

THIRD SESSION

THIRTY-SECOND LEGISLATURE

NATIONAL ASSEMBLY OF QUÉBEC

Bill 56

Cooperatives Act

First reading
Second reading
Third reading



M. JACQUES PARIZEAU

Minister of Financial Institutions and Cooperatives

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EXPLANATORY NOTES

This bill proposes a new Cooperatives Act and replaces the Cooperative Association Act and the Act respecting Cooperative Agricultural Associations.

The bill provides the rules governing the incorporation and organization of a cooperative in relation to the general principles of cooperative action inspired by the International Cooperative Alliance.

The bill confers on cooperatives, among other powers, that of engaging in commercial pledge.

The capital stock of the cooperative will allow for the issue of term preferred shares, their repayment or redemption being governed by the rules applicable to qualifying shares; moreover, agricultural cooperatives will henceforth be authorized to repay qualifying shares.

The bill further provides that cooperatives counting fewer than twenty-five members may decide that the powers of the board of directors are to be exercised by the members of the cooperative.

The books of the cooperative are to be audited by an auditor who is a member of a professional corporation or by the federation to which the cooperative is affiliated. In certain cases provided for in the bill, certain cooperatives may be exempt from appointing an auditor.

The bill includes the existing provisions dealing with operating surpluses and surplus earnings and changes the proportion of the surplus earnings that must be paid into the reserve of the cooperative, and fixes the percentage that must be allotted to the members as rebate.

The bill deals with the amalgamation of cooperatives and provides a new mode of amalgamation by absorption, to facilitate the amalgamation of cooperatives of unequal sizes and the amalgamation of a cooperative and a company whereby the activities of both are integrated.

Finally, the bill empowers the Minister to dissolve a cooperative where the volume of transactions made with its members is inferior to what is prescribed by government regulation, if the volume is not increased. Winding-up may be ordered if the cooperative fails to comply with the request to continue as a company previously made by the Minister.

The bill provides special rules governing agricultural cooperatives, fishermen's cooperatives, consumer cooperatives, housing cooperatives, and workers' production cooperatives or work cooperatives.

In the sector of housing cooperatives, the bill establishes that henceforth any cooperative whose main object is the ownership of a multiple dwelling immovable will no longer be permitted to have more than two members per housing unit.

The bill proposes new provisions concerning workers' production cooperatives or work cooperatives which will, in particular, enable a cooperative to acquire and hold shares of a company provided that the acquisition be made to provide work to the members of the cooperative.

New provisions are proposed to permit the formation of confederations.

The bill maintains the power of a cooperative syndicate to continue as a cooperative and allows such a syndicate, or a cooperative, to continue its existence as a company, and a company to continue as a cooperative.

The bill also amends

- the Act to promote farm improvement*
- the Act respecting insurance*
- the Savings and Credit Unions Act*
- the Act respecting offences relating to alcoholic beverages*
- the Companies Act*
- the Chartered Accountants Act*
- the Farm Credit Act*
- the Act to promote long term farm credit by private institutions*
- the Maritime Fisheries Credit Act*
- the Act to promote credit to farm producers*
- the Forestry Credit Act*

— *the Act to secure the handicapped in the exercise of their rights*

— *the Family Housing Act*

— *the Taxation Act*

— *the Act respecting the Ministère de l'agriculture, des pêcheries et de l'alimentation*

— *the Farm Products Marketing Act*

— *the Act to promote the development of agricultural operations*

— *the Act respecting liquor permits*

— *the Consumer Protection Act*

— *the Animal Health Protection Act*

— *the Environment Quality Act*

— *the Companies Information Act*

— *the Act respecting child day care*

— *the Act respecting the Société d'habitation du Québec*

— *the Act respecting the Société de développement coopératif,*
and

— *the Cooperative Syndicates Act*

Bill 56

Cooperatives Act

HER MAJESTY, with the advice and consent of the National Assembly of Québec, enacts as follows:

TITLE I

PROVISIONS APPLICABLE TO COOPERATIVES

CHAPTER I

APPLICATION AND INTERPRETATION

1. This title applies to every cooperative incorporated, continued or resulting from an amalgamation under this Act or governed by the Cooperative Associations Act (R.S.Q., chapter A-24) or the Act respecting cooperative agricultural associations (R.S.Q., chapter S-24) before their replacement by this Act.

2. Cooperatives whose objects come under the legislative authority of Québec may be incorporated under this title except cooperatives incorporated to carry on the trust business, to build and operate railroads, for mainly investment purposes, or for purposes provided for in the Savings and Credit Unions Act (R.S.Q., chapter C-4).

3. A cooperative is a corporation in which persons having economic and social needs in common unite for the prosecution of an enterprise according to the rules of cooperative action to meet those needs.

4. The rules of cooperative action are as follows:

(1) membership of the cooperative is subject to the member's using the services offered by the cooperative and to the cooperative's ability to provide him with them;

(2) no member is entitled to more than one vote, irrespective of the number of shares held, or to vote by proxy;

(3) the payment of interest on the capital stock must be limited;

(4) a reserve must be established that is not distributable to members even on winding-up;

(5) the surplus earnings or operating surplus must be allocated to the reserve and to rebates to members in proportion to the business carried on between each of them and the cooperative;

(6) co-operation must be encouraged between the members and the cooperative, and among cooperatives;

(7) the cooperative education of the members, executive officers and employees of the cooperative must be promoted.

CHAPTER II

REPRESENTATION OF THE COOPERATIVE BEFORE ITS INCORPORATION

5. A cooperative is bound by any deed performed in its interest before its incorporation, provided it ratifies the deed within ninety days after its incorporation.

The ratification transfers to the cooperative the rights and obligations of the party who performed the deed, but does not of itself effect a novation; moreover, the person who performed the deed has the same rights and is bound by the same obligations as a mandatary of the cooperative.

6. The person who performs a deed in the interest of a cooperative before its incorporation is bound by that deed unless the contract entered into for the cooperative includes a clause excluding or limiting his liability and a statement to the effect that the cooperative might not be incorporated or might not assume its obligations.

CHAPTER III

INCORPORATION OF THE COOPERATIVE

7. At least twelve founders are required to apply for the incorporation of a cooperative; they must have a common interest as future users of the cooperative.

The Minister, if he deems it expedient, may reduce the number to not less than five.

8. To be a founder of a cooperative, a person or partnership must be in a position to participate in the pursuit of the objects of the cooperative whose incorporation is applied for.

Minors at least sixteen years of age may be founders of a cooperative and in that respect are deemed of age.

9. The articles of the cooperative must set out

- (1) its corporate name;
- (2) the judicial district in which its head office in Québec is located;
- (3) the object of its incorporation;
- (4) the territory in or group from which it may recruit its members;
- (5) the surname, given name, address and occupation of each founder and, as the case may be, the firm name of the founder partnership with the surname, given name, address and occupation of each of its members, or the corporate name and address of the head office of the founder corporation, and the Act under which it is incorporated.

10. The articles may set out any other provision permitted by law to be set out in the by-laws, in addition to the provisions permitted by this Act to be set out.

11. The articles of the cooperative must be transmitted to the Minister in two duplicates signed by each founder.

12. The following documents must accompany the articles:

- (1) an application for the incorporation of the cooperative signed by two founders;
- (2) a notice of the surname, given name and address of the person designated as provisional secretary of the cooperative;
- (3) a notice of the manner and time in which the organization meeting will be called;
- (4) a notice of the address of the head office;
- (5) such other documents as may be required by government regulation.

13. On receiving the articles, the documents accompanying them and the fees prescribed by government regulation, the Minister, after obtaining the advice of the Conseil de la coopération du Québec, may, if he deems it advisable, incorporate the cooperative.

For that purpose, the Minister

(1) shall endorse on each duplicate of the articles the words “cooperative incorporated” and the date of incorporation, followed by his signature or that of his designee;

(2) registers one duplicate of the articles;

(3) sends one duplicate of the articles to the cooperative or its representative;

(4) publishes a notice of the issue of the articles in the *Gazette officielle du Québec*.

14. From the date indicated in the articles of incorporation, the cooperative is a corporation within the meaning of the Civil Code.

CHAPTER IV

CORPORATE NAME

15. The corporate name of a cooperative must not be liable to confusion with another corporate name or a firm name.

16. The corporate name of a cooperative must, to indicate the cooperative nature of the enterprise, include the term “cooperative”, “cooperation” or “co-op”.

No person or partnership may include any of those terms in its corporate name or use them with reference to itself.

17. The Minister may order a cooperative to change its corporate name if it is not in conformity with the laws and regulations in force when it was granted.

18. If the cooperative fails to comply with an order of the Minister within sixty days of its service, the Minister may assign another corporate name to it *ex officio*.

19. Where the Minister assigns a corporate name to a cooperative *ex officio*, he shall issue a certificate in duplicate establishing the change and publish a notice of the change in the *Gazette officielle du Québec*.

The Minister shall register one duplicate of the certificate and send the other to the cooperative.

The change has effect on the date appearing on the certificate.

20. A cooperative may identify itself under a name other than its corporate name.

However, its corporate name must be legibly indicated in all its negotiable instruments, contracts, invoices and orders for goods or services.

CHAPTER V

GENERAL ORGANIZATION MEETING

21. Within sixty days after the incorporation of the cooperative, the founders must hold a general organization meeting.

The Minister may extend the time even if it has expired.

22. The meeting is called by the provisional secretary.

If the provisional secretary is absent or unable to act, the meeting may be called by two founders.

23. For the meeting, any person or partnership who, before the sending of the notice calling the meeting, transmitted to the provisional secretary a memorandum of membership indicating that he or it is in a position to participate in the pursuit of the objects for which the cooperative is incorporated, is also a founder.

However, the founders may, before the meeting is opened, decide that the memorandum of membership of a person or partnership is null and void.

24. At the meeting, the founders must

- (1) pass the by-laws of internal management and the general loan by-laws;
- (2) elect the members of the board of directors;
- (3) subscribe for common shares in accordance with the by-laws;
- (4) appoint an auditor.

In addition, they may pass any other by-law or measure relating to the affairs of the cooperative and, as the case may be, apply for the affiliation of the cooperative to a federation.

25. Within ten days from the meeting, the cooperative shall send to the Minister

- (1) a list of the directors of the cooperative, containing their surnames, given names, addresses and occupations;
- (2) a notice of the name of the auditor and the date of the end of the fiscal year of the cooperative;

(3) where such is the case, the name of the federation to which the cooperative has applied to be affiliated.

CHAPTER VI

POWERS OF A COOPERATIVE

26. A cooperative has the full enjoyment of civil rights for the attainment of its objects.

It has capacity to carry on its activities and exercise its powers outside Québec.

27. In addition to the powers conferred on it by this title, a cooperative may also

(1) give to its members or auxiliary members, as the case may be, in payment of a portion of the price of produce delivered or services rendered to it, shares, bonds or other securities, up to ten per cent of the price of such produce or services;

(2) sell its debts or book accounts, present or future, or payments due or accruing on its shares, in accordance with article 1571*d* of the Civil Code;

(3) pledge its property in accordance with articles 1979*a* to 1979*k* of the Civil Code;

(4) hypothecate, mortgage or pledge its moveable and immoveable property, present or future, in accordance with the Special Corporate Powers Act (R.S.Q., chapter P-16) to guarantee the securities issued by it;

(5) pledge, hypothecate or otherwise give as security property delivered to it by its members;

(6) retain, for the recovery of any claim it has against a person, any amounts it may owe him and apply them in compensation.

