

Report on the Application of the *Business Corporations Act*

FEBRUARY 2016

Québec 

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*Mr. Jacques Chagnon
President of the National Assembly
Parliament Building
Québec (Québec) G1A 1A4*

Dear Mr. Chagnon:

Pursuant to section 496 of the Business Corporations Act (CQLR, chapter S-31.1), I am pleased to send you my report on the application of that Act, for tabling in the National Assembly.

Sincerely,

A handwritten signature in black ink, appearing to read 'Carlos Leitão', written in a cursive style.

*Carlos Leitão
Minister of Finance*

Québec, February 2016

MESSAGE FROM THE MINISTER

The *Business Corporations Act* (the “BCA”) came into force five years ago. Today, the BCA governs more than 400 000 Québec companies, primarily SMBs but also a number of large corporations that are leaders in their activity sector.

By providing for the creation and functioning of modern business corporations, the BCA has become an essential tool for Québec companies.

Entrepreneurs who decide to create a business corporation under the BCA opt for the simplicity and flexibility characterizing corporate organization under that Act.

In that sense, the introduction of the BCA has contributed to the establishment of a more competitive and favourable business climate, and its influence must continue to play a role in Québec’s economic development.

The report I am tabling shows that the government has achieved its objectives in implementing the major reform represented by the BCA.

The Ministère des Finances will maintain openness and will consider the requests submitted to it as part of the consultation on this report.



Carlos Leitão
Minister of Finance

ACKNOWLEDGEMENTS

The Ministère des Finances would like to thank the Registraire des entreprises, the Autorité des marchés financiers and The Canadian Bar Association, Québec Branch, for their collaboration. The information they provided greatly facilitated the production of this report.

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INTRODUCTION

The *Business Corporations Act* (CQLR, chapter S-31.1) (the “BCA”) was passed by the National Assembly on December 1, 2009 and received assent on December 4, 2009.

The BCA came into force on February 14, 2011, along with the regulations required for its application, namely, the *Regulation respecting shareholder proposals* and the *Regulation to enact transitional measures for the carrying out of the Business Corporations Act*.

Under section 494 of the BCA and order in council 362-2014 of April 24, 2014 ((2014) 146 G.O. 2, 1871), the Minister of Finance is responsible for the administration of the BCA.

Section 496 stipulates that, not later than February 14, 2016 and subsequently every five years, the Minister of Finance must report to the government on the carrying out of the BCA and, if applicable, on the advisability of amending it.

The BCA establishes the framework for the creation, functioning and termination of business corporations. It substantially reformed the law applicable to such legal persons, which had previously been governed by Québec’s *Companies Act* (QCA), passed in 1920 and only partially revised in 1981.

This first five-year report evaluates the extent to which the objectives set by the government as part of the reform have been achieved, and presents the requests for amendment of the BCA since the passage of the Act.

The charts in the report were compiled by the Ministère des Finances using data provided by the Registraire des entreprises, with the exception of charts 9, 10 and 17, Chart 17 having been compiled using data from the Autorité des marchés financiers.

CHAPTER 1

THE BCA'S COMPETITIVENESS AND POWER TO ATTRACT AND RETAIN

Market globalization, communications and virtual transactions, as well as the mobility of companies and their head offices and various production facilities, have given rise to a phenomenon known as "jurisdiction shopping."

When it comes to choosing the Act under which a company is to be constituted, Québec or Canadian entrepreneurs and foreign investors alike will first take into account the places where they produce or sell their goods or services or carry on their activities. They will also take into consideration the opinion of their attorneys and accountants on the ease, rapidity, simplicity and flexibility afforded by the Act of their choice in the various transformations required to develop their business affairs.

The legislator's goal in 2009 was to propose to entrepreneurs and investors from here and elsewhere an appealing statute that would encourage them to be constituted as a legal person in Québec, or to stay in or return to Québec.

To evaluate the degree to which the objectives have been achieved, we chose the following indicators:

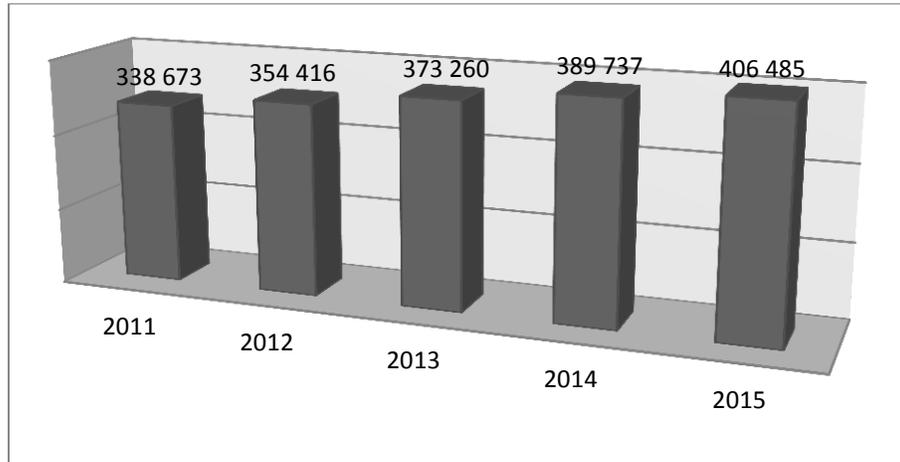
1. Change in the number of business corporations governed by the BCA since February 14, 2011;
2. Change in the number of businesses by size;
3. Change in the percentage of business corporations having their head office in Québec and whose founders chose the *Canada Business Corporations Act* (R.S.C., 1985, c. C-44) (the "CBCA");
4. Choices of corporations that changed jurisdictions.

Change in the number of corporations governed by the BCA

At the time it came into force, the BCA governed 338 673 corporations. That number rose to 406 485 four years later, an annual increase of more than 4%.

CHART 1

Change in the number of business corporations governed by the BCA



Change in the number of business corporations by size

Almost all of these companies are SMBs, with over 93% of them reporting ten or fewer employees—a percentage that has risen slowly but steadily since the BCA came into force. The number of businesses with 250 or more employees has remained stable at nearly 340 corporations throughout the period.

