

FOURTH SESSION
THIRTY-FIRST LEGISLATURE

ASSEMBLÉE NATIONALE DU QUÉBEC

Bill 196

**An Act to amend the Act respecting the Fédération de Québec
des Unions régionales des Caisses Populaires Desjardins**

First reading
Second reading
Third reading

M. MICHEL CLAIR

EXPLANATORY NOTES

The object of this bill is to amend the Act respecting the Fédération de Québec des Unions régionales des Caisses Populaires Desjardins in order to incorporate the Caisse centrale Desjardins du Québec and to allow the Federation to acquire and hold shares of certain corporations; its object is also to order the dissolution of La Caisse Centrale Desjardins incorporated on 8 May 1924.

The Caisse centrale Desjardins du Québec will be empowered, in particular, to receive deposits, including those from governments, to issue bonds or other evidences of indebtedness, to subscribe, at a fixed price, certain evidences of indebtedness and to participate in any national system of clearing and settlement of instruments of payment.

The bill provides that the members of the Federation are the members of the central union and that it may accept as a member any cooperative body applying therefor. In addition, the bill provides that the central union cannot begin to carry on its activities unless its paid-up capital stock is at least \$25 000 000 and enables the members of the central union to secure the commitments of the union.

Bill 196

An Act to amend the Act respecting the Fédération de Québec
des Unions régionales des Caisses Populaires Desjardins

HER MAJESTY, with the advice and consent of the Assemblée
nationale du Québec, enacts as follows:

1. The Act respecting the Fédération de Québec des Unions
régionales des Caisses Populaires Desjardins (1971, chapter 80) is
amended by inserting after section 9c the following section:

“9d. The Federation may acquire and hold fully paid shares
of any corporation incorporated to provide the Federation, its
members, any savings and credit union incorporated in Canada,
or any federation of such unions, with data processing, manage-
ment, consulting or supply services or other auxiliary services, or
only one or some of these services.”

2. The said act is amended by inserting after section 22 the
following division and sections:

“DIVISION III

“23. A body, hereinafter called “the central union” is incor-
porated under the name of Caisse centrale Desjardins du Qué-
bec.

“24. The central union is a corporation within the meaning
of the Civil Code and has the general powers of such a corpora-
tion and the special powers conferred on it by this act.

“25. The central union has its head office at Lévis.

“26. Except where inconsistent with this division, the
provisions of the Savings and Credit Unions Act (Revised Statutes,

1964, chapter 293) respecting federations apply to the central union; the same rule applies to those provisions respecting unions.

Nevertheless, paragraph *d* of section 43, sections 53 to 65, paragraph *g* of section 82, sections 92 to 92¹ and section 102 of the said act do not apply to the central union.

“27. In addition to exercising the powers conferred on a union or federation by the Savings and Credit Unions Act, the central union may

(*a*) receive deposits from the Gouvernement du Québec, the Government of Canada, the government of any Canadian province and from the government of any other country, province or state;

(*b*) receive deposits from any person except natural persons and savings and credit unions;

(*c*) grant loans, alone or jointly with others, to the governments and persons from whom it may receive deposits;

(*d*) issue bonds and other evidences of indebtedness;

(*e*) notwithstanding the Civil Code, hypothecate, mortgage or pledge its moveable or immovable property, present or future, to secure the payment of such bonds, or give part only of these securities for the same purposes; and constitute the above mentioned hypothec, mortgage or pledge, by trust deed, in accordance with sections 23 and 24 of the Special Corporate Powers Act (Revised Statutes, 1964, chapter 275), or in any other manner;

(*f*) subscribe, at a fixed price, bonds or other evidences of indebtedness

(i) issued or guaranteed by the Gouvernement du Québec, the Government of Canada, the government of a Canadian province, or a municipal corporation in Canada,

(ii) issued by an agency of the Gouvernement du Québec, the Government of Canada or the government of a Canadian province,

(iii) issued by a cooperative body within the meaning of section 32 or by a national or international cooperative institution,

or be the member of a group incorporated to distribute or sell such bonds or securities;

(*g*) become a member of any association the object of which is to organize a national system of clearing and settlement of instruments of payment;

(*h*) act on behalf of its members and of any other person for the clearing and settlement of instruments of payment and provide the necessary guarantees;

(*i*) secure the financial commitments of its members to the extent that the total of the commitments so secured does not

exceed ten per cent of its unimpaired capital and accumulated reserves;

(j) represent its members in any manner connected with the exercise of its powers.

"28. The first five lines and subparagraph *a* of the first paragraph of section 82 of the Savings and Credit Unions Act are replaced, for the central union, by the following:

"82. With the exception of its loans and deposits, the investments of the central union shall be made

(a) in bonds or other evidences of indebtedness issued or guaranteed by a government or one of its agencies, by a municipal or school corporation in Québec, by the School Council of the Island of Montreal, by a *fabrique* in Québec, or by an ecclesiastical, religious or cemetery corporation in Québec;"

"29. Subparagraph *e* of the first paragraph of section 82 of the said act is replaced, for the central union, by the following subparagraph:

"(e) in bonds or evidences of indebtedness issued by persons other than those contemplated in subparagraph *c*; in the case of bonds secured by hypothec, the real estate securing the payment thereof must be situated in Canada, the hypothec must rank first and the amount of the debt must not be more than seventy-five per cent of the value of the real estate securing payment thereof;"

"30. Sections 110 to 112 of the said act are replaced, for the central union, by the following sections:

"110. In addition to the investments which this act authorizes it to make through the application of section 117, the investments that the central union may make include investments in real estate in Canada, provided that the total investment of the union in such real estate does not exceed twenty per cent of its assets.