28. No cooperative may grant a loan, a surety or any other form of financial assistance to a member.

However, a cooperative may, in the course of its business with a member, grant him financial assistance.

29. Third persons are not presumed to have knowledge of the contents of a document concerning a cooperative by reason only that the document has been registered or is available for inspection.

30. Third persons may presume that

(1) the cooperative pursues its objects and exercises its powers in accordance with its articles and by-laws or, as the case may be, the agreement of its members contemplated in section 61;

(2) the documents sent to the Minister and filed under this Act contain true information;

(3) the directors and executive officers of the cooperative validly hold office and lawfully exercise the powers arising therefrom;

(4) the documents of the cooperative issued by one of its directors, executive officers or other mandataries are valid.

31. Sections 29 and 30 do not apply to third persons in bad faith or to persons who ought to have had knowledge of the situation by virtue of their position with or relationship to the cooperative.

32. In no case may third persons invoke against the cooperative that its actions are not in accordance with the pursuit of its objects or the exercise of its powers.

CHAPTER VII

HEAD OFFICE

33. A cooperative shall at all times have a head office in Québec, in the judicial district specified in its articles.

The domicile of the cooperative is at its head office.

34. A cooperative may change the address of its head office within the boundaries of the judicial district indicated in its articles by giving notice of the change to the Minister.

The change of address has effect from the receipt of the notice.

35. A cooperative may transfer its head office to another judicial district by way of amendment to its articles.

A notice of the change of address of its head office must accompany any amendment to the articles transferring it; in such a case, the change of address has effect on the date of amendment to the articles.

36. The Minister shall register every notice of change of address of a head office.

CHAPTER VIII

CAPITAL STOCK OF A COOPERATIVE

DIVISION I

GENERAL PROVISIONS

37. The capital stock of a cooperative consists of common shares and preferred shares.

The capital stock is variable.

38. No cooperative may repay or redeem a share

(1) if it is insolvent or would become insolvent as a result of such repayment or redemption;

(2) if the board of directors considers that the repayment or redemption could affect the financial stability of the cooperative.

DIVISION II

COMMON SHARES

39. The common shares are registered. No share may be transferred except in accordance with the conditions and modalities prescribed in the by-laws.

40. Every member must hold the minimum number of common shares prescribed in the by-laws, called qualifying shares.

The number of qualifying shares may vary according to the class of services the member intends to use.

41. The price of a common share is \$10.

The modalities of payment of common shares are determined in the by-laws.

42. No interest is payable on common shares.

43. The board of directors may confiscate the common shares of a member if an instalment two years or more overdue has not been paid within two months from the sending of a demand for payment of the instalment.

Confiscation of the shares entails the expulsion of the member.

44. In case of the death, resignation, expulsion or interdiction of a member, the cooperative shall repay the sums paid on his common shares.

At the request of a member, and on the conditions prescribed in the by-laws, the cooperative may repay the sums he has paid on his common shares other than his qualifying shares.

45. A cooperative may by by-law determine the order in which common shares are to be repaid.

DIVISION III

PREFERRED SHARES

46. The board of directors, if authorized by by-law, may issue preferred shares.

The by-law must provide for the amount of and the preferences, rights and restrictions attached to the shares and the conditions of their redemption or repayment.

47. If a cooperative decides to issue certificates of preferred shares, the certificates must state the preferences, rights and restrictions attaching to the shares and the conditions of redemption or repayment.

48. No preferred share may entitle its holder to redemption or repayment of the share before the expiry of three years from its issue.

The interest payable on a preferred share must be limited by by-law.

49. No preferred share may entitle its holder to receive notice of a general meeting, to attend such a meeting, to vote thereat or to be eligible for any office in the cooperative.

DIVISION IV

INITIATION FEE

50. A cooperative, if authorized by by-law, may require every person admitted as a member to pay an initiation fee.

In no case may the amount of the initiation fee of any member exceed ten per cent of the amount of his qualifying shares.

CHAPTER IX

MEMBERS

DIVISION I

GENERAL PROVISIONS

51. To be a member of a cooperative, a person or a partnership must

(1) be in a position to participate in the pursuit of the objects for which the cooperative is incorporated;

(2) apply for membership, except in the case of a founder;

(3) subscribe and pay for the minimum number of common shares of \$10 provided for by by-law;

(4) undertake to comply with the by-laws of the cooperative;

(5) be admitted by the board of directors, except in the case of a founder.

Minors at least sixteen years of age may become members of a cooperative and in that respect are deemed of age.

52. A cooperative may by by-law provide for one or more classes of auxiliary members and determine the conditions of their admission and their rights and obligations.

Auxiliary members have no vote and are ineligible for office.

53. If the by-laws so require, the members must undertake to deliver, sell, purchase or receive property or services through the cooperative.

54. A cooperative may, by by-law, require a contribution from its members to pay all or part of its operating expenses.

DIVISION II

RESIGNATION, SUSPENSION AND EXPULSION

55. A member may resign by giving thirty days' notice unless longer notice is prescribed by by-law.

However, the board of directors may accept a resignation before the expiry of the time.

56. Except with the consent of the board of directors, no member may resign during the term of a contract by which he has

undertaken to deliver, sell, purchase or receive property or services through the cooperative.

If the contract provides for a notice of non-renewal, such a notice is equivalent to a notice of resignation effective at the expiry of the contract.

57. The board of directors may suspend or expel a member

(1) if he can no longer participate in the pursuit of the objects for which the cooperative is incorporated;

(2) if he does not comply with the by-laws of the cooperative;

(3) if he has not made the payments due on his shares;

(4) if he is dispossessed of his qualifying shares;

(5) if he does not carry out his engagements with the cooperative;

(6) if, for one fiscal year, he has neglected to do the amount of business with the cooperative determined by by-law, or if he injures it;

(7) if he carries on any activity in competition with the cooperative.

58. A member whose suspension or expulsion is proposed is entitled to be informed of the reasons therefor and of the place, date and time of the meeting at which it will be considered, not later than the time limit for notice of the meeting.

He may attend the meeting and be heard or, in a written statement read by the chairman of the meeting, give the reasons for his opposition to the resolution proposing his suspension or expulsion.

59. In no case may a member be suspended for a period exceeding six months.

60. Notwithstanding the non-repayment of his shares, a member who has resigned or been expelled loses all his rights as a member.

A member who has been suspended also loses all his rights as a member unless the board of directors decides otherwise.

DIVISION III

MEMBERS' AGREEMENT

61. If a cooperative has fewer than twenty-five members, they may agree not to elect directors for one year.

The agreement must be in writing and be approved by at least ninety per cent of the members.

Copy of the agreement must be forwarded to the Minister.

62. The members shall then administer the business of the cooperative as if they were the directors; they have the rights of the directors and assume their obligations.

They are not bound to hire a general manager or a manager.

CHAPTER X

MEETING OF THE MEMBERS

DIVISION I

GENERAL MEETING

§ 1. — *General provisions*

63. The members of a cooperative constitute its general meeting, whether convened at an annual meeting or a special meeting.

64. Unless otherwise provided by by-law, the members and representatives attending a general meeting constitute a quorum.

A by-law fixing a quorum ceases to apply after the calling of two successive meetings without a quorum.

65. Notice of a meeting must be given in the manner prescribed by by-law.

Unless otherwise provided by by-law, notice of a meeting must be given to the members at least five days before the date fixed for the meeting.

66. A member may waive a notice of a meeting of the members.

His sole attendance at a meeting is a waiver except where he attends a meeting for the express purpose of objecting to the holding of the meeting on the ground that the manner of calling it was irregular.

67. A resolution in writing, signed by all the members, is as valid as if it had been passed at a general meeting.

The resolution is kept with the minutes of the general meetings.

68. No member is entitled to more than one vote, irrespective of the number of shares held.

69. A member may be represented by his spouse, if his spouse is not a member.

70. A corporation or partnership that is a member of a cooperative may be represented at a general meeting.

However, no representative of a member corporation or partnership may represent more than one corporation or partnership.

71. A cooperative may provide by by-law that no member having been a member for less than three months may vote at a general meeting.

72. Decisions are taken by the majority of the votes of the members or representatives present.

In case of a tie, the president of the cooperative has a casting vote. However, at the election of a director, the returning officer has the casting vote.

§ 2. — *Special provisions*

73. A cooperative having more than one hundred members or members in more than one municipality may by by-law allow its members to be represented.

The by-law must prescribe the division of the members into groups, the number of representatives to be elected and the mode of appointment of the representatives and their substitutes.

74. No representative is entitled to more than one vote unless he is entitled by by-law to as many votes as the number of members he represents.

When absent, a representative may be replaced by his substitute.

75. Unless otherwise prescribed by by-law, members may attend general meetings even where they are represented.

DIVISION II

ANNUAL MEETING

76. The annual meeting of the members must be held within four months from the end of the fiscal year. The members are convened to

- (1) take communication of the auditor's report and of the annual report;
- (2) decide upon the apportionment of the surplus earnings or operating surplus;
- (3) elect directors;
- (4) appoint the auditor;
- (5) fix the attendance allowance, if any, of the members of the board of directors or of the executive committee;
- (6) determine the remuneration, if any, of the secretary or the treasurer where he is also a member of the board of directors;
- (7) take any decision reserved to the meeting by this title.

DIVISION III

SPECIAL MEETING

77. The board of directors, the president of the cooperative or the board of directors of the federation of which the cooperative is a member may order that a special meeting be held whenever he or it deems it expedient.

The board of directors must also order that a meeting be held upon the requisition of one hundred members if the cooperative has four hundred members or more, or of a quarter of the members if it has fewer than four hundred members.

The secretary of the cooperative must in each case call a special meeting.

78. If the meeting is not held within twenty-one days from the date of the request of the federation or the members, the federation or two signatories of the requisition made by the members, as the case may be, may call the meeting.

79. Nothing may be considered or decided at a special meeting except the matters mentioned in the notice calling it.

CHAPTER XI

DIRECTORS

DIVISION I

GENERAL PROVISIONS

80. The board of directors of a cooperative consists of not fewer than five nor more than fifteen directors.

The number of directors is determined by by-law.

81. Every member of the cooperative or representative of a member corporation or partnership may be a director.

In addition, the representative of a credit union or of a federation of credit unions governed by the Savings and Credit Unions Act (R.S.Q., chapter C-4) and the representative of the federation to which the cooperative is affiliated may be a director, provided the credit union, the federation of credit unions or the federation is a group within the meaning of section 83.

82. The cooperative may by by-law provide that a member is ineligible as a director

(1) if he has not paid the instalments due on his shares or any other amount due;

(2) if, during the preceding fiscal year, he has not done the amount of business with the cooperative fixed by by-law.

83. For the formation of its board of directors, a cooperative may by by-law divide its members into groups, or its territory into districts, or so divide both, and grant to each of the groups or districts, or of both, the right to elect a certain number of directors.

The by-laws must also prescribe the manner of establishing such groups and districts and the modalities of nomination and election of directors.

A cooperative or a federation of cooperatives incorporated under any Act of Québec may be a group. A credit union or a federation of credit unions governed by the Savings and Credit Unions Act and the federation to which the cooperative is affiliated may be a group even though it is not a member of the cooperative.

84. The term of office of a director is one year unless otherwise prescribed by by-law, in which case it must not exceed three years.

