

NATIONAL ASSEMBLY  
Thirty-second Legislature, fourth session

1983, chapter 58

## AN ACT TO ESTABLISH THE FONDS DE SOLIDARITÉ DES TRAVAILLEURS DU QUÉBEC (F.T.Q.)

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### **Bill 192**

Introduced by Mr Robert Dean, Member for Prévost

First reading: 10 June 1983

Second reading: 21 June 1983

Third reading: 23 June 1983

**Assented to: 23 June 1983**

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**Coming into force: 23 June 1983**

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**Act amended: None**



## CHAPTER 58

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

[Assented to 23 June 1983]

Preamble

WHEREAS the Fédération des travailleurs du Québec has proposed the establishment of an investment fund for the objectives, mainly, of promoting job maintenance and job creation, stimulating the economy and training workers in economic matters;

Whereas, to achieve those objectives, an appeal will be made to the solidarity of the working men and women of Québec;

Whereas it is expedient to accede to the request of the Fédération des travailleurs du Québec;

Whereas the establishment of such a fund requires the enactment of special legislation regarding both its organization and the protection of the investors concerned;

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

### DIVISION I

#### ARTICLES

#### § 1.—*Incorporation and head office*

Incorpo-  
ration

**1.** A joint-stock company is hereby constituted under the corporate name of “Fonds de solidarité des travailleurs du Québec (F.T.Q.)”, hereinafter called “the Fund”.

Applicable  
provisions

**2.** Notwithstanding section 125 of the Companies Act (R.S.Q., chapter C-38), the provisions of that Act which are applicable to companies incorporated by the filing of articles apply to the Fund, *mutatis mutandis*, where they are not inconsistent with this Act, except section 2, the second paragraph of section 46, subsection 1 of section 53,

section 54, sections 123.9 to 123.11, 123.21 to 123.28, 123.55, 123.72, 123.82, 123.91 to 123.93, 123.95, 123.96, 123.98 to 123.100, the second paragraph of section 123.114 and sections 123.115 to 123.139.

**Presumption** The Fund is deemed to have been incorporated by the filing of articles on 23 June 1983.

**Amendment of articles** The articles may be amended, but no filing of articles may result in the amendment of any provision of this Act.

**Head office** **3.** The head office of the Fund is established in the territory of the Communauté urbaine de Montréal.

#### § 2.—*Management*

**Board of directors** **4.** The affairs of the Fund are managed by a board of directors consisting of

(1) seven persons appointed by the Conseil général of the Fédération des travailleurs du Québec;

(2) two persons elected by the general meeting of holders of class “A” shares;

(3) three persons appointed by the members contemplated in subparagraphs 1 and 2 from among the persons considered by those members to represent industrial undertakings, financial institutions and the socio-economic sector, respectively;

(4) the person appointed president and chief executive officer of the Fund by the members contemplated in subparagraphs 1, 2 and 3.

**President and chief executive officer** The person contemplated in subparagraph 4 of the first paragraph is a member of the board of directors during his term as president and chief executive officer.

**Vacancies** **5.** If a vacancy occurs among the members of the board of directors contemplated in subparagraph 1 of the first paragraph of section 4, the Conseil général of the Fédération des travailleurs du Québec may appoint a person for the unexpired portion of the term.

**Provisional directors** **6.** The first persons appointed under subparagraph 1 of the first paragraph of section 4 may appoint two persons for not over one year to act as directors until the election of the persons contemplated in subparagraph 2 of that paragraph.

**List of names** Upon the appointment of the directors contemplated in subparagraphs 1 and 2 of the first paragraph of section 4, two duplicates of the list of their full names, addresses and occupations must be filed with the Inspector General of Financial Institutions by the secretary general of the Fédération des travailleurs du Québec. These directors enter office from the date of the filing.

§ 3.—*Share capital*

Issue of shares

**7.** The Fund is authorized to issue class “A” shares without par value, giving the rights provided for in section 123.40 of the Companies Act, the right to elect two directors and the right of redemption provided for in sections 10 and 11.

Issue of shares

The directors may also, by articles of amendment according to sections 123.101 and 123.103 of the Companies Act, create any other class of shares which does not give the right to vote at meetings of the shareholders. The articles of amendment determine the other rights, privileges, conditions and restrictions attached to the shares of each class.

