid-up capital;

(5) the method of conversion of the issued and paid-up capital of SEEQ into shares of the resulting société;

(6) the terms and conditions for the cancellation of the shares of each caisse d’établissement to be amalgamated, and the preferred shares of Financière, or the amount of money which the holders of such shares are entitled to receive in addition to or instead of shares of the resulting société;

(7) its first by-laws;

(8) such provisions as are necessary to carry out the amalgamation and to ensure the organization and management of the resulting société.

The plan of amalgamation shall also provide that all shares or units of an amalgamating party which are held by another amalgamating party shall be cancelled upon the amalgamation without reimbursement of the capital represented by such shares or units; these shares or units cannot be converted into shares of the société d'entraide économique resulting from the amalgamation.

4. The plan of amalgamation must be approved by the board of directors of the Fédération, of SEEQ and of Financière.

5. The plan of amalgamation shall be submitted to the shareholders of SEEQ at a special general meeting convened for that purpose. It must be ratified by more than 50 %, in value, of the shares represented by shareholders present or represented at such meeting.

6. The plan of amalgamation must also be submitted for ratification to the members of each caisse d'établissement, at special meetings convened for such purpose by the Fédération or at its request.

Notice of such meetings shall be given to all members by mail. The notice shall set out the place, date and time fixed for the meeting and shall be accompanied with a summary of the plan of amalgamation; it shall be mailed at least 15 days before the date set for the meeting. The meetings shall be held in accordance with the Savings and Credit Unions Act and with the internal management by-laws of the caisse d'établissement concerned. Such meeting may not be adjourned for a total of more than 48 hours and no convening notice is required for the continuation of the meeting in case of adjournment.

The plan of amalgamation is validly ratified by the special meeting of a caisse d'établissement if it is approved by more than 50 % of the votes cast by the members present. Each caisse d'établissement is bound by the plan of amalgamation upon the approval thereof by its members and becomes a party to the amalgamation.

7. If the plan of amalgamation is approved and ratified as provided in sections 4, 5 and 6, the Fédération and SEEQ, by joint application, shall apply to the Inspector General of Financial Institutions for letters patent of conversion and amalgamation confirming the plan of amalgamation.

Immediately before the issuance of the letters patent, the shares of the Fédération and of each of the caisses d'établissement to be amalgamated shall be converted into as many transferable shares with rights equivalent to those of the shares thus converted, and the Corporation de fonds de sécurité shall have a share capital made up of issued and fully paid common shares, without par value, which shall devolve to the Fédération.

If the application is granted, notice shall be published by the Inspector General of Financial Institutions in the *Gazette officielle du Québec*, at the expense of the applicants, and, subject to the publication but as of the date of the letters patent, the Fédération, every caisse d'établissement to be amalgamated, the Corporation de fonds de sécurité and SEEQ shall be amalgamated and shall continue their existence as a single entity under the corporate name appearing in the letters patent.

8. The société resulting from the amalgamation shall be bound by all the contracts, liabilities, limitations and obligations and shall possess all the assets, rights, privileges and powers of the Fédération, of each amalgamated caisse d'établissement, of the Corporation de fonds de sécurité and of SEEQ.

The corporate name of the société resulting from the amalgamation shall be substituted *de pleno jure*, without formality, for that of the Fédération, of each amalgamated caisse d'établissement of the Corporation de fonds de sécurité and of SEEQ, in all their contracts or documents. All proceedings to which the Fédération, an amalgamated caisse d'établissement, the Corporation de fonds de sécurité or SEEQ may be continued by or against the société resulting from the amalgamation without continuance of suit.

9. The société resulting from the amalgamation is a société d'entraide économique governed by the Act respecting the sociétés d'entraide économique. Notwithstanding the foregoing and any other Act pursuant to which a société d'entraide économique may continue its existence, the first paragraph of section 48 and sections 49 and 60 of the Act respecting the sociétés d'entraide économique do not apply to the société resulting from the amalgamation or to any corporation which, following one or more amalgamations, results from the société resulting from the amalgamation.

Notwithstanding section 112 of the Act respecting the sociétés d'entraide économique, the société resulting from the amalgamation may acquire and hold shares of a société d'entraide économique.

10. In addition to the powers granted under the Act respecting the sociétés d'entraide économique and for as long as it is subject to the said Act, the société resulting from the amalgamation may act as a broker in obtaining loans or act as a broker under the Real Estate Brokerage Act (R.S.Q., chapter C-73). The société resulting from the amalgamation must, in order to exercise such powers, comply with the Real Estate Brokerage Act.

The first paragraph also applies to any corporation which, following one or more amalgamations, results from the société resulting from the amalgamation.

11. For the purposes of the application of section 123.49 of the Companies Act to Financière, the conversion and amalgamation provided for in this Act is deemed to be an amalgamation under section 123.122 of the Companies Act.

12. Sections 2 to 6 have effect from 1 May 1988.

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