The term of office of the directors may be two years or three years; in such a case, they are replaced each year according to the mode of rotation determined by by-law.

85. In case of vacancy, the directors may appoint a member or a representative of a corporation or partnership that is a member of the cooperative for the unexpired portion of the term of office.

However, if the directors remaining in office do not make a quorum, a director or two members of the cooperative, or the board of directors of the federation of which it is a member, may order the secretary to call a special meeting to fill the vacancies.

If the secretary fails to act, those who may order that the meeting be held may call it.

86. A director remains in office until he is re-elected, replaced or dismissed.

A director may resign from office by giving notice to that effect.

87. A decrease in the number of directors does not end the term of the directors then in office.

88. Within fifteen days from any change of members of the board of directors, the cooperative shall give notice of the change to the Minister, together with a list of the directors containing their surnames, given names, addresses and occupations.

The Minister shall register the notice.

On the motion of any interested person, the court may require the cooperative to comply with this section and may take any other measure it deems expedient.

DIVISION II

POWERS AND DUTIES

89. The board of directors shall manage the affairs of the cooperative.

However, in no case may the board of directors pledge, hypothecate or otherwise give as security property of the cooperative or property delivered to the cooperative by its members unless it is authorized to do so by a by-law passed by two-thirds of the votes cast by the members or representatives attending a general meeting.

Nor may it exercise any other power determined in the by-laws without the authorization of the general meeting.

90. The board of directors shall, in particular,

(1) appoint a general manager or a manager and convene him to its meetings;

(2) insure the cooperative against the risks of fire, theft and public and employer's liability and embezzlement by its executive officers, agents or employees;

(3) designate the persons authorized to sign contracts or other documents on behalf of the cooperative;

(4) at the annual meeting, give an account of its management and submit the annual report;

(5) facilitate the work of the auditor;

(6) encourage the cooperative education of the members, executive officers and employees of the cooperative;

(7) promote co-operation between the members and the cooperative and among cooperatives;

(8) furnish the Minister, at his request, with a copy of the by-laws and with any information or documents he may require regarding the carrying out of this title.

91. The directors, executive officers and other representatives of the cooperative are considered to be mandataries of the cooperative.

DIVISION III

MEETINGS

92. Unless otherwise provided in the by-laws, the board of directors shall meet at the call of the president or two directors on five days' notice.

The board of directors of the federation of which the cooperative is a member may call a meeting of the board of directors. A representative of the federation may attend the meeting and be heard.

93. A majority of the members constitutes a quorum of the board of directors.

The decisions of the board of directors are taken by the majority of the votes of the directors present. In case of a tie, the chairman of the meeting has a casting vote.

94. A director may in writing waive a notice of a meeting of the board of directors.

His sole attendance at a meeting is a waiver except where he attends a meeting for the express purpose of objecting to the holding of the meeting on the ground that the manner of calling it was irregular.

95. Subject to the by-laws, the directors may, if all agree, participate in a meeting of the board by using means enabling all participants to communicate with each other orally, particularly by telephone. They are then deemed to have attended the meeting.

96. A resolution in writing signed by all the directors is as valid as if it had been passed at a meeting of the board.

A duplicate of the resolution is kept with the minutes of the proceedings of the board.

97. A director present at a meeting of the board is deemed to have acquiesced in every resolution passed or to have participated in every measure taken while he is present at the meeting, except

(1) if at the meeting he requests that his dissent be recorded in the minutes;

(2) if, before the adjournment or closing of the meeting, he informs the secretary of the meeting in writing of his dissent.

98. A director absent from a meeting of the board is deemed not to have approved any resolution or participated in any measure taken in his absence.

DIVISION IV

DISMISSAL OF A DIRECTOR

99. A director may be dismissed and, unless otherwise provided in the by-laws, only the members entitled to elect a director may dismiss him, at a special meeting called for that purpose.

100. A vacancy resulting from the dismissal of a director may be filled at the meeting where the dismissal takes place or, if not, in accordance with section 85.

The notice calling the meeting must mention the holding of such an election if the resolution of dismissal is passed.

101. The director whose dismissal is proposed is entitled to be informed of the reasons therefor and of the place, date and time of the meeting at which it will be considered, not later than the time limit for notice of the meeting.

He may attend the meeting and be heard or, in a written statement read by the chairman of the meeting, give the reasons for his opposition to the resolution proposing his dismissal.

DIVISION V

SPECIAL PROVISIONS

102. The directors are not entitled to any remuneration.

However, they are entitled to the reimbursement of justifiable expenses incurred in carrying out their duties and may receive an attendance allowance fixed by the annual meeting.

103. A cooperative shall assume the defence of its director or other mandatary prosecuted by a third person for an act done in the exercise of his duties, and pay any damages resulting from that act, unless he has committed a grievous offence or a personal offence separable from the exercise of his duties.

However, in a penal or criminal proceeding, the cooperative shall assume only the payment of the expenses of its director or other mandatary, if he had reasonable grounds to believe that his conduct was in conformity with the law, or the payment of the expenses of the director or other mandatary, if he has been freed or acquitted.

104. A cooperative shall assume the expenses of its director or other mandatary if, having prosecuted him for an act done in the exercise of his duties, it loses its case and the court so decides.

If the cooperative wins its case only in part, the court may determine the amount of the expenses the cooperative shall assume.

105. A cooperative shall assume the obligations contemplated in sections 103 and 104 in respect of any person who acted at its request as a director of a corporation of which it is a shareholder or creditor.

106. Any director having an interest in an undertaking causing his personal interest to be in conflict with that of the cooperative must, under pain of forfeiture of office, disclose his interest and abstain from voting on any measure regarding the undertaking in which he has an interest.

CHAPTER XII

EXECUTIVE COMMITTEE

107. If the board of directors is composed of more than eight members it may, if so authorized by the by-laws, establish an executive committee composed of not fewer than three directors.

In no case may the number of members of the executive committee exceed one-half of the number of directors.

108. The executive committee has the powers delegated to it by the board of directors.

109. Sections 92 to 98 and section 102 apply, *mutatis mutandis*, to this chapter.

110. The board of directors may replace any member of the executive committee.

CHAPTER XIII

SPECIAL COMMITTEES

111. To facilitate the proper functioning of a cooperative, its board of directors may form special committees and determine their functions.

The general meeting may require the formation of special committees.

112. The committees shall exercise their functions under the direction of the board of directors.

CHAPTER XIV

EXECUTIVE OFFICERS OF THE COOPERATIVE

113. The board of directors, at its first sitting after the general organization meeting or annual meeting, shall choose a chairman and a vice-chairman from among its members.

114. The chairman and vice-chairman of the board of directors are president and vice-president of the cooperative.

115. If the chairman is absent or unable to act, the vice-chairman shall replace him.

116. The board of directors shall appoint a secretary and, if necessary, a treasurer, and fix their remuneration.

If the office of secretary or treasurer is held by a member of the board of directors, his remuneration must be fixed by the general meeting.

117. The powers and duties of the chairman, vice-chairman, secretary, general manager or manager, and treasurer, are determined by by-law.

The office of general manager or manager is incompatible with the position of director.

CHAPTER XV

AMENDMENTS TO THE ARTICLES OF THE COOPERATIVE

118. To amend the articles of a cooperative, the general meeting must adopt a by-law.

119. The by-law amending the articles must be adopted by two-thirds of the votes cast by the members or representatives present at an annual meeting or at a special meeting called for that purpose.

The by-law must authorize one of the directors to sign the articles of amendment.

120. The articles of amendment must be accompanied with an application for the amendment of the articles, signed by the director authorized to sign the articles of amendment.

Two duplicates of the articles of amendment signed by the director must be sent to the Minister.

121. On receiving the articles of amendment, the accompanying documents, if any, and the fees prescribed by government regulation, the Minister may, if he considers it advisable, accept the amendment.

For that purpose, the Minister, in addition to the procedure set out in subparagraphs 2 to 4 of the second paragraph of section 13, shall endorse "articles amended" on each duplicate of the articles of amendment, with the date of approval, or any date subsequent to the receipt of the articles that is mentioned in the articles, followed by his signature or that of his designee.

The amendment is effective from the date appearing on the articles of amendment.

CHAPTER XVI

BY-LAWS OF THE COOPERATIVE

122. The by-laws of a cooperative must be adopted by the general meeting.

123. The notice of a general meeting other than the general organization meeting must mention any by-law that may be adopted or amended at that general meeting.

CHAPTER XVII

REGISTER OF THE COOPERATIVE

124. Every cooperative shall keep a register at its head office containing

(1) its articles and by-laws, the agreement of its members contemplated in section 61, the latest notice of address of its head office and the latest list of its directors;

(2) the minutes and resolutions of the general meetings;

(3) the surname, given name, address and occupation of each of its directors with an indication, for each term of office, of the date on which it begins and the date on which it ends;

(4) the information contemplated in section 126 concerning the members and other shareholders.

The register may be kept on any data medium that gives access to comprehensible written data.

125. The register of the cooperative must also contain the minutes of the meetings and the resolutions of the board of directors, the executive committee and the special committees.

126. The register of the cooperative must contain the following information on the members and other shareholders:

(1) the surname, given name and the last known address of each member or other shareholder;

(2) the number of common or preferred shares held by each of them;

(3) the details of the subscription of each share and the date of subscription, redemption, repayment or transfer of each share;

(4) the amount due on each share, if any.

127. Every member may consult the register containing the particulars contemplated in section 124.

A member may also obtain a copy of the articles and by-laws, and of the agreement of the members contemplated in section 61, as well as a copy of the latest annual report.

CHAPTER XVIII

ACTIVITIES

128. The activities of a cooperative with its members do not constitute the carrying on of trade or of a means of earning a profit.

129. No member may obtain property or services from his cooperative for resale for profit.

130. Unless otherwise provided in the by-laws, the fiscal year of a cooperative is the calendar year.

131. The cooperative shall keep the necessary books for the preparation of the financial statements.

The form and tenor of the financial statements are determined by government regulation.

132. Within four months after the end of the fiscal year, the board of directors shall prepare an annual report, which must contain, in particular,

- (1) the corporate name and the address of the head office of the cooperative;
- (2) the surname, given name, address and occupation of each of the directors and executive officers;
- (3) the number of members of the cooperative;
- (4) the amount of business done with the members;
- (5) the financial statements for the last fiscal year;
- (6) the auditor's report;
- (7) a statement of the insurance in force;
- (8) such information as may be required by the by-laws.

133. The annual financial statements must be approved by the board of directors and their approval certified by two directors authorized for that purpose.

134. Within thirty days after the annual meeting, the board of directors shall send a copy of the annual report to the Minister, the Minister of Industry, Commerce and Tourism and, where that is the case, to the federation of which the cooperative is a member.

CHAPTER XIX

AUDIT

135. At each annual meeting, the cooperative shall appoint an auditor whose term of office expires at the next annual meeting.

The auditor must be a member of one of the professional corporations of accountants mentioned in the Professional Code (R.S.Q., chapter C-26).

136. If no auditor is appointed at the annual meeting, the Minister, on the application of three members of the cooperative or of the federation of which the cooperative is a member, may appoint an auditor.

The directors may appoint an auditor if that office becomes vacant.

137. Where a cooperative is affiliated to a federation that has an auditing service, the cooperative must have its audit done through the federation or by an auditor approved by it.

138. No director, executive officer or employee of a cooperative may be appointed auditor of his cooperative.

139. A cooperative, in the cases and on the conditions prescribed by government regulation, may decide not to appoint an auditor, if all the members are in agreement.

