



NATIONAL ASSEMBLY

SECOND SESSION

THIRTY-THIRD LEGISLATURE

Bill 193

**An Act to amend the Act to
establish the Fonds de solidarité des
travailleurs du Québec (F.T.Q.)**

Introduction

**Introduced by
Mr Jean-Pierre Bélisle
Member for Mille-Îles**

**Québec Official Publisher
1989**

EXPLANATORY NOTES

This bill makes various amendments to the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) adopted in 1983.

The bill provides, in particular, that the Fund will in future be allowed to issue class "A" fractional shares.

The bill specifies the requirement that the Fund shall invest mainly in Québec firms, and it redefines qualified investments.

The bill introduces a limit to the issue of class "A" shares where the requirement relating to investments in Québec firms is not complied with.

The amendments also introduce new norms relating to the diversification of the Fund's investments and the limitation of its borrowing power.

Bill 193

An Act to amend the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.)

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

1. Section 7 of the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (R.S.Q., chapter F-3.2.1) is amended

(1) by replacing the first paragraph by the following paragraph:

“**7.** Subject to section 15.1, 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 (R.S.Q., chapter C-38), the right to elect two directors and the right of redemption provided for in sections 10 and 11.”;

(2) by inserting, after the first paragraph, the following paragraph:

“The Fund is also authorized subject to section 15.1 to issue class “A” fractional shares without par value, giving proportionately the same rights as class “A” shares, except the voting rights attached to such shares.”

2. Section 8 of the said Act is replaced by the following section:

“**8.** Subject to section 123.56 of the Companies Act, only a natural person may acquire or hold class “A” shares or fractional shares. No holder of class “A” shares or fractional shares may alienate them and no such shares or fractional shares may be purchased by agreement by the Fund, except with the authorization of the board of directors or a committee composed of persons designated by it for that purpose.

The Fund may purchase class “A” shares or fractional shares by agreement only where and so far as provided by a policy adopted by the board of directors and approved by the Minister of Finance and only at a price not in excess of the price of redemption fixed in accordance with the second paragraph of section 11.”

3. Section 9 of the said Act is amended

(1) by replacing the first paragraph by the following paragraph:

“9. Notwithstanding section 8, class “A” shares or fractional shares may be transferred to or acquired by a trustee within the scope of a registered retirement savings plan under which the shareholder or his spouse is a beneficiary. The beneficiary of the plan is deemed, however, to keep the voting rights attached to the shares thus transferred. For the purposes of section 10, the spouse is deemed to be the person who acquired the transferred share or fractional share from the Fund.”;

(2) by replacing the word “share” in the third line of the second paragraph by the words “share or fractional share”.

4. Section 10 of the said Act, amended by section 6 of chapter 5 of the statutes of 1989, is replaced by the following section:

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

(1) at the request of the person who acquired the share or fractional share from the Fund at least 730 days prior to redemption if, after reaching 60 years of age, he has availed himself of his right to early retirement or retirement or if he has reached 65 years of age;

(2) at the request of the shareholder, who did not acquire the share or fractional share from the Fund, if the person who had acquired it from the Fund has reached 65 years of age or, if deceased, would have reached that age had he lived provided that, in either case, the share or fractional share was issued by the Fund at least 730 days prior to the date of redemption;

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

(4) at the request of the person who acquired the share or fractional share from the Fund, if he applies to it therefor in writing within 60 days of subscribing the share or fractional share or, in the case provided for in section 26, within 60 days of the first deduction from his salary or wages;

(5) at the request of the person who acquired the share or fractional share from the Fund, if he is declared, in the manner prescribed by by-law of the board of directors, to be suffering from a severe and prolonged physical or mental disability which prevents him from working.

Subparagraph 1 of the first paragraph applies to the redemption, after 6 April 1989, of shares or fractional shares issued after 1 March 1988.

Subparagraphs 2 and 3 of the first paragraph apply to the redemption, after 6 April 1989, of shares or fractional shares."

5. Section 11 of the said Act, amended by section 8 of chapter 5 of the statutes of 1989, is replaced by the following section:

"11. Subject to the second paragraph of section 123.54 of the Companies Act, the Fund is bound to redeem any class "A" share or fractional share at the request of a person contemplated in subparagraph 1, 2, 3 or 5 of the first paragraph of section 10.

The price of redemption of the shares and fractional shares shall be fixed twice a year at dates six months apart, by the board of directors, on the basis of the value of the Fund as established by experts under the responsibility of a firm of chartered accountants according to generally accepted accounting principles. The Fund may, however, accept the offer of a shareholder to receive the last price of redemption so fixed rather than the next such price. The redemption contemplated in the first paragraph shall be made within a reasonable time after the date on which the request therefor is made.

However, in the case provided for in subparagraph 4 of the first paragraph of section 10, the Fund is bound to redeem the share or fractional share at the price at which it was acquired from the Fund and to pay the price thereof not later than thirty days after the date of receipt of the request.

This section applies to shares redeemed after 6 April 1989."

6. Section 12 of the said Act is amended

(1) by inserting the words "or fractional shares" after the words "of shares" in the second line of the first paragraph;

(2) by replacing the words "on the shares" in the second line of the first paragraph by the word "thereon";

(3) by adding, after the third paragraph, the following paragraph:

"Moreover, the Fund, at the request of a shareholder of fractional shares, must exchange the fractional share certificates or the documents serving as such for certificates or documents serving as such representing corresponding whole shares."