CHART 2

Change in the number of small businesses among corporations governed by the BCA

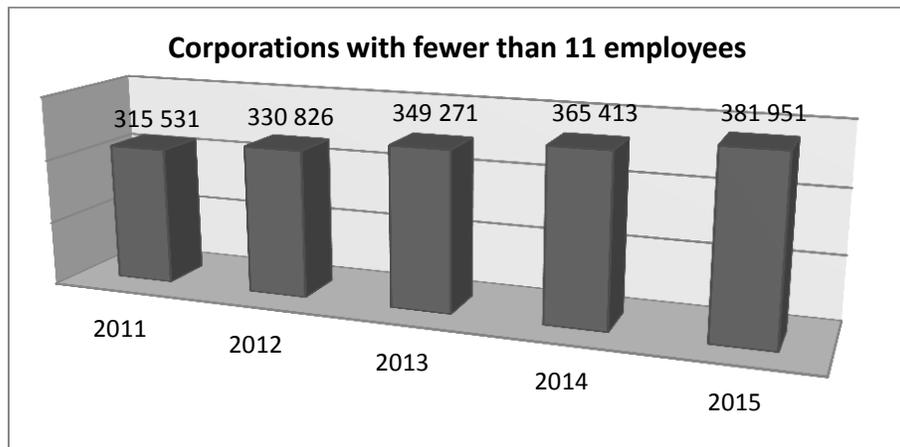


CHART 3

Change in the number of medium-sized businesses among corporations governed by the BCA

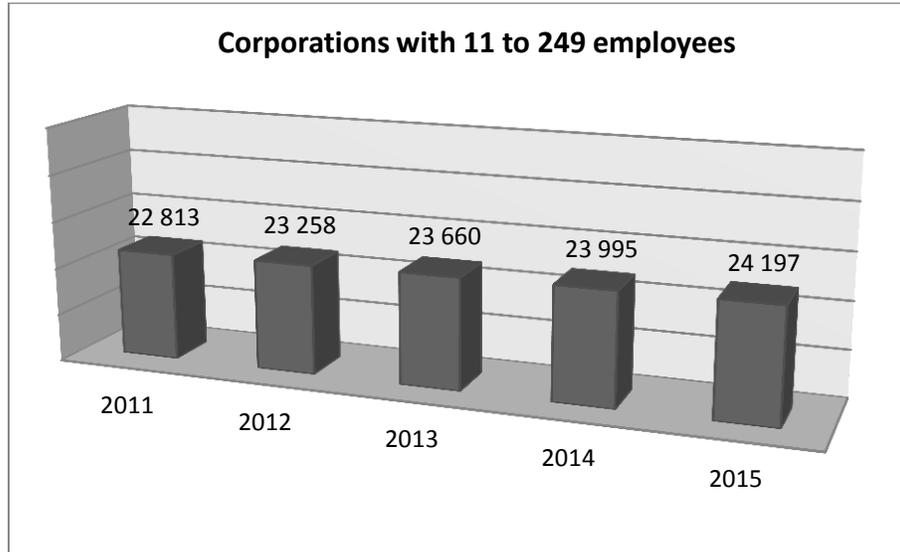
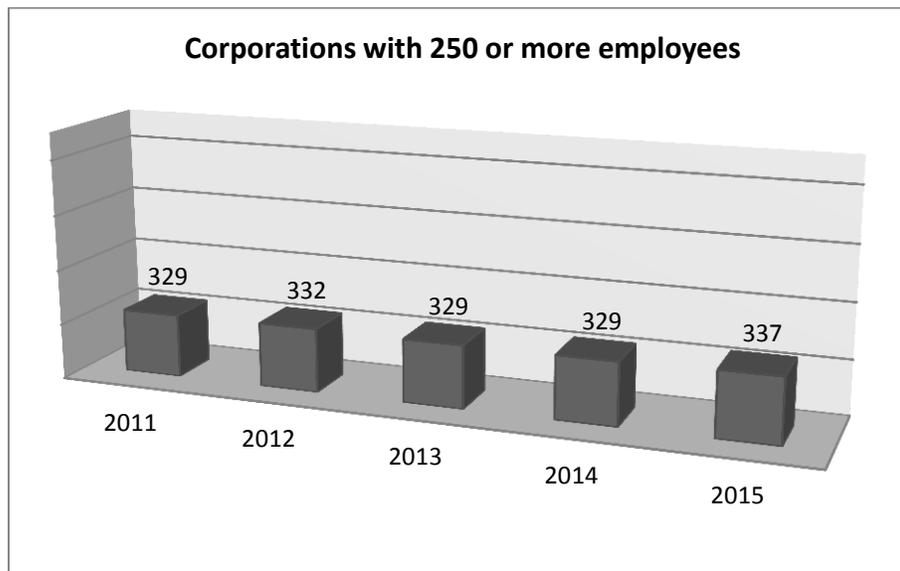