140. The auditor has access to the books, accounts, securities and vouchers of the cooperative and may require the directors, executive officers, members and employees of the cooperative to furnish any documents and information necessary for the performance of his duties.

141. The auditor shall make an examination enabling him to certify in a report to the members whether

(1) the financial statements tally with the books of account and meet the requirements of this title, the government regulations and the by-laws of the cooperative;

(2) the documents and information that he has required have been furnished;

(3) an adequate accounting system is maintained by the cooperative.

The Government may by regulation prescribe other particulars the examination must render certifiable in the report.

142. The auditor shall send his report to the board of directors. This report forms part of the annual report.

CHAPTER XX

OPERATING SURPLUS OR SURPLUS EARNINGS

143. At the general meeting, the members of the cooperative, after considering the recommendations of the board of directors and in accordance with the income statement for the preceding fiscal year, shall allocate the amount of the operating surplus or surplus earnings

(1) to the reserve;

(2) to the allotment of rebates to persons who are members, or auxiliary members where such is the case, of the cooperative at the end of the fiscal year and to persons who were so during the fiscal year.

144. The entire amount of the operating surplus or surplus earnings may be paid into the reserve.

145. The reserve is composed of the aggregate, after deduction of deficits, of the operating surplus or surplus earnings paid into the reserve every year.

146. The members shall allocate not less than 20% of the operating surpluses or surplus earnings to the reserve until it is equal to or greater than 25% of the debts of the cooperative.

147. In no case may the reserve be divided among the members or auxiliary members or drawn on for the allotment of a rebate.

148. If authorized by the articles, the cooperative may decide not to allot rebates.

149. Only those operating surpluses or surplus earnings resulting from transactions carried on with the members, or the auxiliary members where such is the case, may be allotted to the members and auxiliary members, and they are allotted as rebates.

150. A rebate is not a profit sharing but a repayment of part of an overpayment made by a member, or an auxiliary member where

such is the case, or an adjustment of the price of produce or services that a member, or an auxiliary member where such is the case, has delivered or rendered, as the case may be, to his cooperative.

151. The rate of rebates may vary with the nature or quality of the produce or services dealt in.

152. Instead of paying rebates, the cooperative may, if authorized by the general meeting, allot common or preferred shares, or require members to lend to it, on such conditions as it may determine, the rebates allotted to them; or, it may use both these methods of payment.

The members are then deemed by virtue of the resolution or by-law to have subscribed for the shares allotted to them and to have paid for them out of the rebates or, as the case may be, to have lent to the cooperative the amount of the rebates.

CHAPTER XXI

AMALGAMATION

DIVISION I

ORDINARY AMALGAMATION

153. Cooperatives having similar or related objects may amalgamate.

154. In no case may cooperatives amalgamate, however, if there is reasonable ground to believe that

(1) the cooperative resulting from the amalgamation could not discharge its liabilities when due;

(2) the book value of the assets of the cooperative resulting from the amalgamation would be less than the sum of its liabilities and the sums representing the value of the paid-up capital stock.

155. Cooperatives that propose to amalgamate shall enter into an agreement that, in addition to the terms and conditions of amalgamation, indicates

(1) the corporate name of the cooperative resulting from the amalgamation, the judicial district of its head office, its objects, the territory or group in or from which it may recruit its members, and the provisions prescribed by section 10;

(2) the surname, given name, address and occupation of each of its first directors;

(3) where applicable, the mode of election of subsequent directors;

(4) the number of shares subscribed in each of the amalgamating cooperatives, the price of each of the shares and the modalities of converting them into common or preferred shares of the cooperative resulting from the amalgamation;

(5) the by-laws of internal management and the general loan by-laws of the cooperative resulting from the amalgamation;

(6) where such is the case, the provisions necessary to complete the amalgamation and to ensure the organization and management of the cooperative resulting from the amalgamation.

156. The members of each of the amalgamating cooperatives shall, at a special meeting called for that purpose, adopt

(1) a by-law to approve the agreement of amalgamation and to authorize a director to sign the articles of amalgamation;

(2) the by-laws of internal management and the general loan by-laws of the cooperative resulting from the amalgamation.

157. The by-law concerning the approval of the amalgamation must be adopted by two-thirds of the votes cast by the members or representatives present at the special meeting.

158. The notice of the special meeting must be accompanied with a duplicate or a summary of the agreement of amalgamation.

159. The articles of amalgamation must contain, in addition to the other provisions that may be inserted under this title, the provisions contemplated in paragraph 1 of section 155.

160. The articles of amalgamation must be accompanied with

(1) a petition applying for the amalgamation of the cooperatives signed by the director authorized to sign the articles of amalgamation;

(2) the agreement of amalgamation, except the by-laws of internal management and the general loan by-laws of the cooperative resulting from the amalgamation;

(3) a notice indicating the address of the head office;

(4) a notice indicating the name of the auditor and the date of the end of the fiscal year of the cooperative;

(5) a notice that the by-laws of internal management and the general loan by-laws were adopted at the special meeting;

(6) where applicable, a notice indicating the name of the federation to which the cooperative is affiliated;

(7) such other documents as may be required by government regulation.

161. Two duplicates of the articles of amalgamation, signed by a director of each of the amalgamating cooperatives, must be sent to the Minister.

162. On receiving the articles of amalgamation, the accompanying documents and the fees prescribed by government regulation, the Minister may authorize the amalgamation if he considers it advisable.

For that purpose, the Minister, in addition to the procedure set out in subparagraphs 2 to 4 of the second paragraph of section 13, shall endorse on each duplicate of the articles of amalgamation "cooperative resulting from an amalgamation" and the date of its approval, or any date subsequent to the receipt of the articles indicated in the articles, followed by his signature or that of his designee.

163. From the date appearing on the articles of amalgamation, the cooperatives that have amalgamated continue in existence as one and the same cooperative.

The resulting cooperative acquires the rights of the amalgamated cooperatives and assumes their obligations.

DIVISION II

AMALGAMATION BY ABSORPTION

164. A cooperative may absorb one or several cooperatives if each cooperative is pursuing similar or related objects and if the number of members of each cooperative to be absorbed or the amount of business it has done for the last fiscal year does not exceed 25% of the number of members or of the amount of business for the last fiscal year as the case may be, of the absorbing cooperative.

165. Cooperatives that propose to amalgamate by absorption shall enter into an agreement that, in addition to the modalities of absorption, indicates

(1) the corporate name of the cooperative resulting from the amalgamation, the judicial district of its head office, its objects, the territory or group in or from which it may recruit its members, and the provisions contemplated in section 10;

(2) the new composition, where such is the case, of the board of directors of the absorbing cooperative;

(3) the number of members of each of the cooperatives or, as the case may be, the amount of business done by each of them;

(4) the number of shares subscribed in the absorbed cooperative, the amount of the shares and the manner of converting them into common or preferred shares of the absorbing cooperative.

166. In the case of an absorbed cooperative, the members must, at a special meeting called for that purpose, adopt a by-law to approve the agreement and to authorize a director to sign the articles.

The by-law must be adopted by two-thirds of the votes cast by the members or representatives present at the special meeting.

167. The notice of the meeting must be accompanied with a duplicate or a summary of the agreement of amalgamation.

168. In the case of an absorbing cooperative, the directors must, by resolution, approve the agreement and authorize one among them to sign the articles.

169. The articles of absorption must contain, in addition to the other provisions that may be inserted therein under this title, the provisions contemplated in paragraph 1 of section 165.

170. The articles must be accompanied with

(1) a petition applying for the amalgamation of the cooperatives, signed by the director authorized to sign the articles of amalgamation;

(2) the agreement of absorption;

(3) a notice indicating the address of the head office of the absorbing cooperative;

(4) a notice indicating the name of the auditor and the date of the end of the fiscal year of the absorbing cooperative;

(5) where applicable, a notice indicating the name of any federation to which the absorbing cooperative is affiliated;

(6) such other documents as may be required by government regulation.

171. Sections 154, 161 and 162 apply to amalgamation by absorption.

172. From the date appearing on the articles, the absorbing cooperative acquires the rights of the absorbed cooperative and assumes its obligations; the absorbed cooperative is then dissolved and its members become members of the absorbing cooperative.

DIVISION III

AMALGAMATION OF A COOPERATIVE AND A COMPANY

173. A cooperative and a company governed by Part I or IA of the Companies Act (R.S.Q., chapter C-38) whose shares are wholly held by the cooperative may amalgamate if their boards of directors adopt a resolution which provides that

(1) the shares of the company will be cancelled without reimbursement of the capital represented by these shares;

(2) the articles of amalgamation will be identical to those of the cooperative, taking account, however, of this Act and the regulations thereunder;

(3) the directors of the cooperative resulting from the amalgamation will be those of the amalgamating cooperative and the by-laws of the cooperative resulting from the amalgamation will be those of the amalgamating cooperative.

174. The articles of amalgamation must contain the provisions of the articles of the amalgamating cooperative, taking account, however, of this Act and the regulations thereunder.

The articles must be accompanied with the documents referred to in paragraphs 1, 3, 4, 6 and 7 of section 160.

175. Sections 154, 161 and 162 apply, *mutatis mutandis*, to an amalgamation provided for in this division.

176. From the date appearing on the articles of amalgamation, the cooperative and the company that have amalgamated continue in existence as the cooperative resulting from the amalgamation.

The resulting cooperative acquires the rights of the cooperative and of the company that have amalgamated and assumes their obligations.

CHAPTER XXII

INSPECTION

177. The Minister may, of his own motion or on the application of members of a cooperative, of the Conseil de la coopération du Québec or of the board of directors of the federation of which the cooperative is a member, appoint a person to inspect the affairs of the cooperative.

178. The person appointed by the Minister is vested for his inspection with the powers and immunity of a commissioner appointed under the Act respecting public inquiry commissions (R.S.Q., chapter C-37), but not the power to punish for contempt of court.

Articles 307 to 309 of the Code of Civil Procedure apply to witnesses at the inspection.

179. The inspector shall render an account to the Minister.

Where the inspection has been carried out on the application of a person or body, the Minister shall communicate any information he considers relevant to the person or body concerned.

180. The Minister may call a special meeting of the members of the cooperative to communicate to them any information he considers relevant and to make his recommendations to them.

If the cooperative does not take account of his recommendations, the Minister may by motion, apply to the court to order the cooperative to comply with his recommendations, or to render any other decision it considers expedient.

CHAPTER XXIII

WINDING-UP

181. A cooperative may decide to wind up its affairs and to dissolve by a resolution adopted by three-fourths of the votes cast by the members or representatives present at a special meeting called for that purpose. The cooperative exists and operates thenceforth only with a view to winding up its affairs.

The cooperative retains its status and corporate powers until its affairs are wound up.

Upon deciding to wind up, the special meeting shall, by a resolution adopted by the majority of the votes cast by the members or representatives present at the meeting, appoint one or three liqui-

dators empowered to take immediate possession of the property of the cooperative.

182. The provisions of Divisions II and III of the Winding-up Act (R.S.Q., chapter L-4) that are not inconsistent with this chapter apply to the winding-up so decided upon.

183. As soon as winding-up has been accepted by the general meeting, every action and all proceedings by way of seizure by garnishment, seizure before judgment or seizure in execution, or otherwise, against the property of the cooperative shall be suspended.