Purchase and alienation of shares

**8.** Only a natural person may purchase or hold class “A” shares. No holder of class “A” shares may alienate them except by authorization of the board of directors or a committee composed of persons designated by it for that purpose.

Transfer to a trustee

**9.** Notwithstanding section 8, class “A” shares may be transferred to or purchased by a trustee within the scope of a registered retirement savings plan under which the shareholder is a beneficiary. The latter is deemed to keep, however, the right to vote attached to the shares thus transferred.

Restriction

However, the trustee is subject to section 8 in respect of any transfer to a person other than the shareholder from whom he acquired a class “A” share.

Redemption

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

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

(2) at the request of a shareholder who did not purchase the share from the Fund, if the person who had acquired it from the Fund has reached 65 years of age or, if deceased, would have reached that age had he lived;

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

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

**Request by trustee** In the case provided for in section 9, the request contemplated in subparagraph 1 of the first paragraph may be made by the trustee.

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

**Price** The price of redemption of the shares is fixed twice a year at dates six months apart, by the board of directors, on the basis of the value of the Fund as established by experts under the responsibility of a firm of chartered accountants according to generally accepted accounting principles. The obligation contemplated in the first paragraph is carried out twice a year, not later than thirty days after the date of fixing the price of redemption.

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

**Confirmation** **12.** Each shareholder is entitled to receive written confirmation of the number of shares he holds and of the amount paid on the shares.

**Modalities** The confirmation is provided to the shareholder free of charge once yearly under the form and modalities prescribed by by-law of the Fund.

**Certificate** Where a mode of confirmation other than a share certificate is prescribed, the document sent to the shareholder serves as a certificate issued under section 53 of the Companies Act.

## DIVISION II

### INVESTMENTS

**Functions** **13.** The main functions of the Fund are

(1) to invest in Québec undertakings and provide them with services in order to create, maintain and protect jobs;

(2) to promote the training of workers in economic matters and enable them to increase their influence on Québec’s economic development;

(3) to stimulate the Québec economy by making strategic investments that will be of benefit to Québec workers and undertakings;

(4) to promote the development of Québec undertakings by inviting workers to participate in that development by subscribing shares of the Fund.

Interpre-  
tation

**14.** For the purposes of this Act, an undertaking is a company or legal person pursuing economic objects; investment includes any financial assistance granted to an undertaking in the form of a loan, security, guarantee, purchase of capital stock or any other form; any undertaking the majority of whose employees are resident in Québec is a Québec undertaking.

Investments

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

Percentage  
requirement

However, in the course of each financial year, the portion of the Fund's investments in Québec undertakings entailing no guarantee, mortgage, pledge, privilege or hypothec must represent, on the average, at least 60% of the assets of the Fund for the preceding year. For the purposes of this section, the assets do not include the movable and immovable property used by the Fund to carry on its operations.

Applicability

The requirement prescribed in the second paragraph applies from the third financial year following that in progress on 1 April 1984.

Limit

**16.** The Fund shall make no investment in an undertaking that would make the total amount of its investment in the undertaking greater than 5% of the assets of the Fund as established on the basis of the latest expert evaluation contemplated in the second paragraph of section 11.

Presumption

An undertaking that holds securities enabling it, under all circumstances, to elect a majority of the directors of another undertaking is deemed to form, together with the latter, one and the same undertaking for the purposes of this section.

Applicability

The requirement prescribed in the first paragraph applies from the financial year following that in progress on 1 April 1984.

Reserve

**17.** Where the Fund makes an investment in the form of a security or guarantee, it must establish and maintain, for the duration of the security or guarantee, a reserve equivalent to not less than 50% of the amount of the security or guarantee.

Investment  
of the  
reserve

The Fund may invest the money deposited in the reserve under this section in the manner provided in paragraphs *a* to *d* of article 981*o* of the Civil Code.

## DIVISION III

## CONFLICT OF INTEREST

Conflict of  
interest

**18.** Any director having an interest in an economic activity causing his personal interest to conflict with that of the Fund shall, under pain of forfeiture of office, disclose his interest and abstain from voting on any decision involving the activity in which he has an interest.