CHART 4

Change in the number of large businesses among corporations governed by the BCA

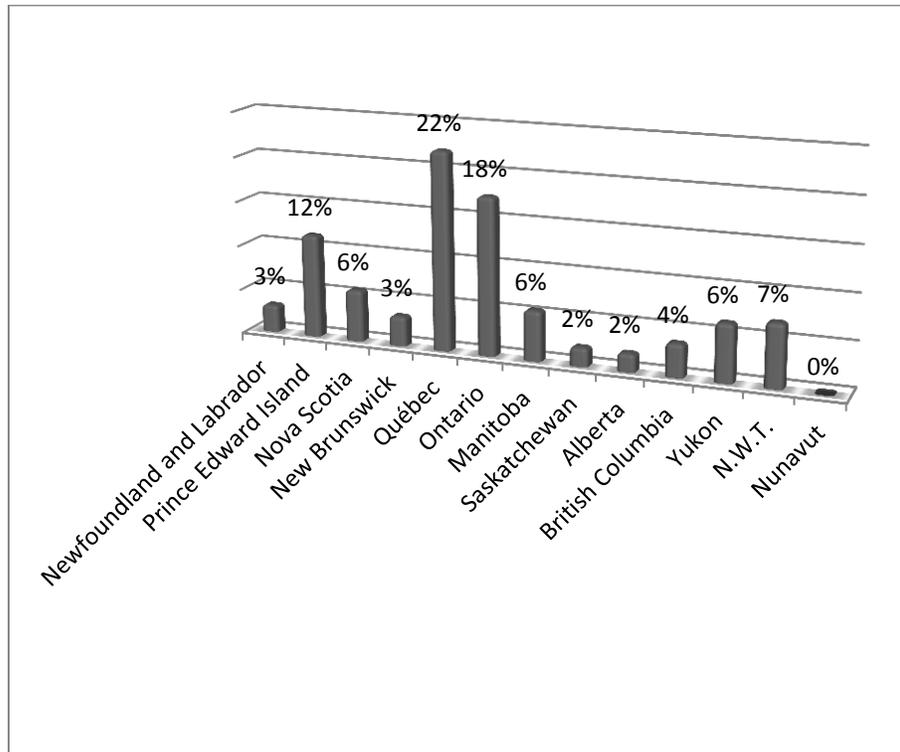


Change in the choice of jurisdiction for constituting a business corporation

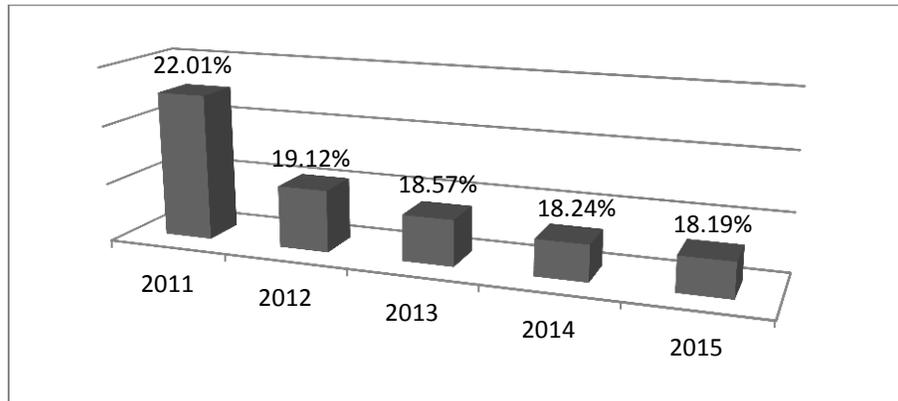
Prior to the passage of the BCA, Québec was the province in which the CBCA was used the most, with 22% of new corporations being constituted under it, compared to 16% in Ontario, 2% in Alberta and 4% in British Columbia.

CHART 5

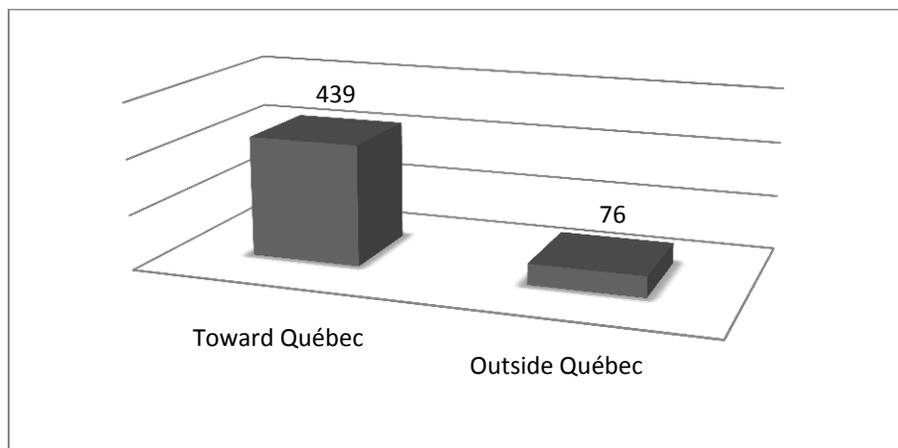
Share of federal corporations in all new business corporations in Canada, 2008-2009



Since the BCA came into force, the percentage of new corporations that opt for the CBCA has steadily declined in Québec, falling to 18% in 2014-2015.

CHART 6**Change in the number of new business corporations constituted under the CBCA****Continuance of corporations under an Act of another province or the Parliament of Canada**

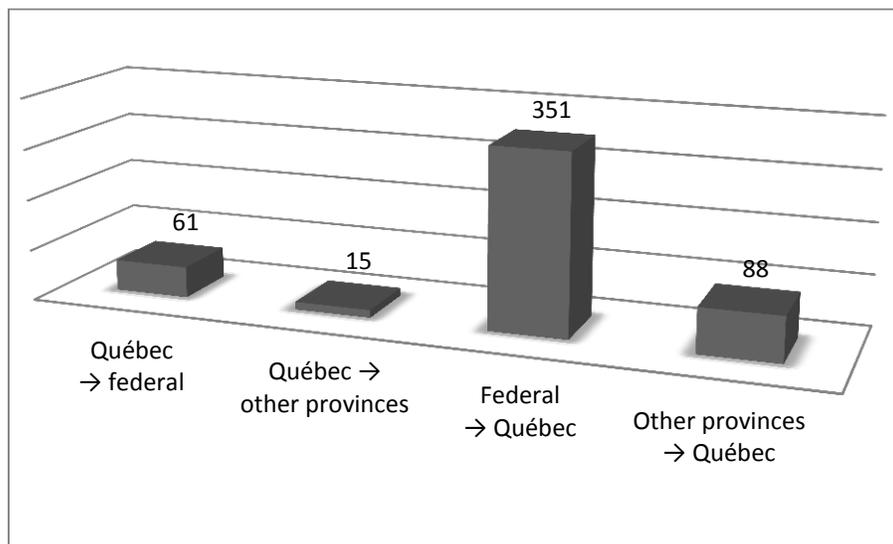
The QCA did not allow Québec corporations to continue under a federal Act or another provincial Act. Nor did it allow federally constituted corporations or corporations governed by an Act of another province to continue as corporations governed by the QCA. The BCA provides for such continuances. Contrary to the concerns expressed in that regard when the BCA was passed, most such continuances have been in the BCA's favour.

CHART 7**Number of continuances of corporations toward Québec and outside Québec, 2011-2015**

Since the BCA came into force, over 500 business corporations have taken advantage of the possibility for a business governed by a given Act to continue under another Act. Continuances have primarily seen corporations governed by the CBCA opt to become corporations governed by the BCA.

CHART 8

Number of transfers of corporations by jurisdiction, 2011-2015



As shown by the four indicators retained, the BCA has clearly encouraged entrepreneurs to constitute their business corporations under it, to remain governed by it and to continue their business corporations under it.

CHAPTER 2

HARMONIZATION AND SIMPLIFICATION

Harmonization with other statutes in Canada and simplification of the way in which corporations function both internally and in their dealings with the Registraire des entreprises were the defining elements of the new Act that drove the incorporation of new concepts and the modernization of others. A smooth, transparent transition at minimal cost to businesses rounded out expectations.

In general, the BCA drew on all legislation in Canada pertaining to business corporations, incorporating the most relevant provisions.

For example, with respect to directors, the BCA set forth the powers that may not be delegated by the board of directors. These include determining the remuneration of the president and the chief financial officer. Like the CBCA, the BCA broadened the scope of the reasonable diligence defence with respect to acts carried out in good faith by directors in the exercise of their functions. In addition, the BCA prohibited the inclusion of any provision relieving directors in advance from liability for any breach of their duties of prudence and diligence that would have the effect of preventing proceedings from being brought against them.

In the case of shareholders, the BCA gave them access to the financial statements of the corporation and its affiliates. It granted them voting rights per class of shares when the corporation seeks to terminate shareholder equality or change prejudicially the rights attaching to a particular class of shares. It also made possible the exercise of a pre-emptive right by shareholders.