The costs incurred by a creditor after he has himself or by his attorney had knowledge of the winding-up, cannot be collocated against the proceeds of the property of the cooperative distributed in consequence of the winding-up.

A judge of the Superior Court of the district in which the head office of the cooperative is located may, however, on such conditions as he considers proper, authorize the institution or continuance of any proceeding.

184. Where winding-up takes more than a year, the liquidator shall in the following year send a copy of the report contemplated in section 15 of the Winding-up Act to the Minister.

185. The liquidator shall first pay the debts of the cooperative and the costs of winding-up, and secondly, the amounts paid on the shares according to the priorities established by the by-laws.

After the payments pursuant to the first paragraph, the balance of the assets devolve to such cooperative or federation, including the Coopérative fédérée de Québec, as the Minister may designate upon the advice of the Conseil de la coopération du Québec.

CHAPTER XXIV

DISSOLUTION ORDER

186. The Minister may order the dissolution of a cooperative if

(1) the number of members becomes less than 12 or less than the number that was required for its incorporation;

(2) the organization meeting is not held within sixty days of the date of incorporation or within the time granted by the Minister, as the case may be;

(3) it fails to hold an annual meeting of its members within the prescribed time;

(4) it does not send a copy of the annual report within the prescribed time to the persons mentioned in section 134;

(5) the liquidator does not send the report contemplated in section 184 to the Minister;

(6) in a fiscal year, the proportion of the business carried on by the cooperative with its members is less than that prescribed by the government regulations, and that proportion does not increase during the three fiscal years following that for which the cooperative receives the notice contemplated in section 188.

187. Except in the case of paragraph 6 of section 186, the Minister, before ordering the dissolution of a cooperative, shall give to the cooperative, its interim secretary or the liquidator, as the case may be, notice of the alleged default and of the penalty to which the cooperative is liable.

The Minister may order the cooperative dissolved if it fails to remedy the alleged default within sixty days after the date of the notice.

188. In the case of paragraph 6 of section 186, the Minister shall give the cooperative notice of its failure to observe the percentage determined by government regulation in the proportion of its business that it is required to carry on with its members.

If the cooperative does not increase the proportion of its business within the prescribed time, the Minister, after requesting the cooperative to continue to exist as a company within such time as he determines, may order the cooperative dissolved.

189. A notice contemplated in section 187 or 188 must be published in the *Gazette officielle du Québec*.

190. The dissolution order is effective from the date of its publication in the *Gazette officielle du Québec*.

191. The public curator is curator *ex officio* to the property of the dissolved cooperative. He shall render an account to the Minister.

192. The balance of the assets of the dissolved cooperative devolve in the manner prescribed in section 185.

193. The Minister, at the request of any person concerned and on such conditions as the Minister determines, may revoke the dissolution retroactively by publishing a notice to that effect in the *Gazette officielle du Québec*. In no case may the revocation of a dissolution impair rights acquired by any person after the dissolution.

TITLE II

SPECIAL PROVISIONS ON CERTAIN COOPERATIVES

CHAPTER I

AGRICULTURAL COOPERATIVES

194. An agricultural cooperative is a cooperative whose principal objects are connected with agricultural or related activities, with the furnishing of goods and services required for such activities, or with the production, processing, storing, marketing, handling and transport of produce connected with such activities.

195. At least twenty-five founders are required to apply for the incorporation of an agricultural cooperative.

The Minister, if he deems it expedient, may reduce the number to not less than five.

196. To be a founder of an agricultural cooperative, a person or partnership applying for its incorporation must be an agricultural producer.

In the case of a cooperative whose objects are connected with marketing, the person or partnership must also undertake to deliver goods or sell goods or services through the cooperative for at least five years.

197. An agricultural cooperative is not required to indicate in its articles the territory or group in or from which it may recruit its members.

It must, however, indicate that it is an agricultural cooperative if it elects to be governed by this chapter.

198. In addition to the documents prescribed by section 12, the articles must be accompanied with a document in which each founder declares himself to be an agricultural producer.

199. On receiving the articles, the accompanying documents and the fees prescribed by government regulation, the Minister shall advise the Coopérative fédérée de Québec of the application for incorporation; thirty days after the sending of the notice, or before the end of that time if the Coopérative fédérée de Québec replies to the notice, he may if he considers it advisable, incorporate the cooperative.

200. To be a member of an agricultural cooperative, a person or partnership must

- (1) be an agricultural producer;
- (2) apply for membership except in the case of a founder;
- (3) subscribe and pay for the minimum number of common shares of \$10 provided for by the by-laws;
- (4) undertake to observe the by-laws of the cooperative;
- (5) be admitted by the board of directors, except in the case of a founder.

In the case of a cooperative whose objects are connected with marketing, the person or partnership must also undertake to deliver goods or sell goods or services through the cooperative for at least five years.

201. If required by the by-laws, the members must undertake to buy or receive goods or services through the agricultural cooperative.

202. In case of the death, resignation, expulsion or interdiction of a member, the agricultural cooperative may repay the sums paid on his common shares.

203. The representative of a corporation or partnership must be involved in the agricultural operations of the corporation or partnership that he represents.

204. The board of directors may adopt by-laws of internal management of the cooperative provided they do not conflict with those adopted by the general meeting.

However, by-laws adopted by the board of directors must be confirmed by the annual general meeting, failing which they cease to have effect.

205. The board of directors may

- (1) if authorized by the by-laws, issue preferred shares and determine their amount, the preferences, rights and restrictions attached to the shares and the conditions of their redemption or repayment;
- (2) regulate the conditions of the contracts that must be signed by each member pursuant to sections 200 and 201;
- (3) expel any member who neglects or refuses upon the expiry of the contract contemplated in sections 196, 200 and 201 to sign another contract or observe its requirements.

206. At the annual meeting, the members must, in addition,

(1) approve the annual loan by-laws;

(2) where necessary, establish a list of persons from whom the board of directors is to designate in the listed order the delegates and substitutes to represent the cooperative at the annual meeting of the Coopérative fédérée de Québec and at any special meeting to which the cooperative may be called.

207. The office of general manager, manager or treasurer is incompatible with the position of director.

208. In case of a winding-up, the balance of the assets must be distributed to the persons who were members of the cooperative during the three fiscal years preceding the year in which the winding-up was voted, in proportion to the amount of business done by them during the period determined by the general meeting.

The members may, however, decide to remit all or part of the balance to another agricultural cooperative or the Coopérative fédérée de Québec.

209. For the purposes of section 177, the Conseil de la Coopération du Québec has no right in the case of an agricultural cooperative to demand the appointment of an inspector.

210. In case of a dissolution order, the balance of the assets devolve, according to the decision of the Minister, to another agricultural cooperative or to the Coopérative fédérée de Québec.

211. Sections 50 and 54, the second paragraph of section 77 and sections 82, 111, 112 and 148 do not apply to an agricultural cooperative.

CHAPTER II

FISHERMEN'S COOPERATIVES

212. In the case of a cooperative composed of persons engaged in the business of fishing and whose principal objects are connected with the fishing industry, the price of a share of common stock is \$50.

213. A fishermen's cooperative may make loans to its members for the needs of their industry; in no case may the sums loaned be taken out of any funds except those not absorbed by corporate debts due or those specifically placed at its disposal by a federation for loans of such nature.

Loans derived from funds placed at the disposal of the cooperative by the federation must have prior approval of the board of directors of the federation of which the cooperative is a member. Such approval does not engage the responsibility of the federation.

214. No member of a fishermen's cooperative may be suspended for a longer period than that corresponding to one fishing season.

215. A fishermen's cooperative that receives advances from a federation on produce or merchandise in stock must deliver it to the federation.

Any director, executive officer or employee who delivers the produce or merchandise, or causes it to be delivered, to another person is personally liable for the damage caused to the federation and is liable to forfeiture of office.

CHAPTER III

CONSUMERS' COOPERATIVES

216. No cooperative whose principal object is the furnishing of goods and services directly to consumers may be incorporated under a corporate name that includes any of the expressions "Magasin Coop", "Cooprix", "Dépanneur Coop", "Club Coop" or "Coopgro", unless the Fédération des Magasins Coop has approved its use of the expression.

A cooperative incorporated under a corporate name that includes one of the expressions mentioned in this section is not required to add a term prescribed by section 16 to its corporate name.

217. A cooperative incorporated under a corporate name that includes one of the expressions referred to in section 216 shall within the time prescribed in section 25 furnish proof to the Minister of its affiliation to the Fédération des Magasins Coop.

218. A cooperative whose affiliation with the Fédération des Magasins Coop is revoked shall change its corporate name within 60 days of such revocation.

If the cooperative fails to change its corporate name, the Minister shall assign another corporate name to it, attest the change by a certificate and publish a notice of the change in the *Gazette officielle du Québec*.

219. The Fédération des Magasins Coop may admit an agricultural cooperative as a member.

CHAPTER IV

HOUSING COOPERATIVES

220. A cooperative whose principal object is to assist its members to acquire the ownership or use of a house or dwelling may, if authorized by a by-law, receive from its members sums on account of the cost of their land and houses or their dwellings, or open credit or make loans to them.

The conditions of the loans, and the mode of use and the disposal of the advances, must be determined in the by-law.

221. A housing cooperative in possession of a multiple dwelling immovable is not entitled to more than two members per dwelling unit.

CHAPTER V

WORKERS' PRODUCTION COOPERATIVES
OR WORK COOPERATIVES

222. A workers' production cooperative or work cooperative is a cooperative that operates an enterprise whose members are the workers necessary for its operation.

223. A cooperative may have any object allowable under Title I, except that consisting principally of acquiring goods for resale to the public.

224. A cooperative may by by-law

(1) establish supplementary conditions of admission, expulsion or suspension of members, taking account of its particular object;

(2) require any person applying for membership to submit to a period of probation and to a technical and cooperative training course, on the conditions determined in the by-laws;

(3) form a reception committee for new members or auxiliary members;

(4) form a liaison committee between the members and the board of directors;

(5) establish a procedure for laying off members when there is a lack of work and a procedure of recall to work.

The by-laws must also determine the mode of incorporation, the number of members, the mode of election or appointment, the

quorum and everything necessary for the proper functioning of the reception committee and liaison committee.

225. A cooperative may acquire and hold shares of a corporation

(1) if the enterprise carried on by the corporation is similar or related to that carried on by the cooperative;

(2) if the acquisition enables its members to work in the enterprise owned by the corporation.

226. Rebates are calculated on the basis of the amount of work done by the member for his cooperative or for the company in which his cooperative holds shares.

The amount of work may be measured by the income of the member, the number of hours of work or any other scale determined by the by-laws.

TITLE III

FEDERATIONS

CHAPTER I

GENERAL PROVISIONS

227. Title I applies to federations, *mutatis mutandis*, except the provisions inconsistent with this title.

228. The Minister, after obtaining the advice of the Conseil de la Coopération du Québec and if he considers it advisable, may incorporate a federation of cooperatives pursuing similar or related objects.

If such a federation of cooperatives already exists, the Minister shall advise the federation of the application for incorporation and, thirty days after the sending of the notice, or before the end of that time if the federation replies to the notice, he may, if he considers it advisable, incorporate the cooperatives as a federation.

229. To be a founder or member of a federation, a cooperative must have received prior authorization by resolution of its board of directors. Such resolution must have been confirmed by a general meeting.

230. The articles must contain, in addition to the provisions provided for by paragraphs 1 to 3 and 5 of section 9 and by section 10, the territory in which the federation may recruit its members.

