

AMENDMENT

Bill 111

**AN ACT TO MODERNIZE THE COOPERATIVES ACT AND TO AMEND
OTHER PROVISIONS**

SECTION 16 (section 46 of the Cooperatives Act)

Replace "by-law" in the third paragraph of section 46 proposed in paragraph 2 by "the resolution that determines the characteristics of those shares".

Adopted

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SECTION 18 (section 49.5 of the Cooperatives Act)

Replace subparagraph 2 of the first paragraph of proposed section 49.5 by the following subparagraph:

(2) the redemption and repayment policy for preferred shares and the repayment plan for those shares.

Adrian R

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SECTION 19.1 (section 54 of the Cooperatives Act)

Insert after section 19:

19.1. Section 54 of the Act is amended by adding the following sentence at the end of the first paragraph: "That contribution may vary according to the class of members provided by law to which a member belongs, if applicable."



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SECTION 25 (section 69 of the Cooperatives Act)

Insert "of full age" after "any person" in paragraph 1.

Adgts

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**AN ACT TO MODERNIZE THE COOPERATIVES ACT AND TO AMEND
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SECTION 29 (section 81 of the Cooperatives Act)

Replace by:

29. Section 81 of the Act is amended by replacing the second and third paragraphs by the following paragraphs:

“The following persons may also be directors:

(1) the representative of a financial services cooperative within the meaning of the Act respecting financial services cooperatives (chapter C-67.3) and the representative of a federation or confederation within the meaning of this Act, provided the financial services cooperative or the federation or confederation is a group within the meaning of section 83; and

(2) in the case of a cooperative, other than a solidarity cooperative, whose articles set out that it is operated in the interest of a collectivity, a person who is from that collectivity and who is not a member of the cooperative.

Notwithstanding the first paragraph, a member of a producers cooperative, a consumer cooperative or a solidarity cooperative composed only of user members and supporting members who is also an employee of that cooperative may be a director of the cooperative only if a by-law of the cooperative allows it.”

Adapté p

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SECTION 30 (section 81.1.1 of the Cooperatives Act)

Replace by:

30. Section 81.1.1 of the Act is replaced by the following section:

"81.1.1. The number of positions held by persons referred to in the second and third paragraphs of section 81 as well as in section 81.1 must not exceed one-third of the total number of directors' positions."

Adaptik

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SECTION 38

Withdraw.

Adopted

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SECTION 42.1 (section 117 of the Cooperatives Act)

Insert after section 42:

42.1. Section 117 of the Act is amended by adding the following paragraph at the end:

“The by-law may, in respect of persons who hold a position of director without being a member of the cooperative, make any other office as an executive officer incompatible with the position of director.”

Argenti

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SECTION 43 (section 123 of the Cooperatives Act)

Replace paragraph 2 by:

- (2) in the second paragraph,
 - (a) by replacing “of any draft by-law” by “of the draft by-law and the draft resolution”;
 - (b) by replacing “place” by “location”.

Adopted

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SECTION 44 (section 124 of the Cooperatives Act)

Add "of the last six fiscal years" at the end of proposed paragraph 8.

Adg 12

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SECTION 46.1 (section 128.1 of the Cooperatives Act)

Insert after section 46:

46.1. Section 128.1 of the Act is amended

(1) by replacing “government regulation” in the first paragraph by “the government regulation that applies to it”;

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

“In the case of a cooperative whose articles set out that it is operated in the interest of a collectivity, this proportion is established in accordance with the modalities determined by government regulation. Should that proportion not be attained at the end of a fiscal year, the cooperative must specify in the annual report for that fiscal year the reasons for that situation.”

Adgate

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SECTION 49 (section 133 of the Cooperatives Act)

Replace by:

49. Section 133 of the Act is amended by adding the following paragraph at the end:

“They must, in particular, reflect the recommendation of the board of directors referred to in paragraph 4.1 of section 90 concerning the allocation of any operating surplus or surplus earnings. The difference with the amount approved by the members at the annual meeting, if any, must be reflected in the financial statements of the following fiscal year.”

Adopted

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SECTION 51 (section 135 of the Cooperatives Act)

Replace by:

51. Section 135 of the Act is replaced by the following section:

“**135.** At each annual meeting, the cooperative shall appoint an auditor responsible for performing the audit of its financial statements whose term of office expires at the following annual meeting.

The auditor must be a member of the Ordre des comptables professionnels agréés du Québec and hold, if applicable, the required permit.

The Government may, by regulation, exempt a cooperative from the application of the first paragraph, on the basis of its volume of business or according to other criteria determined by the regulation.”