7. Section 14.1 of the said Act is amended by replacing the last two lines of the first paragraph by the words and figures "are resident in Québec and whose assets are less than \$50 000 000 or whose net assets are not over \$20 000 000."

8. Section 15 of the said Act is replaced by the following section:

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

However, in the course of each fiscal year, the portion of the Fund's investments in Québec undertakings entailing no guarantee, mortgage, pledge, privilege or hypothec must represent, on the average, at least 60% of the average net assets of the Fund for the preceding year. For the purposes of this section and of section 15.1, the average net assets for the preceding fiscal year and the average investments for the current year shall be determined by adding the net assets or, as the case may be, such investments at the beginning of the years concerned, to the net assets or, as the case may be, to such investments at the end of the years concerned, and by dividing by 2 each of the sums so obtained. In addition, the net assets do not include the movable and immovable property used by the Fund to carry on its operations.

For the purposes of this norm, investments referred to in the second paragraph which are authorized by the Fund and for which sums of money have been committed but not disbursed at the end of the fiscal year are qualified investments.

Investments made by the Fund otherwise than as first purchaser for the acquisition of securities issued by Québec undertakings, up to a sum not exceeding 20% of the net assets of the Fund at the end of the preceding fiscal year, are also qualified investments. For that purpose, a dealer acting as an intermediary or firm underwriter is not considered to be a first purchaser.

The requirement prescribed in the second paragraph applies from the fiscal year having begun on 1 November 1986."

9. The said Act is amended by inserting, after section 15, the following section:

“15.1 If the Fund fails to comply, in the course of a fiscal year, with the requirement prescribed in the second paragraph of section 15, it shall not issue class “A” shares or fractional shares in the course of the following fiscal year for a total consideration exceeding the amount determined as follows:

75% of the total consideration paid for class “A” shares and fractional shares issued in the preceding fiscal year, excluding the total consideration paid for class “A” shares or fractional shares acquired and paid by payroll deduction in accordance with the provisions of Division IV or acquired under a subscription agreement entered into with an employer in favour of his employees, if the portion of the average investments concerned that are qualified investments is equal to 50 to 59% of the average net assets of the Fund for the preceding year; 50% of such consideration, if the portion of such average investments is equal to 40 to 49% of the average net assets; 25% of such consideration, if the portion of such average investments is equal to 30 to 39% of the average net assets. If the portion of such average investments is equal to a percentage that is less than 30% of the average net assets, the Fund shall not issue any class “A” share or fractional share during that fiscal year.

Class “A” shares and fractional shares acquired and paid by payroll deduction in accordance with the provisions of Division IV or acquired under a subscription agreement entered into with an employer in favour of his employees are excluded from the application of this section.”

10. Section 16 of the said Act is amended

(1) by inserting the word “then” after the word “would” in the second line of the first paragraph;

(2) by inserting, after the second paragraph, the following paragraphs:

“The percentage may be increased to 10% to enable the Fund to acquire securities from an undertaking doing business in Québec that is not a Québec undertaking within the meaning of section 14.1. In such a case, the Fund cannot, directly or indirectly, acquire or hold shares that include more than 30% of the voting rights attached to the shares of the undertaking and that can be exercised in any circumstances.

Where the Fund avails itself of the second paragraph as regards an undertaking in which it already holds, directly or indirectly, shares that include more than 30 % of the voting rights attached to the shares of the undertaking and that can be exercised in any circumstances, it shall have a period of five years from the date of the investment concerned to bring its interest in the capital stock of that undertaking into conformity with the said paragraph.

These restrictions do not apply, however, where the Fund invests in the following securities:

(1) securities guaranteed by the government of Québec or of Canada or of any Canadian province or territory;

(2) securities the payment of which is guaranteed in capital and interest by the transfer of a grant from the Government of Québec, payable out of the appropriations to be voted each year for such purposes by the Parliament;

(3) bills of exchange accepted or certified by a bank or a financial institution registered with the Régie de l'assurance-dépôts du Québec.”;

(3) by striking out the last paragraph.

11. The said Act is amended by inserting, after section 17, the following division:

“DIVISION II.1

“LOANS

“17.1 The Fund shall not contract any loan that would make the current total capital of its debt consolidated with that of its subsidiaries greater than 100% of the total consideration paid for its class “A” shares and fractional shares.”

12. The heading of Division IV of the said Act is replaced by the following:

“PURCHASE OF CLASS “A” SHARES OR FRACTIONAL SHARES BY PAYROLL DEDUCTIONS”.

13. Section 24 of the said Act is amended by replacing the words “class “A” shares” in the third line of the first paragraph by the words “class “A” shares or fractional shares”.

14. Section 27 of the said Act is amended by replacing the words “and date of birth” in the last line of the first paragraph by the words “, date of birth and social insurance number”.

15. Section 28 of the said Act is amended by replacing the words “class “A” shares” in the third line by the words “class “A” shares and fractional shares”.

16. Section 30 of the said Act is amended by adding, at the end of the third paragraph, the words “and shall include therein any other information or document the Minister determines.”

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