231. The corporate name of the federation must include the expression “federation” and indicate the class of cooperatives that it groups together and the name of the region in which it recruits its members.

232. To be a member of a federation, a cooperative must

(1) pursue objects similar or related to those pursued by the other members of the federation;

(2) apply for membership, except in the case of a founding cooperative;

(3) agree to respect the by-laws;

(4) subscribe and pay the number of shares provided for by by-law;

(5) agree, if a by-law of the federation requires it, to make its purchases, sales or any other transactions through the federation;

(6) be admitted by the board of directors, except in the case of a founding cooperative.

CHAPTER II

POWERS

233. The object of a federation is to safeguard the interests of its members and promote their development. For such purpose, it may in particular

(1) exercise the powers of a cooperative;

(2) establish educational, publicity, auditing and technical assistance services;

(3) make loans to any member and to any corporation of which it holds shares or other titles;

(4) assist any member of any corporation contemplated in paragraph 3 to obtain funds and guarantee the performance of their obligations;

(5) make agreements with any member to supervise, control or manage its affairs for a stated period;

(6) cause the books and accounts of its members and of the cooperatives indebted to it to be inspected, audited or examined;

(7) require from the members and other cooperatives contemplated in paragraph 6 copies of their annual reports and by-laws;

(8) supply persons interested in forming a cooperative with the requisite information to determine its efficiency and to facilitate its incorporation.

234. A federation that establishes an auditing service must hold a certificate issued annually to that effect by the Minister.

CHAPTER III

GENERAL MEETING

235. The general meeting of a federation is composed of the representatives of the cooperatives that are members thereof.

236. The federation shall by by-law

(1) provide the manner in which its members are to be represented at general meetings;

(2) determine the number of representatives to which each member is entitled and the manner of determining such number;

(3) determine the number of votes to which each member is entitled.

That number of votes may be based on the number of members of the cooperatives affiliated to the federation. An additional number of votes may be granted based on the participation of the affiliated cooperatives in the business of the federation, but such number may not be greater than that based on the number of their members.

CHAPTER IV

BOARD OF DIRECTORS

237. The federation shall, by by-law,

(1) establish the mode of constitution of its board of directors;

(2) fix the number of members of the board of directors;

(3) establish the mode of election of directors at the annual meeting or at the meeting of groups of members whose composition is provided for in section 83;

(4) determine the quorum of the board of directors.

238. The board may be composed of more than 15 directors.

239. The directors of a federation must be chosen from among the directors of its members and the representative of any credit

union or federation of credit unions governed by the Savings and Credit Unions Act unless the by-laws provide that a minority among them must be chosen from among the members or officers of its members.

240. Unless otherwise provided by the by-laws, the chairman of the board of directors is the president of the federation.

TITLE IV

PROVISIONS PARTICULAR TO CONFEDERATIONS

241. The Minister, after obtaining the advice of the Conseil de la Coopération du Québec and if he considers it advisable, may incorporate a confederation of federations.

At least three federations are required for the establishment of a confederation.

242. Not more than one confederation grouping together federations whose members have similar or related objects may be established.

243. Titles I and III apply to confederations *mutatis mutandis*.

TITLE V

REGULATIONS

244. The Government may, by regulation

(1) establish the fees payable for the preparation, examination or reproduction of documents or for the measures that may or must be taken by the Minister under this Act;

(2) determine the form and tenor of the articles and other documents whose registration is required under this Act;

(3) determine the manner of registering the documents whose registration is required under this Act;

(4) determine the documents that, in each case, must accompany the articles;

(5) determine the form and tenor of documents that must be transmitted to the Minister and the number of copies of each of such documents;

(6) determine the standards, terms and conditions respecting the corporate name of a cooperative, federation or confederation and any other name that it may use to identify itself;

(7) determine the standards respecting the form and tenor of financial statements and respecting auditing and the report of the auditor;

(8) determine, according to the amount of business done by a cooperative or the nature of its activities, the particular requirements as to auditing, the report of the auditor, the qualifications required to be an auditor and the nature, form and tenor of the financial statements that it must file;

(9) determine the cases and conditions in which a cooperative may be exempt from appointing an auditor;

(10) provide the conditions for issuing the certificate that must be held by a federation that establishes an audit service;

(11) determine, for the purposes of paragraph 6 of section 186, the proportion of transactions that a cooperative must carry on with its members and define, for any class of cooperatives determined by regulation, the meaning of the word "transactions".

245. The regulations made under this title and Title VIII, except those respecting fees payable and those provided for in section 278, shall be made only on prior notice of thirty days published in the *Gazette officielle du Québec* reproducing the text thereof.

Such regulations come into force on the date of publication in the *Gazette officielle du Québec* of a notice indicating that they have been made by the Government or, if amended by it, of their final text, or on any later date fixed in the notice or in their final text.

TITLE VI

OFFENCES AND PENALTIES

246. Every person is guilty of an offence who

(1) falsely holds out, by the title he assumes or otherwise, that he is a cooperative, a federation or a confederation;

(2) furnishes the Minister with false or inaccurate information;

(3) hinders or attempts to hinder in any manner any person who performs an act which this Act obliges or authorizes him to do;

(4) makes an unlawful apportionment of sums belonging to a cooperative.

247. Every person who, knowingly, by an act or omission attempts to aid a person to commit an offence or advises a person to commit an offence, encourages or incites him thereto, is himself a party to the offence and liable to the same penalty as that provided

for the person who committed it, whether or not such person has been prosecuted or convicted.

248. Every person who is guilty of an offence is liable on summary proceedings to a fine of not less than \$200 nor more than \$4 000 for each offence, and to a fine of not less than \$500 nor more than \$10 000 for each subsequent offence within two years.

TITLE VII

CONTINUANCES

CHAPTER I

CONTINUANCE OF A COOPERATIVE SYNDICATE AS A COOPERATIVE

249. A cooperative syndicate governed by the Cooperative Syndicates Act (R.S.Q., chapter S-38) may apply to the Minister to continue under this Act.

250. The members must, at a special meeting called for that purpose, adopt a by-law in order to approve the continuance as a cooperative and authorize one of the directors to sign the articles of continuance and adopt the by-laws of internal management and the general loan by-laws.

Such by-laws must be adopted by two-thirds of the votes cast by the members or representatives present at the special meeting.

251. The articles of continuance shall contain the provisions provided for by paragraphs 1 to 4 of section 9 and by section 10.

252. The articles must be accompanied with

(1) a petition applying for the continuance of the syndicate as a cooperative signed by the director authorized to sign the articles;

(2) a list containing the surname and given name of the first directors of the cooperative resulting from the continuance and the address and occupation of each;

(3) a notice of the address of its head office;

(4) a notice that the by-laws of internal management and the general loan by-laws were adopted at a special meeting;

(5) where such is the case, a notice of the name of the federation to which the cooperative has applied for affiliation.

253. On receiving the articles of continuance, the accompanying documents and the fees prescribed by government regulation, the Minister, after obtaining the advice of the Conseil de la coopération du Québec and if he considers it advisable, may continue the syndicate.

For that purpose, the Minister shall

(1) endorse on each duplicate of the articles the words “continued cooperative” and the date of the continuance, followed by his signature or that of his designee;

(2) register a copy of the articles of continuance;

(3) send to the cooperative or its representative a copy of the articles;

(4) publish a notice of the issue of the articles in the *Gazette officielle du Québec*.

254. If the syndicate applies to continue as an agricultural cooperative, the Minister shall advise the Coopérative fédérée de Québec of such application; thirty days after the sending of the notice, or before the end of that period if the Coopérative fédérée de Québec replies to the notice, he may, if he considers it advisable, continue the syndicate as a cooperative.

255. On the date appearing on the articles of continuance,

(1) the articles attest the continuance of the cooperative syndicate as a cooperative and its continuance as a cooperative governed by this Act;

(2) the articles of continuance are deemed to be the articles of the cooperative.

256. The rights and obligations of the syndicate and those of its members are not affected by the continuance.

CHAPTER II

CONTINUANCE OF A COOPERATIVE OR COOPERATIVE SYNDICATE AS A COMPANY

257. A cooperative liable to dissolution under paragraph 6 of section 188 or a cooperative syndicate governed by the Cooperative Syndicates Act must, in order to continue under Part IA of the Companies Act, submit a plan of continuance that must be approved by the Minister.

258. The plan of continuance must contain

(1) the surname, given name, address and occupation of each of the first directors;

(2) the mode of election of subsequent directors;

(3) the manner in which the reserve of the cooperative or the syndicate will be converted into share capital of the company resulting from the continuance;

(4) the terms and conditions of converting common shares and preferred shares, if any, into shares of the share capital of the company resulting from the continuance;

(5) where such is the case, the provisions necessary to complete the continuance and ensure the organization and management of the company resulting from the continuance;

(6) any other information that the Minister may determine.

259. The Minister may approve with or without amendment the plan of continuance.

CHAPTER III

CONTINUANCE OF A COMPANY AS A COOPERATIVE

260. A company governed by Part I or IA of the Companies Act may be converted into a cooperative in order for it to continue under this Act.

261. The directors of the company must prepare a plan of continuance.

262. The plan of continuance must provide

(1) the surname, given name, address and occupation of each of the first directors;

(2) the mode of election of subsequent directors;

(3) the terms and conditions of converting the shares into common shares or preferred shares or other securities of the cooperative resulting from the continuance;

(4) if all the shares are not converted into common or preferred shares of the cooperative resulting from the continuance, the sum of money or any other form of payment that holders of shares must receive in addition to or instead of the shares of the cooperative resulting from the continuance;

(5) the by-laws of internal management and the general by-laws of the cooperative resulting from the continuance;

(6) where necessary, the provisions required to complete the continuance and to ensure the organization and management of the cooperative resulting from the continuance.

263. The directors must adopt a by-law in order to approve the plan of continuance and authorize one among them to sign the articles of continuance and adopt the by-laws of internal management and the general loan by-laws.

264. The by-laws must be confirmed by all the shareholders present or represented at a special general meeting called for that purpose.

For that meeting, every share is a voting share.

The directors may, before the Minister issues the articles, annul the by-laws if the by-laws authorize them to do so.

265. The articles of continuance shall contain the provisions contemplated in paragraphs 1 to 4 of section 9 and in section 10 and in the plan of continuance, except the internal management by-laws and general loan by-laws of the cooperative resulting from the continuance.

The articles shall be accompanied with the documents contemplated in section 252 and the plan of continuance.

266. Upon receipt of the articles of continuance, of the accompanying documents and of the fees prescribed by government regulation, the Minister may, after taking the advice of the Conseil de la coopération du Québec and if he considers it advisable continue the company as a cooperative.

For that purpose, the Minister shall

(1) endorse on each duplicate of the articles the words “company continued as a cooperative” and the date of continuance, followed by his signature or that of his designee;

(2) register a duplicate of the articles of continuance;

(3) send a duplicate of the articles to the cooperative or its representative;

(4) publish a notice of the issue of the articles in the *Gazette officielle du Québec*.

267. If the company applies to continue as an agricultural cooperative, the Minister shall advise the Coopérative fédérée de Québec of such application; thirty days after the sending of the notice, or before the end of that time if the Coopérative fédérée de Québec replies to the notice, he may, if he considers it advisable, continue the company as a cooperative.