Beyond harmonization with other statutes, the legislator took into account the fact that the vast majority of business corporations constituted in Québec are small businesses. A simplified system was therefore created to ease certain formalities traditionally tied to the internal functioning of business corporations.

Of all the changes that flowed from the coming into force of the BCA, we retained those that struck the biggest chord with the clientele and that, consequently, shed light on the implementation of the reform.

Introduction of new remedies for shareholders

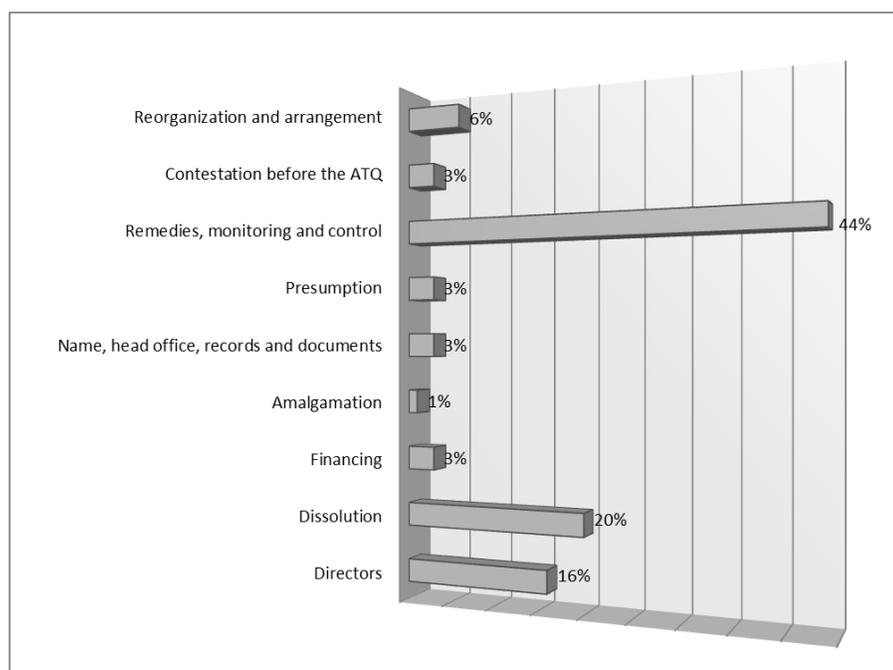
Remedies to improve the protection of minority shareholders represent the biggest distinction between the BCA and the former

Act. The standardization of provisions pertaining to remedies for minority shareholders with those across all Canadian jurisdictions played a major role in the appeal and effectiveness of the remedies, because courts had access in many cases to a wealth of jurisprudence to guide them in their decisions.

Since the implementation of the BCA, nearly 45% of court decisions relating to the Act have dealt with the provisions concerning the protection of minority shareholders.

CHART 9

Breakdown of court decisions by subject

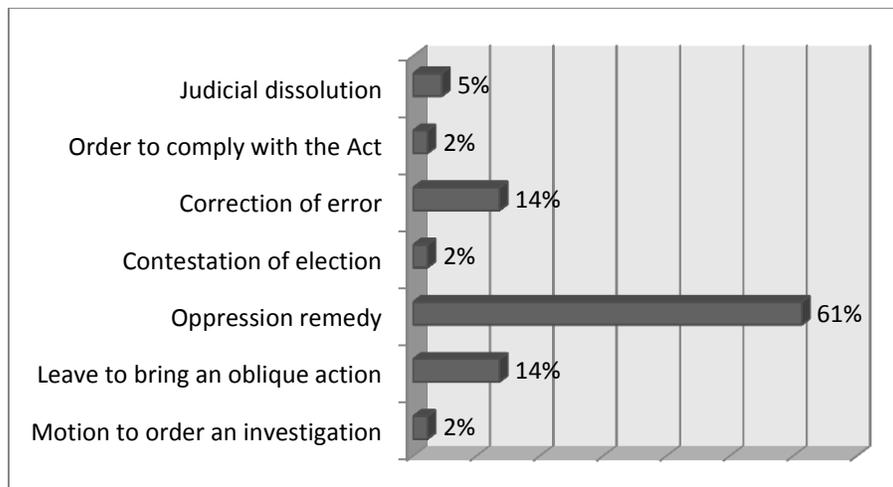


The remedy in the case of abuse of power or iniquity by a corporation, also called the oppression remedy, is clearly the remedy that has produced the most decisions, confirming the relevance of its incorporation into the BCA for the benefit of minority shareholders of Québec corporations.

That said, the correction of error¹ and the action on behalf of a corporation or oblique action² also account for a number of decisions.

¹ Application to the court to rectify the corporation's records or correct errors.

² Application to the court for leave to act on behalf of the corporation (oblique action).

CHART 10**Decisions on remedies introduced by the BCA**

In its 2010-2014 Activity Report,³ the Superior Court of Québec noted an increase in the number of cases before the Commercial Chamber involving conflicts between shareholders. It added:

Beginning in the 2015-2016 court year, the Commercial Chamber in Montréal will devote one afternoon every two weeks to settlement conferences for cases involving the oppression of a company's minority shareholders. The goal of this initiative is to encourage judicial mediation at an early stage in the court process and find a rapid solution to each dispute.

The need to implement such an initiative is confirmation of the growing use of these remedies.

Clarification of the rules concerning unanimous shareholder agreements

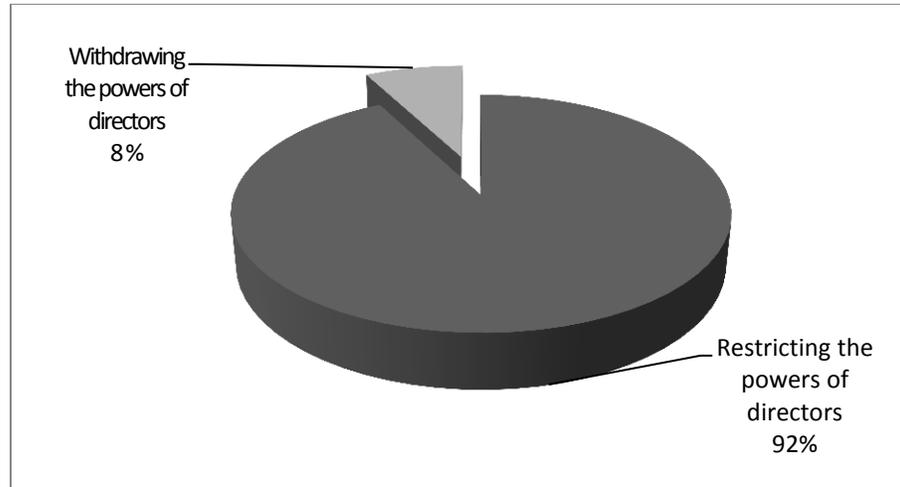
The BCA enshrined the validity of unanimous shareholder agreements that merely restrict the powers of directors without withdrawing them altogether.