- Spouse and child      The director is deemed to have an interest in any economic activity in which his spouse or child has an interest.
- Prohibited practice      **19.** In no case may the Fund make an investment in favour of one of its senior executives or of his spouse or child, nor of any of its major shareholders.
- “senior executive”      Senior executive has the same meaning as in the Securities Act.
- Prohibited practice      **20.** In no case may the Fund invest in an undertaking in which a director contemplated in subparagraph 1, 2 or 4 of the first paragraph of section 4 or a senior executive other than a director has a major interest nor in an undertaking controlled by him.
- Major shareholder      **21.** A person is considered to be a major shareholder in the Fund if he directly or indirectly holds more than 10% of the issued and paid-up capital stock.
- Major interest      A person is considered to have a major interest in an undertaking if he holds more than 10% of the stocks or shares of the undertaking.
- Control      A person is deemed to control an undertaking if he holds securities enabling him under all circumstances to elect a majority of its directors.
- Cancellation of contract      **22.** Any contract in contravention of section 19 or 20 may be cancelled within one year of the date of the contract.
- Joint and several liability      The senior executives of the Fund who carried out the financial transaction or consented thereto are jointly and severally liable for the losses to the Fund resulting from the transaction.
- Succession or gift      **23.** No contract made in contravention of section 19 or 20 may be cancelled and the second paragraph of section 22 does not apply if the contravention results from the opening of a succession or a gift and if the beneficiary renounces the property concerned or disposes of it with dispatch.

## DIVISION IV

## PURCHASE OF CLASS “A” SHARES BY PAYROLL DEDUCTIONS

- Payroll deductions      **24.** A person may request his employer to deduct the amount he determines from his salary or wages, for the period he specifies, to pay for the class “A” shares he has decided to purchase from the Fund.
- Employer’s duty      The employer shall, within a reasonable time, make the deduction from the salary or wages of the person requesting it if 50 of his employees, or 20% of them if that is fewer, avail themselves of this section.

Termination of deduction **25.** An employee whose salary is subject to a deduction under this division may, at any time, notify the employer of his decision to cease purchasing shares of the Fund by a deduction from his salary or wages.

Employer's duty The employer shall comply with the employee's decision with reasonable dispatch.

Redemption **26.** An employee availing himself of section 25 may demand redemption of the shares he has subscribed provided he applies to the Fund in writing within 60 days of the payday when the first deduction was made from his salary or wages under this division.

Amounts deducted **27.** An employer shall remit to the Fund or the trustee designated by the latter the amounts deducted under this division not later than the fifteenth day of the month following that in which he made the deduction. The remittance must be accompanied with a statement specifying the amount deducted from the salary or wages of each employee and the latter's name, address and date of birth.

Statement Copy of the statement is also forwarded, where applicable, to the certified association.

Subscription of shares **28.** An employee on behalf of whom sums have been remitted under section 27 is deemed to have subscribed for as many of the Fund's class "A" shares as the amounts deducted from his salary permit him to purchase.

Inspection of statement **29.** An employer required to make a deduction under this division shall at the request of the Fund transmit a notice once yearly to each employee concerned who receives remuneration advising him where he may examine the half-yearly financial statements of the Fund.

Notice The form, tenor and mode of transmission of the notice are prescribed by the Commission des valeurs mobilières du Québec.

## DIVISION V

### MISCELLANEOUS AND FINAL PROVISIONS

Inspection by the Commission des valeurs mobilières **30.** In addition to the other statutory duties it may have regarding the Fund, the Commission des valeurs mobilières du Québec is responsible for inspecting once yearly the internal affairs and the activities of the Fund to see that this Act is complied with.

Powers For the inspection, the Commission has the powers vested in it by Chapters I and II of Title IX of the Securities Act (1982, chapter 48).

- Report            The Commission shall make a report of each inspection to the Minister of Finance.
- Applicable provisions        **31.** Sections 123.77 to 123.79 of the Companies Act apply only in the case of the directors contemplated in subparagraph 2 of the first paragraph of section 4.
- Applicable provisions        Section 123.56 of the said Act applies only to shares other than class “A” shares.
- Articles and by-laws        **32.** A shareholder may, on payment of the costs prescribed by by-law of the board of directors, obtain copy of the articles and by-laws of the Fund.
- Exception            **33.** This Act shall operate notwithstanding the provisions of sections 2 and 7 to 15 of the Constitution Act, 1982 (Schedule B of the Canada Act, chapter 11 in the 1982 volume of the Acts of the Parliament of the United Kingdom).
- Coming into force        **34.** This Act comes into force on the day of its sanction.