268. On the date appearing on the articles of continuance,

(1) the articles attest the continuance of the company as a cooperative and its continuance as a cooperative governed by this Act;

(2) the articles of continuance are deemed to be the articles of the cooperative.

269. Subject to this chapter, the rights and obligations of the company continued as a cooperative, and those of its shareholders, are not affected by the continuance.

TITLE VIII

MISCELLANEOUS AND TRANSITIONAL PROVISIONS

270. The articles and documents required to be registered under this Act must be in the form and tenor prescribed by government regulation.

271. The Minister may prescribe the forms, including forms of notice, forms for memorandum of association and application forms for membership, necessary for the application of this Act.

The forms come into force on the date of their publication in the *Gazette officielle du Québec* or on a later date indicated in the notice accompanying the publication.

272. The Minister must refuse to issue, in particular, any articles or documents that

- (1) do not contain the statements required by this Act;
- (2) are not presented in the form and tenor prescribed by government regulation and on the forms prescribed by the Minister;
- (3) are not accompanied with the prescribed fees and documents;
- (4) provide for a corporate name not in conformity with the law or any applicable regulations, made or approved by the Government.

273. A cooperative that was governed by the Cooperative Associations Act is not required to change the price of common shares issued if that price is not in accordance with the price provided for by this Act.

274. The agricultural cooperatives governed by the Act respecting cooperative agricultural associations are deemed to have chosen to be governed by Chapter I of Title II.

275. The common or preferred shares of the capital stock of an agricultural cooperative that was governed by the Act respecting cooperative agricultural associations are deemed to be common or preferred shares of the capital stock of the cooperative.

276. The deed of incorporation of a cooperative that was governed by the Cooperative Associations Act or by the Act respecting cooperative agricultural associations is deemed to be its articles.

The deed of incorporation of an agricultural cooperative that was governed by the Act respecting cooperative agricultural associations is deemed to contain the object provided for by section 194 if there are no provisions in that respect.

277. A cooperative that was governed by the Cooperative Associations Act or the Act respecting cooperative agricultural associations may in no case change the address of its head office without also amending its articles and indicating therein the judicial district in which its head office is located if it is not already indicated therein.

The judicial district of a cooperative that was governed by those Acts is for the purposes of section 35 the one in which its head office is located on (*insert here the date of the coming into force of this section*).

278. In addition to the transitional provisions contemplated in sections 274 to 277, the Government may, by regulation, adopt any other transitional provisions or other useful measures to enable the application of this Act.

Regulations made under this section come into force on the date of their publication in the *Gazette officielle du Québec* or any later date fixed therein. Such regulations may also, once published and if they so provide, apply from any date not earlier than (*insert here the date of the coming into force of this section*).

279. The Minister shall register, in the manner determined by government regulation, all documents required to be registered under this Act.

He may also issue a true copy to any person who so requests.

280. The documents issued by the Minister under this Act are authentic.

Any copy of a document required to be registered under this Act and certified a true copy by the Minister or the person he designates, has the same value as the original and is proof of its registration.

281. The Government may regulate the quality and the format of the paper used for the documents which must be registered

by the Minister or the person he designates, the disposition of the text of those documents as well as the manner of keeping the documents that have been registered.

282. Section 2 of the Act to promote farm improvement (R.S.Q., chapter A-18) is amended by replacing subparagraph *h* by the following subparagraph:

“(*h*) “agricultural operations cooperative”: a cooperative governed by the Cooperatives Act (1982, chapter *insert here the chapter number of Bill 56*) whose main object and principal activity is the operation of an economic farm of which it is the owner or lessee, provided that all of its members are natural persons, that at least sixty per cent of the common shares are owned by farm operators and that the majority of its members are farm operators among whom the principal occupation of the majority is the operation of such farm;”.

283. Section 246 of the Act respecting insurance (R.S.Q., chapter A-32) is replaced by the following section:

“**246.** Any insurer may acquire and hold bonds or other securities issued by a cooperation or a cooperative,

(*a*) if they are fully secured by real estate or by shares, common or preferred shares, bonds or other securities allowable for investment by the insurer under this division;

(*b*) if they are fully secured by equipment of the corporation or the cooperative and if one or the other, as the case may be, has paid in full the interest on its other debts during the ten years preceding the acquisition of the bonds or other securities by the insurer;

(*c*) if the common or preferred shares of the corporation or the common or preferred shares of the cooperative are allowable for investment by the insurer under section 247 or subsection 1 of section 248;

(*d*) if they are fully secured by a corporation whose common or preferred shares are allowable for investment by the insurer under section 247 or subsection 1 of section 248; or

(*e*) if they are fully secured by a cooperative whose common or preferred shares are allowable for investment by the insurer under section 247 or subsection 1 of section 248.”

284. Section 247 of the said Act is amended

(1) by replacing that part of subsection 1 preceding paragraph *a* by the following:

“**247.** (1) Any insurer other than a mutual association may also acquire and hold fully paid preferred shares of a cooperation other than an insurance company if, as the case may be;”

(2) by replacing that part of subsection 2 preceding paragraph *a* by the following:

“(2) The insurer contemplated in subsection 1 may also acquire and hold fully paid preferred shares of a cooperative if the latter has”.

285. Section 248 of the said Act is amended

(1) by replacing subsection 1 by the following subsection:

“**248.** (1) An insurer other than a mutual association may acquire and hold fully paid common shares of a corporation other than an insurance company or fully paid shares of a cooperative if the corporation or cooperative, during a period of five years that ended less than one year before the date of acquisition, obtained on its common shares or shares in each of at least four of those five years, including the last year, a net yield of at least 4 per cent of the average value at which the shares or common shares were entered in its capital account during the year in which it made earnings available for payment of dividends.”;

(2) by replacing paragraph *a* of subsection 2 by the following paragraph:

“(a) no insurer may hold more than 30 per cent of the common shares or of a class of common shares of one corporation or of the shares or of a class of shares of one cooperative;”.

286. Section 255 of the said Act is replaced by the following section:

“**255.** Any insurer other than a mutual association may make loans secured by the shares of a corporation, the shares or preferred shares of a cooperative and bonds or other securities which it is authorized to acquire and hold. Such loans are subject to the same restrictions and conditions as investment in such securities.”

287. Section 258 of the said Act is replaced by the following section:

“**258.** No insurer may invest in shares, bonds or other securities of a corporation which fails to pay the prescribed dividends on its shares or the interest on its bonds or other securities, nor make a loan to it.

Furthermore, no insurer may invest in shares, preferred shares, bonds or other securities of a cooperative which fails to obtain the prescribed yield on its shares or preferred shares; nor may it make a loan to it.”

288. Section 83 of the Savings and Credit Unions Act (R.S.Q., chapter C-4) is amended

(1) by replacing that part of paragraph *c* of the first paragraph preceding paragraph 1 by the following:

“(c) in bonds issued by a cooperative, a federation of cooperatives or by a corporation of which the majority of common shares is held by one of such institutions.”;

(2) by replacing paragraph *d* of the first paragraph by the following paragraph:

“(d) in preferred shares or in any evidences of indebtedness other than those contemplated in paragraph *c* issued by a cooperative, a federation of cooperatives or by a corporation the majority of the common shares of which is held by one of such institutions, provided that the investments of the union under this paragraph do not exceed one per cent of its assets.”.

289. Section 2 of the Act respecting offences relating to alcoholic beverages (R.S.Q., chapter I-8.1) is amended by replacing paragraph 12 by the following paragraph:

“(12) “corporation”: a public or private corporation or a cooperative governed by the Cooperatives Act (1982, chapter *(insert here the chapter number of Bill 56)*), or a cooperative syndicate incorporated under the Cooperative Syndicates Act (R.S.Q., chapter S-38);”.

290. Section 123.131 of the Companies Act (R.S.Q., chapter C-38), enacted by section 14 of chapter 28 of the statutes of 1980, is replaced by the following:

“DIVISION I

“CONTINUANCE OF A COMPANY

“**123.131** This division applies to companies governed by Part I, excluding those to which another Act expressly declares Part I applicable.”

291. This Act is amended by inserting, after section 123.139, the following:

“DIVISION II

“CONTINUANCE OF A COOPERATIVE AND A COOPERATIVE SYNDICATE

“**123.139.1** A cooperative that is liable to be dissolved under section 188 of the Cooperatives Act (1982, chapter *(insert here the chapter number of Bill 56)*) or a cooperative syndicate governed by the Cooperative Syndicates Act (R.S.Q., chapter S-38) may, if the Minister has approved under section 259 of the said Act its plan of

continuance, be converted into a company so as to enable it to continue under this Part.

“123.139.2 The members must, at a special meeting called for that purpose, make a by-law so as to enable the cooperative or syndicate to continue as a company governed by this Part.

“123.139.3 The by-law must be adopted by two-thirds of the votes cast by the members or representatives present at the special meeting.

The by-law must authorize one of the directors to sign the articles of continuance.

The directors may, before the certificate is prepared, cancel the by-law if it authorizes them to do so.

“123.139.4 The articles of continuance must contain the provisions contemplated in section 123.12 excluding paragraph 3 and in section 123.13.

The articles must be accompanied with any documents prescribed by government regulation and any other documents prescribed by section 123.14.

“123.139.5 Sections 123.135 to 123.137 apply to this division.

“123.139.6 On the date shown in the certificate of continuance,

(1) that certificate attests the continuance of the cooperative or syndicate, as the case may be, and the continuance of the cooperative or syndicate as a company governed by this Part;

(2) the articles of continuance are deemed to be the articles of the company.

“123.139.7 Subject to this Part, the rights and obligations of the cooperative or syndicate and those of its members, are not affected by the continuance.”

292. Section 29 of the Chartered Accountants Act (R.S.Q. chapter C-48) is replaced by the following section:

“29. Notwithstanding this Act, sections 135 to 142, 177 to 180 and 233 of the Cooperatives Act (1982, chapter *(insert here the chapter number of Bill 56)*), sections 85 and 86 of the Act respecting the Commission municipale (R.S.Q., chapter C-35) and sections 43, 82, 89, 93 and 135 of the Savings and Credit Unions Act (R.S.Q., chapter C-4) continue to apply.”

293. Section 1 of the Farm Credit Act (R.S.Q., chapter C-75) is amended by replacing paragraph *i* by the following paragraph:

“(i) “agricultural operations cooperative”: a cooperative governed by the Cooperatives Act (1982, chapter (*insert here the chapter number of Bill 56*)), whose main object and principal activity is the operation of an economic farm of which it is the owner or lessee, provided that all its members are natural persons, that at least sixty per cent of the common shares are owned by farm operators and that the majority of its members are farm operators among whom the principal occupation of the majority is the operation of such farm;”.

294. Section 1 of the Act to promote long term farm credit by private institutions (R.S.Q., chapter C-75.1) is amended by replacing paragraph *h* by the following paragraph:

“(h) “agricultural operations cooperative” means a cooperative governed by the Cooperatives Act (1982, chapter (*insert here the chapter number of Bill 56*)) whose main object and principal activity is the operation of an economic farm of which it is the owner or the lessee, provided that all its members are natural persons, that at least sixty per cent of the common shares are owned by farm operators and that the majority of its members are farm operators among whom the principal occupation of the majority is the operation of such farm;”.