That clarification proved beneficial, because, since 2011, 12 934 of the 14 007 corporations that reported having a unanimous shareholder agreement have merely restricted the powers of the board of directors.

³ SUPERIOR COURT OF QUÉBEC, *2010-2014 Activity Report – A Court for Citizens*, 2015, p. 10, www.tribunaux.qc.ca.

CHART 11

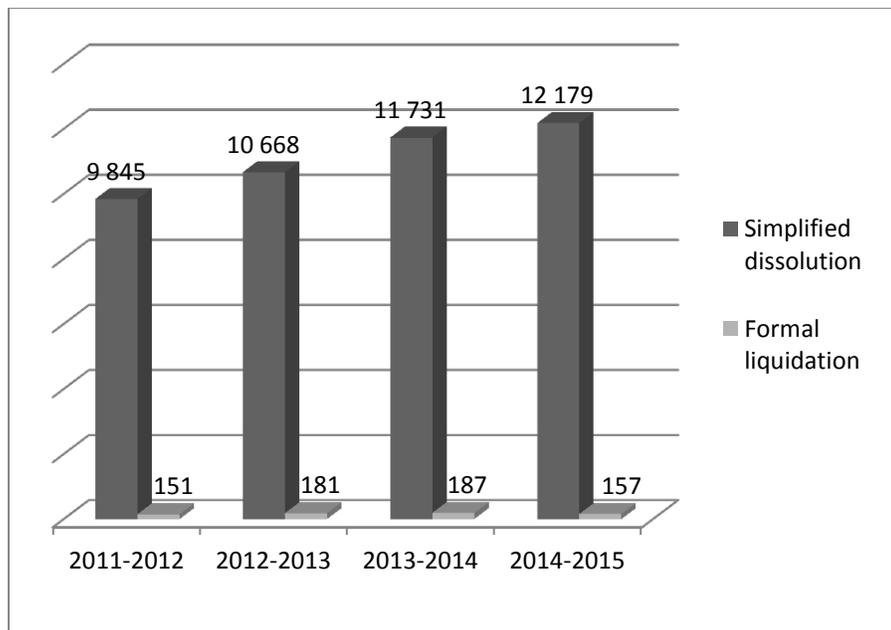
Breakdown of unanimous shareholder agreements



Simplification of the mechanism for dissolving corporations

The BCA brought in an independent system for liquidating business corporations and replaced the *Winding-up Act* (CQLR, chapter L-4) for application purposes. It also allowed corporations to avoid appointing a liquidator, where the board of directors is mandated by shareholders to perform the obligations of the corporation and distribute the remaining property among them.

To terminate a corporation, the simplified dissolution mechanism was chosen in over 98% of cases, with formal liquidation accounting for a mere 150 corporations each year. Thus, since 2011, a total of 47 408 simplified dissolutions have taken place, with a court ruling being handed down in about only 20 of them.

CHART 12**Number of liquidations and declarations of dissolution**

Sole shareholders may also avail themselves of new provisions pertaining to dissolution by the filing of a sole shareholder's declaration. Formalities are reduced to their simplest expression and creditors are protected, because the rights and obligations of the corporation become the shareholder's.

Most decisions pertaining to matters of dissolution and liquidation concern cases in which a sole shareholder dissolved the corporation by declaration and thus ended up being personally liable for the obligations of the dissolved corporation. Most of these decisions are rendered by the small claims division of the Court of Québec.

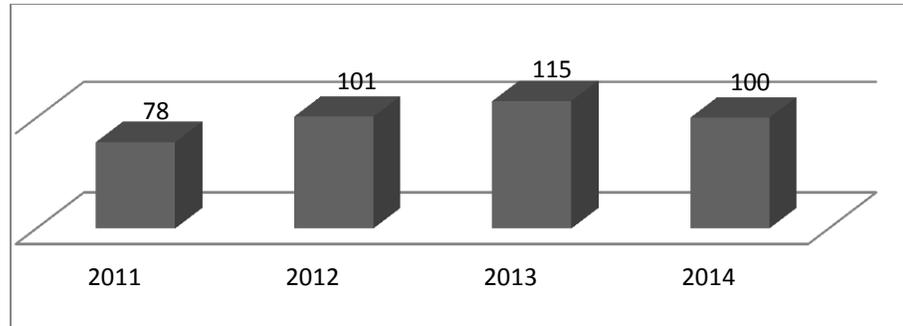
Introduction of the possibility of reviving a dissolved corporation

A dissolved corporation may be revived retroactively under the BCA, even if the dissolution was voluntary or judicial, but without interfering with the rights of third persons. Previously, a private Act was necessary.

Each year since the BCA came into force, the Registraire des entreprises has authorized the revival of some 100 dissolved corporations.

CHART 13

Number of revivals of business corporations



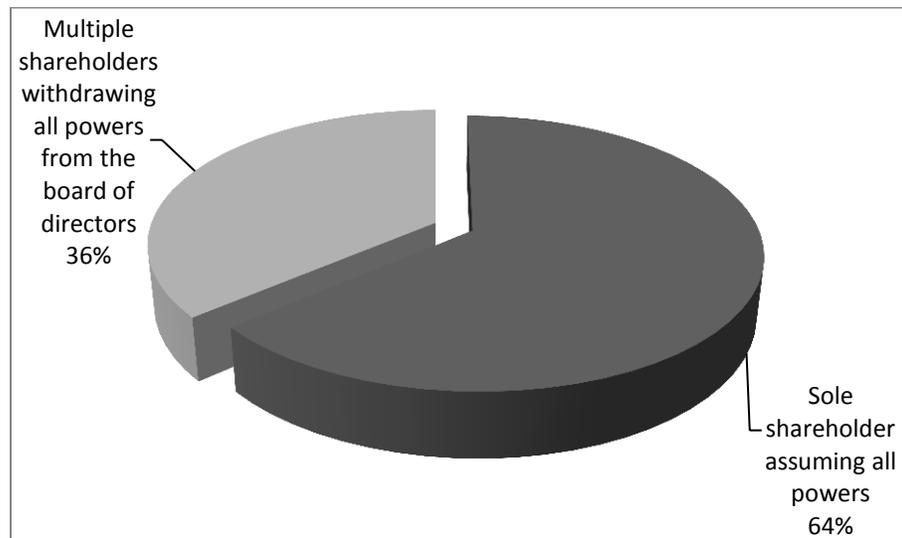
Simplified system for sole shareholders

To date, 685 sole-shareholder corporations have indicated to the Registraire des entreprises that, by means of a written declaration, they withdrew all powers from their board of directors. This enables sole shareholders to avoid designating a board of directors, appointing an auditor, adopting by-laws, and holding a shareholders meeting and meetings of the board of directors.