Adopté

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SECTION 53 (section 139 of the Cooperatives Act)

Replace by:

53. Section 139 of the Act is replaced by the following section:

“**139.** Despite the first paragraph of section 135, a mandate may be given to the auditor to conduct a review engagement instead of the audit if two-thirds of the members or representatives present at the annual meeting consent to it.”

Adopted

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SECTION 56 (section 144 of the Cooperatives Act)

Strike out paragraph 2.

Adopted

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SECTION 57 (section 145 of the Cooperatives Act)

Replace by:

57. Section 145 of the Act is amended

(1) by replacing "The reserve is composed of the aggregate, after deduction of deficits," and "into the reserve" by "The general reserve is composed of the aggregate" and "into the general reserve", respectively;

(2) by inserting "and contributed surplus" at the end.



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SECTION 62 (section 149 of the Cooperatives Act)

Replace by:

62. Section 149 of the Act is amended

(1) by replacing “may be allotted to members and auxiliary members. Such operating surplus or surplus earnings shall be allotted in the form of rebates.” by “may be allocated to the reserve for future rebates or allotted to the members and auxiliary members in the form of rebates.”;

(2) by adding the following paragraph at the end:

“For the purposes of the first paragraph, where no by-law allows auxiliary members to have rebates allotted to them, the board of directors must nonetheless determine the operating surplus or surplus earnings that would result from the business done by those members as if they could have rebates allotted to them.”

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SECTION 63 (section 149.0.1 of the Cooperatives Act)

Replace "do not indicate that it is operated in the interest of a collectivity" in proposed section 149.0.1 by "do not prohibit the allotment of a rebate".

Adopted 

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SECTION 63 (section 149.0.3 of the Cooperatives Act)

Strike out proposed section 149.0.3.

Adgt p

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SECTION 66 (section 150 of the Cooperatives Act)

Replace "is a benefit resulting" in the first paragraph of proposed section 150 by "results".

Adge R

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SECTION 67 (section 152.0.2 of the Cooperatives Act)

In proposed section 152.0.2:

1. Insert "outside the normal course of the business of the cooperative" after "acquire" in the first paragraph.
2. Replace the second paragraph by:

"Similarly, subject to the fourth paragraph of section 89, the board of directors may not transfer or otherwise dispose of an asset of the cooperative outside the normal course of its business for a value that is less than its fair market value.

A director cannot be held liable under the second paragraph if the director acted with a reasonable degree of prudence and diligence in the circumstances."

Adapted

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SECTION 68 (section 153 of the Cooperatives Act)

Strike out the second sentence of proposed section 153.

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SECTION 69 (section 154 of the Cooperatives Act)

Replace by:

69. Section 154 of the Act is replaced by the following section:

"154. The entities referred to in section 153 cannot, however, amalgamate if there is reasonable ground to believe that the entity resulting from the amalgamation could not discharge its liabilities when due."

Adapted

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SECTION 70 (section 154.1 of the Cooperatives Act)

Replace paragraph 1 by:

(1) by replacing “Notwithstanding paragraph 2 of section 154, two or more cooperatives may amalgamate even if the book value of the assets of the cooperative” by “An amalgamation referred to in section 153 may take place even if the value of the assets of the entity”;

Adopted

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SECTION 71 (section 155 of the Cooperatives Act)

Add the following paragraph at the end:

(5) by replacing all occurrences of "cooperative resulting" by "entity resulting".

Adopted

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SECTION 72 (section 156 of the Cooperatives Act)

Add the following paragraph at the end:

(4) by replacing "the cooperative resulting" in subparagraph 2 by "the entity resulting".

Adopted

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SECTION 75.1 (section 162 of the Cooperatives Act)

Insert after section 75:

75.1. Section 162 of the Act is amended by inserting “or “federation resulting from an amalgamation”, as applicable,” after ““cooperative resulting from an amalgamation”” in the second paragraph.

Adopted

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SECTION 76 (section 163 of the Cooperatives Act)

Replace by:

76. Section 163 of the Act is amended

(1) by replacing “the cooperatives that have amalgamated continue in existence as one and the same cooperative” in the first paragraph by “the entities that have amalgamated continue in existence as the entity resulting from the amalgamation”;

(2) by replacing “cooperative” and both occurrences of “cooperatives” in the second paragraph by “entity” and “entities”, respectively;

(3) by replacing “cooperatives” and “reserve of the cooperative resulting” in the third paragraph by “entities” and “general reserve of the entity resulting”, respectively.