295. Section 1 of the Maritime Fisheries Credit Act (R.S.Q., chapter C-76) is replaced by the following section:

“**1.** The Government may, upon such conditions as it may determine, authorize the Minister of Finance to guarantee and to pay if need be, out of the consolidated revenue fund, up to an aggregate sum of five hundred thousand dollars, the reimbursement of advances or loans (*prêts*) made, or loans (*emprunts*) effected, for maritime fishery purposes, by cooperatives, federations of cooperatives, savings and credit unions and unions or federations of savings and credit unions.”

296. Section 1 of the Act to promote credit to farm producers (R.S.Q., chapter C-77) is amended by replacing paragraph *h* by the following paragraph:

“(h) “agricultural operations cooperative”: a cooperative governed by the Cooperatives Act (1982, chapter (*insert here the chapter number of Bill 56*)) whose main object and principal activity is the operation of an economic farm of which it is the owner or lessee, provided that all its members are natural persons, that at least sixty per cent of the common shares are owned by farm operators and that the majority of its members are farm operators among whom the principal occupation of the majority is the operation of such farm;”.

297. Section 1 of the Forestry Credit Act (R.S.Q., chapter C-78) is amended by replacing paragraph *l* by the following paragraph:

“(l) “association” means a corporation, partnership or cooperative whose main object is the development of a private forest and whose production is not for the greater part used to supply a wood processing plant of which majority ownership or control is held by such association or by one or several of its shareholders or members, as the case may be;”.

298. Section 37 of the Act to secure the handicapped in the exercise of their rights (R.S.Q., chapter E-20.1) is amended by replacing that part preceding paragraph *a* by the following:

“**37.** The Office may grant an adapted work centre certificate to any cooperative or non-profit organization which:”.

299. Section 12 of the Family Housing Act (R.S.Q., chapter H-1) is amended by replacing the first paragraph by the following paragraph:

“**12.** On the recommendation of the Corporation, the Gouvernement may guarantee and pay the difference between two and five per cent of the interest on any loan made by a credit union or a society to a syndicate or building cooperative or to one of its members on a house other than an apartment-house or flat-house provided such house was built since the 1st of January 1941 or commenced before the 15th of January 1948, that it be for the use of and effectively occupied by the borrower and his family, or in the case of a multiple-unit dwelling, provided one of such dwellings be for the use of and effectively occupied by the borrower and his family.”

300. Section 965.4 of the Taxation Act (R.S.Q., chapter I-3) is amended by replacing subparagraph *b* of the second paragraph by the following subparagraph:

“(b) the shares, bonds or debentures issued by a body governed by the Cooperatives Act (1982, chapter *(insert here the chapter number of Bill 56)*) or the Cooperative Syndicates Act (R.S.Q., chapter S-38) that is not itself a body of which more than 50 per cent of the property is property described in the first paragraph.”

301. Section 1132 of the said Act is amended by replacing paragraph *c* by the following paragraph:

“(c) in the case of any other corporation, except an insurance corporation within the meaning assigned to it by the Act respecting insurance (R.S.Q., chapter A-32), a savings and credit union within the meaning of section 797, a cooperative governed by the Cooperatives Act (1982, chapter *(insert here the chapter number of Bill 56)*) or a cooperative syndicate governed by the Cooperative Syndicates Act (R.S.Q., chapter S-38), to nine-twentieths of one per cent of its paid-up capital.”

302. Section 2 of the Act respecting the Ministère de l'agriculture, des pêcheries et de l'alimentation (R.S.Q., chapter M-14) is amended by replacing paragraph 5 by the following paragraph:

“(5) he shall have the power to make, out of the funds placed at his disposal, when he deems it advisable, and under such conditions as he thinks necessary to impose, loans of money, grants and advances to agricultural societies, farmer' clubs, syndicates, cooperatives and other institutions formed for the purpose of furthering the interests of agriculture;”.

303. Section 16 of the said Act is amended by replacing the first paragraph by the following paragraph:

“**16.** Every agricultural society, farmers' club, colonization society, agricultural cooperative, horticultural society, stock-breeding syndicate, farmers' and dairymen's association, the Société d'industrie laitière de Québec, every society of patrons of a butter or cheese factory, butter or cheese manufacturing society, cooperative syndicate, canner, and every other person, society, cooperative or corporation carrying on an agricultural industry or the processing, distribution or marketing of agricultural products, as well as every agricultural college or school, and every public officer or employee of Québec, shall be bound to answer promptly the official communications from the department and must make every effort to supply information on all the questions submitted to them in the interests of agriculture and with a view to facilitating the compilation of statistics.”

304. Section 19 of the said Act is replaced by the following section:

“**19.** An annual fund of four million dollars is created dating from the 1st of April, 1973, and the Government, upon the recommendation of the minister, may use such fund for guarantees or advances to the agricultural cooperatives governed by the Cooperatives Act (1982, chapter *(insert here the chapter number of Bill 56)*), or the Cooperative Syndicates Act (R.S.Q., chapter S-38) or to any other corporation engaged in similar activities.”

305. Section 1 of the Farm Products Marketing Act (R.S.Q., chapter M-35) is amended by replacing paragraph *b* by the following paragraph:

“(b) “association of producers”: a farmers' cooperative syndicate, a farmers' cooperative, an agricultural cooperative, a farmers' association or professional syndicate, a union, a federation or confederation of such bodies or a professional or cooperative group of producers;”.

306. Section 20 of the said Act is amended by replacing the first paragraph by the following paragraph:

“**20.** In the draft joint plan, instead of specifying the composition of the producers’ board to be entrusted with implementing and administering the plan, the applicants may, for that purpose, designate a professional syndicate composed exclusively of producers of farm products contemplated by the draft, or a union or federation of such professional syndicates, or a farmers’ cooperative or an agricultural cooperative whose sole object is the marketing of such farm products.”

307. Section 31 of the said Act is amended by replacing subparagraph *a* of the first paragraph by the following subparagraph:

“(a) replace the body entrusted with implementing the joint plan and entrust the implementation and administration of such plan either to a professional syndicate composed exclusively of producers of farm products contemplated by the plan or a union or federation of such professional syndicates, to a farmers’ cooperative or an agricultural cooperative whose sole object is the marketing of such farm products, or to a producers’ board whose general meeting of producers provides, by by-law, for its composition and the mode of election, replacement or appointment of its members;”.

308. Section 58 of the said Act is amended by replacing the first paragraph by the following paragraph:

“**58.** Every cooperative or professional association of purchasers, carriers or other persons bound by a plan may apply to the Régie for certification as representative of the persons interested in the marketing of a product contemplated by the plan or a class of such persons.”

309. Section 1 of the Act to promote the development of agricultural operations (R.S.Q., chapter M-36) is amended by replacing paragraph *h* by the following paragraph:

“(h) “agricultural operations cooperative”: a cooperative governed by the Cooperatives Act (1982, chapter *(insert here the chapter number of Bill 56)*) whose main object and principal activity is the operation of an economic farm of which it is the owner or lessee, provided that all its members are natural persons, that at least sixty per cent of the common shares are owned by farm operators and that the majority of its members are farm operators among whom the principal occupation is the operation of such farm;”.

310. Section 44 of the Act respecting liquor permits (R.S.Q., chapter P-9.1) is amended by replacing the second paragraph by the following paragraph:

“Stores with multiple subsidiaries or branches and their subsidiaries and branches, whether or not the latter form separate legal entities, are considered a chain of stores. However, stores operated by various cooperatives are not a chain from the sole fact that these associations are members of the same federation.”

311. Section 3 of the Consumer Protection Act (R.S.Q., chapter P-40.1) is amended by replacing the first paragraph by the following paragraph:

“**3.** Notwithstanding section 128 of the Cooperatives Act (1982, chapter *insert here the chapter number of Bill 56*), section 77 of the Savings and Credit Unions Act (R.S.Q., chapter C-4) or section 6 of the Cooperative Syndicates Act (R.S.Q., chapter S-38), cooperatives, savings and credit unions and cooperative syndicates are subject to the application of this Act.”

312. Section 30 of the Animal Health Protection Act (R.S.Q., chapter P-42) is amended by replacing paragraph *e* by the following paragraph:

“(e) “cooperative agricultural association”: an agricultural cooperative governed by the Cooperatives Act (1982, chapter *insert here the chapter number of Bill 56*);”.

313. Section 1 of the Environment Quality Act (R.S.Q., chapter Q-2) is amended by replacing paragraph 9 by the following paragraph:

“(9) “person”: an individual, partnership, cooperative or a corporation other than a municipality;”.

314. Section 1 of the Companies Information Act (R.S.Q., chapter R-22) is amended by replacing paragraph *a* by the following paragraph:

“(a) “company” shall include any corporation, association, syndicate, firm, company or other organization constituted as a corporation, but shall not include an ecclesiastical, religious or educational corporation, nor a professional syndicate formed under the Professional Syndicates Act (R.S.Q., chapter S-40), nor a cooperative syndicate formed under the provisions of the Cooperative Syndicates Act (R.S.Q., chapter S-38), nor a cooperative governed by the Cooperatives Act (1982, chapter *insert here the chapter number of Bill 56*), nor any cemetery company, whether incorporated under a general or special law of Québec, provided such cemetery company has no share capital nor authority to pay either directly or indirectly any dividend, or profit, or their equivalent, to any private individual or corporation;”.

315. Section 4 of the Act respecting child day care (R.S.Q., chapter S-4.1) is amended by replacing subparagraph 1 of the first paragraph by the following subparagraph:

“(1) a cooperative;”.

316. Section 5 of the said Act is amended by replacing subparagraph 1 of the first paragraph by the following subparagraph:

“(1) a cooperative;”.

317. Section 7 of the said Act is amended by replacing subparagraph 1 of the first paragraph by the following subparagraph:

“(1) a cooperative;”.

318. Section 1 of the Act respecting the Société d’habitation du Québec (R.S.Q., chapter S-8) is amended by replacing paragraph *c* by the following paragraph:

“(c) “non-profit organization”: any non-profit organization or corporation and any cooperative recognized in accordance with the requirements of the by-laws of the Corporation;”.

319. Section 1 of the Act respecting the Société de développement coopératif (R.S.Q., chapter S-10) is amended by replacing paragraph *c* by the following paragraph:

“(c) “cooperative undertaking” means a cooperative governed by the Cooperatives Act (1982, chapter *(insert here the chapter number of Bill 56)*), a cooperative syndicate incorporated under the Cooperative Syndicates Act (R.S.Q., chapter S-38) for economic purposes other than credit and providence and a federation of cooperatives or a confederation of federations of those cooperatives;”.

320. Section 54 of the Cooperative Syndicates Act (R.S.Q., chapter S-38) is amended by adding the following paragraph:

“(d) of failure to continue as a cooperative governed by the Cooperatives Act (1982, chapter *(insert here the chapter number of Bill 56)*) or as a company governed by Part IA of the Companies Act (R.S.Q., chapter C-38) within three years from *(insert here the date of the coming into force of this section)*.”

321. The Cooperative Syndicates Act will be repealed on the date fixed by proclamation of the Government.

322. The corporate name of the Société coopérative fédérée des agriculteurs de la province de Québec is replaced by “Coopérative fédérée de Québec”.

323. This Act replaces the Cooperative Associations Act and the Act respecting cooperative agricultural associations.

324. Any reference to a provision replaced by this Act is deemed a reference to the provision substituted for it.

325. The Minister of Financial Institutions and Cooperatives is responsible for the application of this Act.

326. This Act will come into force on the date fixed by proclamation of the Government, except the provisions excluded by such proclamation, which will come into force on any later date fixed by proclamation of the Government.

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