Withdrawal of all powers from the board of directors occurs more frequently in sole-shareholder corporations than in corporations with multiple shareholders.

CHART 14

Breakdown of withdrawals of all powers from the board of directors



Facilitating communication with the Registraire des entreprises

The BCA allowed the electronic transmission of documents it requires corporations to submit to the Registraire des entreprises, such as articles of constitution, amendment and amalgamation, thereby expediting the formalities pertaining to business corporations, and facilitating the creation of corporations directly by citizens through the use of technological developments implemented by the Registraire des entreprises.

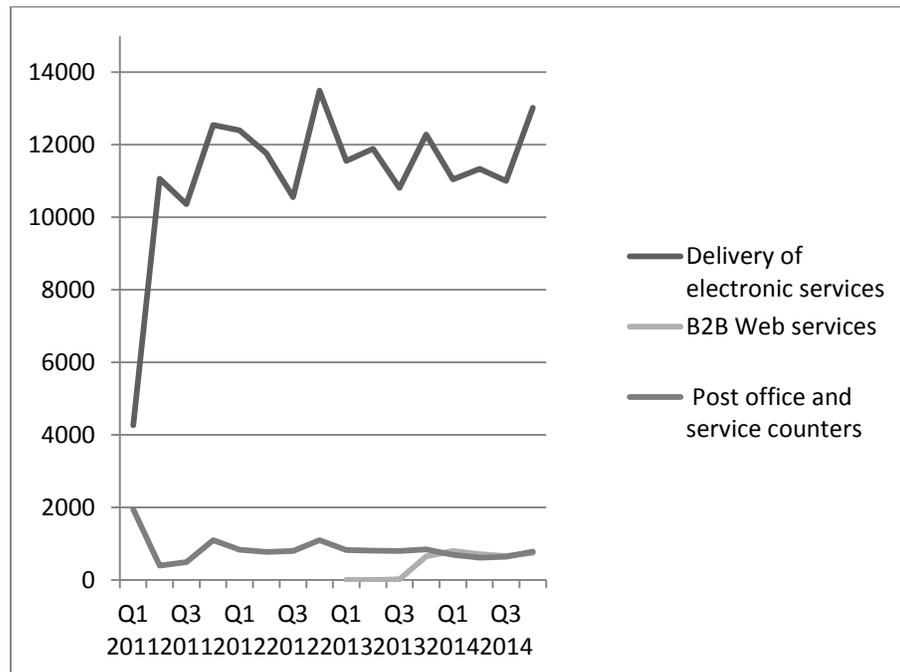
We selected the following two indicators for this objective:

1. Take-up rate for electronic services since February 14, 2011;
2. Change in document processing times.

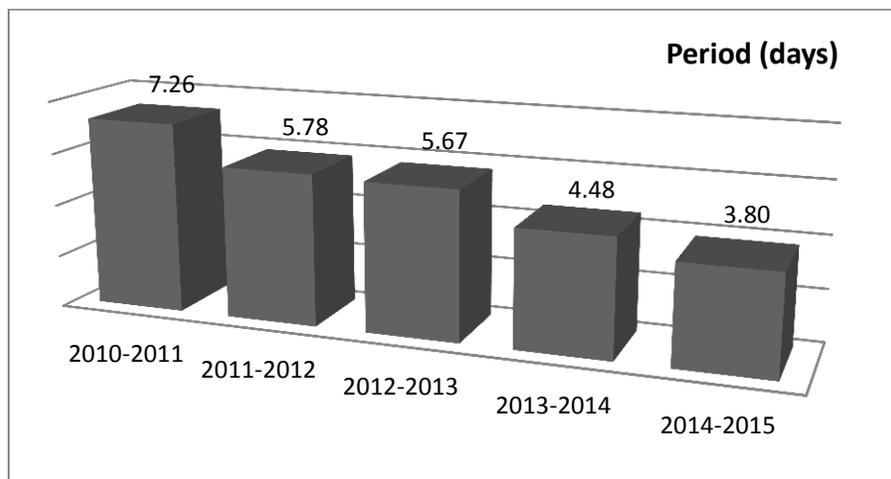
After an initial period of adjustment, the BCA-related electronic services of the Registraire des entreprises reached cruising speed. Since February 14, 2011, 95% of documents submitted under the BCA were transmitted electronically.

CHART 15

Take-up rate for electronic services



During that period, file processing times at the Registraire des entreprises fell by 48%.

CHART 16**Average period for processing requests (all types of requests and transmission methods)**

The high rate of take-up for electronic services and the significant reduction in file processing times show that the government's objectives pertaining to the modernization of services offered by the Registraire des entreprises have been achieved.

Reporting issuers and large corporations

The BCA provides for a number of provisions that take on special importance in respect of corporations that are reporting issuers. The provisions relating to the dematerialization of certificates are a case in point.

The BCA also eliminated or simplified the requirements respecting share capital maintenance rules and those governing shareholder financial assistance that caused problems of interpretation and led directors to unduly incur their personal liability.

In addition, the BCA contains provisions that apply exclusively to reporting issuers and corporations with 50 or more shareholders:

1. Obligation to keep a list of shareholders and provide a copy of the list on request;

2. Possibility of authorizing the appointment by the board of directors of additional directors while a term is in progress;
3. Possibility of fixing a record date for the purposes of meeting notices, voting at meetings, dividend payments, and liquidation;
4. Possibility for shareholders to present proposals, and propose candidates for the board of directors, at annual meetings.

Reporting issuers account for only a very small number of legal persons. The Autorité des marchés financiers identified 259 reporting issuers, 74 of which were constituted under Québec laws.