"111. The central union may also acquire and hold fully paid shares of any chartered bank, savings bank, trust company, insurance company or mutual funds company incorporated in Canada and of any bank the majority of the common shares of which are held by cooperative institutions.

"112. The central union may also acquire fully paid shares issued by a corporation incorporated in Canada,

(a) if the corporation which issued them has, during each of the five years preceding the acquisition, earned and paid on its

outstanding preferred shares a dividend at least equal to the specified rate; and

(b) if such corporation has, during each of the five years preceding the acquisition, earned and paid on its common shares a dividend of at least four per cent of their book value."

"31. The members of the Fédération de Québec des Unions régionales des Caisses Populaires Desjardins are members of the central union.

"32. The board of directors of the central union may also admit as a member, on the conditions determined by by-law, any cooperative body applying therefor.

In the first paragraph, "cooperative body" means a federation of savings and credit unions, a cooperative association or a regional or provincial cooperative agricultural association, a federation of cooperative associations or of cooperative agricultural associations, a mutual association, or a federation of such associations, and an association or corporation incorporated in Canada the majority of the common shares of which are held, directly or indirectly, by cooperative institutions.

"33. The capital stock of the central union consists of the shares subscribed for by its members.

The amount of a share is \$1 000 and no share may be issued without being fully paid.

The central union shall not commence to carry on its activities unless its paid-up capital stock is \$25 000 000 or over.

"34. The central union may redeem the shares held by a member applying therefor; such redemption shall be made at par value, but must not leave the union with insufficient share capital to meet its requirements.

The central union shall not, however, redeem more than ten per cent of its shares during a single financial period.

Furthermore, the central union shall not effect a redemption that would reduce its capital stock to under \$25 000 000.

"35. The investments of a federation may be made in shares, bonds or any other evidences of indebtedness issued by the central union and in deposits with the latter.

Except for its deposits, the investments of a federation in securities of the central union shall not exceed ten per cent of the total assets of the unions affiliated with that federation.

“36. The members of the board of directors of the Federation constitute the general meeting of the central union when they are convened at an annual or special meeting.

The general meeting of the central union has the rights and powers conferred upon the general meeting of the members of a union by the Savings and Credit Unions Act.

“37. The rights and powers conferred by the Savings and Credit Unions Act upon the members of a union who are not present at a general meeting are vested in the members of the board of directors of the Federation, to the exclusion of any other person.

However, the economic rights and powers pertaining directly to the holding of shares, such as the right to the redemption of such shares, are vested in the members contemplated in sections 31 and 32.

Furthermore, without limiting any other distribution of the annual surplus earnings, those earnings shall be distributed or credited to the members contemplated in sections 31 and 32 proportionately to their operations with the central union.

“38. The business of the central union shall be administered by a board of directors composed of not less than nine directors chosen among its members by the general meeting.

However, the by-laws of the central union may provide for a greater number of directors, but not over fifteen.

A director who ceases to be a member of the board of directors of the Federation loses his right to sit on the board of directors of the central union.

“39. The board of directors may, if authorized by by-law, constitute an executive committee.

The executive committee shall be composed of not fewer than five persons chosen by the board of directors among its members; the board shall also designate the chairman among them.

The executive committee shall exercise such powers of the board of directors as the board may delegate to it by by-law.

“40. The central union shall maintain, on the average, during any month, cash in hand or on deposit in chartered banks or in institutions entitled to receive deposits which are not members of the Federation or affiliated therewith, which cash in hand or on deposit shall represent not less than five per cent of the amount of the deposits with the union and the borrowings thereof,

redeemable in Canadian currency on demand or within not over one hundred days.

It shall also maintain, on the average, during any month, a portfolio composed of cash in hand or on deposit in chartered banks or in institutions entitled to receive deposits which are not members of the Federation or affiliated therewith, of bonds or any other evidences of indebtedness issued or guaranteed by the Gouvernement du Québec, by the Government of Canada or the government of Canadian province, of loans redeemable on demand and fully secured by similar evidences of indebtedness, of a value representing not less than twenty per cent of the amount of deposits with the central union and the borrowings thereof, redeemable in Canadian currency on demand or within not over one hundred days.

“41. The central union shall, at all times, maintain adequate and appropriate assets against liabilities in foreign currencies.

The liabilities of the central union payable in foreign currencies shall not exceed twenty per cent of the aggregate of its liabilities.

“42. The aggregate of the deposits received by the central union, its borrowings and the financial liabilities it has guaranteed must at no time exceed twenty times the sum of its unimpaired capital stock and its accumulated reserves.

“43. The members of the central union may guarantee the financial liabilities of the union; for such purposes, they may hypothecate their immoveables, and mortgage and pledge their moveable property.

“44. The affairs of the central union shall be inspected at least once a year; this inspection shall be made by an inspector appointed by the Minister.

The costs incurred for this inspection shall be charged to the central union.

“45. In the case of the winding-up of the central union, the balance of its assets after payment of its debts and the costs of the winding-up and the redemption of the shares shall be divided among the members of the union *pro rata* to the number of shares held by each.”

3. Section 23 of the said act is renumbered and becomes section 46.

4. Any transfer or acquisition of assets between the Caisse centrale Desjardins incorporated on 8 May 1924 under the Coop-

eratives Syndicates Act (Revised Statutes, 1964, chapter 294) and l'Union régionale de Québec des Caisses Populaires Desjardins is deemed to have been validly made.

The Caisse centrale Desjardins is dissolved and L'Union régionale succeeds to the rights and obligations thereof.

5. This act comes into force on the day of its sanction.