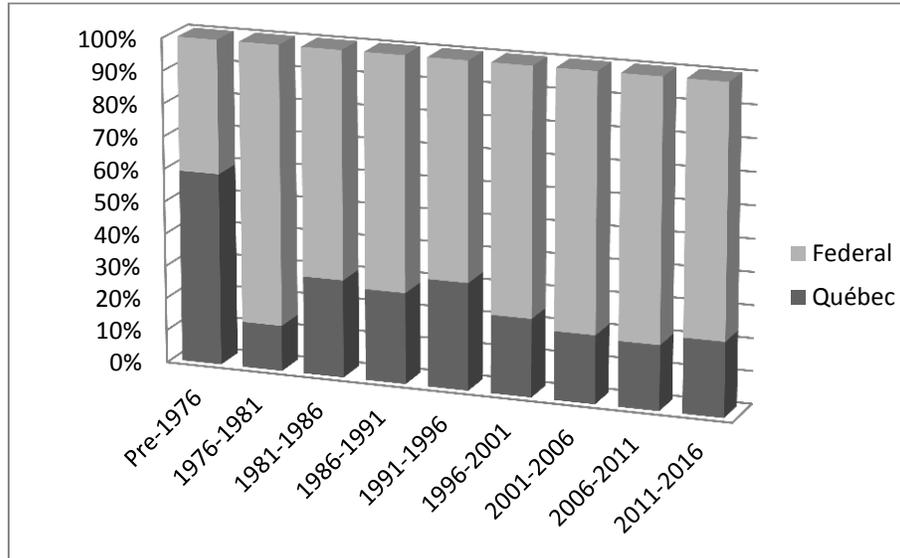
The various legislative steps taken to modernize the law applicable to reporting issuers seem to have influenced their choice of place of constitution. While almost 60% of reporting issuers constituted prior to the 1975 federal reform were constituted under the laws of Québec, 86% of those constituted in the subsequent five years are governed by the CBCA.

The introduction of Part IA of the QCA in 1981 seemed to have rectified the situation somewhat, since the percentage of reporting issuers constituted in Québec between 1981 and 1996 hovered at around 30%. However, that percentage fell steadily as of 1996: 24% between 1996 and 2001, 21% over the next five years and 20% from 2006 to 2011.

Since 2011, the decline has slowed and may be coming to a halt. The percentage of reporting issuers constituted under Québec laws is 23% for that period. However, it is too early to evaluate the extent to which the BCA may have contributed to reversing the trend, given the small number of legal persons involved.

CHART 17

Change in the percentage of reporting issuers constituted under Québec laws and those constituted under the CBCA



However, as can be seen, better protection for minority shareholders under the BCA has not induced reporting issuers constituted under the laws of Québec to migrate toward the CBCA.

CHAPTER 3

TRANSITION

The desire to ensure the easiest possible transition for businesses governed by the QCA was one of the principal concerns of the reform. Accordingly, on February 14, 2011, the 338 673 companies governed by Part IA of that Act automatically became business corporations governed by the new Act without having to complete any formalities.

End of dual systems for business corporations

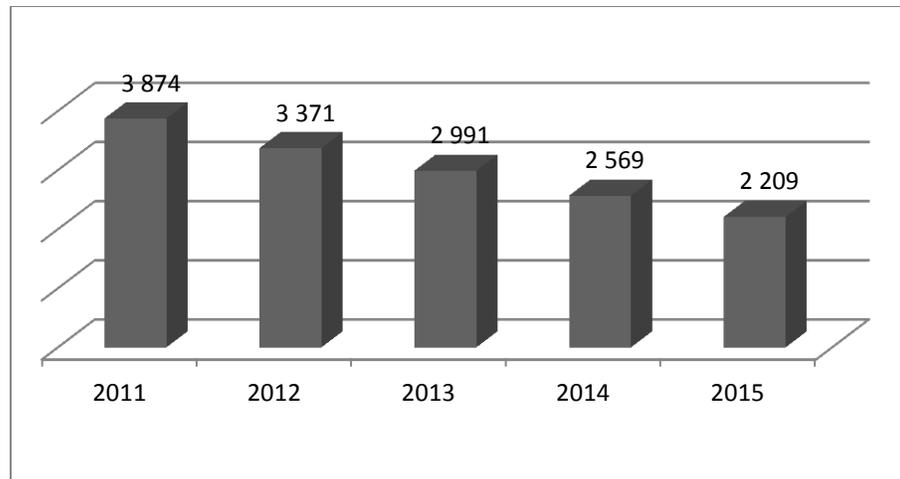
The above objective was accompanied by a desire to end the parallel existence of two legal systems for business corporations that had been in effect since 1981 due to the maintenance of Part I of the QCA. Given that it dated back to 1920, Part I of the QCA was found to be outdated and not particularly user-friendly.

When the BCA came into force, 3 874 companies were governed by Part I of the QCA.

The BCA therefore granted companies governed by Part I of the QCA five years to see to their continuance, otherwise they would be automatically dissolved. That time limit expires on February 14, 2016.

CHART 18

Change in the number of companies governed by Part I of the QCA



The number of companies governed by Part I of the QCA has gradually declined, and stood at 2 070 on March 31, 2015. A little over 1 200 companies chose to continue under the BCA, and nearly 600 others were dissolved at their request or on failure to file their annual reports under the *Act respecting the legal publicity of enterprises* (CQLR, chapter P-44.1). Thus, the number of companies governed by Part I of the QCA had fallen by 46% a little less than one year prior to the expiry of the time limit specified in the BCA.

Corporations governed by the *Mining Corporations Act* (CQLR, chapter C-47) are subject to the same requirements as corporations under Part I of the QCA.

The Registraire des entreprises implemented a communications plan to raise awareness among the remaining companies subject to automatic dissolution on February 14, 2016. By now, each of the companies will have received two letters from the Registraire des entreprises notifying it of its obligation, the formalities to be completed, the time limit for doing so and the consequences of not complying with the requirements of the BCA. After February 14, 2016, a notice will be sent informing the head of each of the dissolved companies of the possibility of applying for revival under the BCA.

Familiarization with the new Act

Entrepreneurs and their attorneys and accountants are becoming increasingly familiar with the new Act. The technical problems initially experienced by the Registraire des entreprises have been resolved and harmonization with federal law has given access to a jurisprudential corpus that is reassuring to entrepreneurs. In addition, a reference document available on the website of the Ministère des Finances has provided a tool for interpreting the underlying intentions of the provisions of the BCA.

However, it was brought to the attention of the Ministère des Finances during the preparation of this report that a lack of knowledge of the BCA's many advantages and improvements persists within the legal community. Moreover, certain provisions of the BCA, particularly to do with the particularities of Québec law, seem to sometimes complicate interpretation. Examples include:

1. Cases where the BCA must be interpreted on the basis of a general statute such as the *Civil Code of Québec* or the *Act to establish a legal framework for information technology* (CQLR, chapter C-1.1), especially as regards the powers, duties and responsibilities of directors or the keeping of virtual minute books;

2. Cases where the BCA differs from the CBCA, as with respect to voluntary dissolution methods or the BCA's specific provisions concerning sole-shareholder corporations;
3. Cases where application of the CBCA has evolved since the passage of the BCA, as with respect to the criteria for obtaining a provisional order under section 451 of the BCA.

Part of the legal community also suggests incorporating into the BCA provisions allowing for the constitution of unlimited liability business corporations, which would receive tax treatment in the United States different from that of traditional business corporations.

The matter was examined during the work leading up to the 2009 reform. At the time, it was decided not to authorize the creation of unlimited liability business corporations, given that such corporations are generally created solely for the related tax benefits, with no other economic objective coming into play. That decision cannot be challenged on the basis of the arguments submitted.

Amendments to the BCA

Only a few minor, mostly consequential, amendments have been made to the BCA since it came into force.

The lone substantive amendment to the BCA since its coming into force concerned the provisions pertaining to reporting issuers and large corporations. In fact, section 96 of the Act was amended in 2013 to adapt the solvency test required to purchase or redeem shares to the specific situation of reporting issuers.

Lastly, the protection of Québec businesses, for example, the best way to protect them against hostile take-over bids and ensure the retention and development of head offices in Québec, was the issue that gave rise to the biggest substantive debate—on the role that a constituting Act like the BCA could play in achieving these objectives—barely two years after it was passed.

First considered by the Task Force on the Protection of Québec Businesses,⁴ BCA amendments to protect Québec businesses against hostile take-over bids and foster the development of head

⁴ TASK FORCE ON THE PROTECTION OF QUÉBEC BUSINESSES, *The Maintenance and Development of Head Offices in Québec*, Gouvernement du Québec, February 2014, http://www.groupe.finances.gouv.qc.ca/GTPEQ/Documents/Rapport_ENG_GTPEQ.pdf.

offices in Québec were discussed during a consultation of the financial community.⁵

The outcome of the consultation was that the BCA amendments recommended by the report afforded little or no additional protection for existing Québec public enterprises in the event of a hostile take-over bid, risked adversely affecting the value of Québec businesses and reducing their access to capital, and, in a way, singularized Québec in the Canadian economic space. As a result, amending the BCA was found to be inappropriate.

In short, the consultation showed that the protection and development of head offices in Québec is a complex issue broader than the law applicable to business corporations. In fact, the laws governing securities, as enforced by the Canadian Securities Administrators (the CSA), of which the Autorité des marchés financiers is a member, also establish a framework for take-over bids and issuer bids. A draft amendment to these regulations recently published by the CSA was seen to be a better solution for enabling the businesses concerned to defend themselves.⁶

⁵ MINISTÈRE DES FINANCES DU QUÉBEC, *Budget 2014-2015 – Budget Speech*, June 2014, <http://www.budget.finances.gouv.qc.ca/budget/2014-2015a/en/documents/Speech.pdf>.

⁶ CSA *Notice and Request for Comment, Draft Regulation to amend Regulation 62-104 respecting Take-Over Bids and Issuer Bids, Draft Amendments to Policy Statement 62-203 respecting Take-Over Bids and Issuer Bids, and Draft Consequential Amendments*, March 31, 2015, <https://www.lautorite.qc.ca/files/pdf/consultations/valeurs-mobilieres/juin-2015/2015mars31-62-104-consultations-en.pdf>

CONCLUSION AND RECOMMENDATIONS

The BCA was the first comprehensive reform of the constituting Act of business corporations since 1920, the 1981 reform having always been considered partial and eventually in need of completion.

According to the data obtained on the application of the BCA over its first five years, the measures taken to make the Québec statute more appealing have had a positive impact. More entrepreneurs choose the BCA when constituting their corporation and changing legal regimes.

During these five years, the percentage of Québec corporations constituted under the CBCA has fallen and is now on a par with that of Ontario, although the percentage is still above the national average. Changes of jurisdiction are largely in favour of the BCA, the new measures put in place have begun to be used and the popularity of the new remedies has clearly shown their usefulness.

Entrepreneurs and their attorneys and advisors are gradually becoming comfortable with the provisions of the BCA. Lastly, for the first time, an ongoing review process by means of five-year reports is provided for in regard to the law respecting legal persons.

Substantially amending the BCA does not seem appropriate at the present time. However, between now and the next five-year report, the Ministère des Finances will consider the requests submitted to it, in particular as part of the consultation on this report, in order to make the amendments deemed necessary to update the BCA.

APPENDIX

LIST OF LEGISLATIVE AMENDMENTS SINCE THE COMING INTO FORCE OF THE BCA

1

Unclaimed Property Act, 2011, chapter 10

Assented to 13 June 2011

98. The following provisions are amended by replacing “The provisions of the Public Curator Act (chapter C-81) pertaining to unclaimed property apply” and “The provisions of the Public Curator Act (chapter C-81) pertaining to unclaimed property shall apply”, wherever they appear, by “The Unclaimed Property Act (2011, chapter 10) applies”:

...

(14) the second paragraph of section 349 of the Business Corporations Act (R.S.Q., chapter S-31.1);

2

Chartered Professional Accountants Act, 2012, chapter 11

Assented to 16 May 2012

32. In any Act other than those referred to in sections 15 to 31, in any regulation other than those referred to in sections 34 to 38, and in any order in council, order, proclamation, resolution, letters patent, contract or other document, unless the context indicates otherwise and with the necessary modifications,

(1) “Ordre professionnel des comptables agréés du Québec”, “Ordre professionnel des comptables généraux accrédités du Québec” and “Ordre professionnel des comptables en management accrédités du Québec”, as well as “Ordre des comptables agréés du Québec”, “Ordre des comptables généraux accrédités du Québec” and “Ordre des comptables en management accrédités du Québec”, are replaced respectively, wherever they appear, by “Ordre professionnel des comptables professionnels agréés du Québec” and “Ordre des comptables professionnels agréés du Québec”;

(2) “of a professional order”, “of the professional orders” and “of one of the professional orders”, when used in reference to a professional order of accountants mentioned in the Professional Code (R.S.Q., chapter C-26), are replaced wherever they appear by “of the professional order”;

(3) “chartered accountant, certified management accountant, certified general accountant” and “certified accountant, a certified management accountant or a certified general accountant” are replaced wherever they appear by “chartered professional accountant”.

3

**An Act to amend various legislative provisions mainly concerning the financial sector, 2013, chapter 18
Assented to 14 June 2013**

100. Section 96 of the Business Corporations Act (chapter S-31.1) is replaced by the following section:

“96. A corporation may not make any payment to purchase or redeem shares

(1) if the corporation is not a reporting issuer and the payment would make it unable, in the event of liquidation, to repay shares ranking higher than or equally with the shares so purchased or redeemed, taking into account any waiver of repayment by the higher-or equal-ranking shareholders; or

(2) if the corporation is a reporting issuer and there are reasonable grounds for believing that it is or would, after the payment, be unable to pay, when due, the entire redemption price of its redeemable shares.”

101. Section 414 of the Act is amended by replacing “not insolvent” in the first paragraph by “able to pay its liabilities as they become due”.