Adopted

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SECTION 84.1 (section 176.2 of the Cooperatives Act)

Insert after section 84:

84.1. Section 176.2 of the Act is amended, in the first paragraph,

- (1) by replacing "163" by "162.1";
- (2) by striking out "and the third paragraph of section 163, which apply only to the amalgamating cooperative".

Adopted

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SECTION 94 (section 185.1.7 of the Cooperatives Act)

Replace "fixed number or minimum number of directors provided for by the articles" and "fixed number or minimum number of directors required by the articles" in proposed section 185.1.7 by "number of directors provided for by by-law".

Adopted

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SECTION 94.1 (section 185.2 of the Cooperatives Act)

Insert after section 94:

94.1. Section 185.2 of the Act is amended by replacing "\$25,000" by "\$50,000".



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SECTION 115 (section 221.1.1 of the Cooperatives Act)

In proposed section 221.1.1:

1. Strike out "or is expelled from it" in the first paragraph.
2. Strike out both occurrences of "or expulsion" in the second paragraph.
3. Strike out "or exclusion" and "or expelled" in the third paragraph.

Adopted

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SECTION 122 (sections 221.2.10 and 221.4.1 of the Cooperatives Act)

Replace by:

122. Section 221.2.10 of the Act is repealed.

Adopted

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SECTION 122.1 (section 221.3 of the Cooperatives Act)

Insert after section 122:

122.1. Section 221.3 of the Act is amended by adding the following sentence at the end of the first paragraph: "The same applies to the former students and staff members of the institution provided they have already been members of the cooperative."

Adopted

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OTHER PROVISIONS**

SECTION 122.2 (section 221.4.1 of the Cooperatives Act)

Insert after section 122.1, introduced by amendment:

122.2. Section 221.4.1 of the Act is repealed.

Adopted

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SECTION 122.3 (section 221.5.1 of the Cooperatives Act)

Insert after section 122.2, introduced by amendment:

122.3. Section 221.5.1 of the Act is amended

(1) by adding the following sentence at the end of the first paragraph:
“The former students and staff members of the institution constitute a single group and have the right to elect at least one director.”;

(2) by adding the following sentence at the end of the second paragraph:
“The former students and staff members of those institutions constitute a single group and have the right to elect at least one director.”;

(3) by inserting the following paragraph after the second paragraph:

“The cooperative may, by by-law, provide for a manner of establishing the groups and the modalities of nomination and election of the directors representing them that differs from that provided for in the second paragraph.”

Adopted

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SECTION 123 (section 224.2 of the Cooperatives Act)

Replace by:

123. Section 224.2 of the Act is amended by replacing “extending over a period of not more than 18 months” in the first paragraph by “, which shall run from the worker’s first work day”.

Adopted

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SECTION 125 (section 224.4.3 of the Cooperatives Act)

Replace "a worker orientation and integration policy" in the paragraph proposed in paragraph 1 by "a policy on the orientation and integration of workers as members and, if applicable, auxiliary members".

Adopted

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SECTION 125.1 (section 225.1 of the Cooperatives Act)

Insert after section 125:

125.1. Section 225.1 of the Act is amended

- (1) by replacing "representative" by "member";
- (2) by adding "to act as director" at the end.

Adopt 12

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SECTION 131.1 (section 226.16 of the Cooperatives Act)

Insert after section 131:

131.1. The Act is amended by inserting the following section after section 226.15:

“226.16. Where one of the objects of a solidarity cooperative is to offer services from an educational institution to students or staff of that institution, sections 221.3 to 221.8 apply, with the necessary modifications.”

Adopt - K

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**AN ACT TO MODERNIZE THE COOPERATIVES ACT AND TO AMEND
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SECTION 151 (section 8 of the Regulation under the Cooperatives Act)

Replace by:

151. Section 8 of the Regulation is amended by striking out “and participating preferred shares, other than interest paid as participation in the operating surplus or surplus earnings,”.

Adopted

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SECTION 153 (section 13 of the Regulation under the Cooperatives Act)

Replace by:

153. Sections 12 to 15 of the Regulation are repealed.

Adopted

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SECTION 154 (section 14 of the Regulation under the Cooperatives Act)

Withdraw.

Adopted

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SECTION 155 (Schedule I to the Regulation under the Cooperatives Act)

Replace paragraph 3 by:

(3) by striking out “and participating preferred shares, other than interest paid as participation in the operating surplus or surplus earnings” in subparagraph 8 of the first paragraph of section 3;

(3.1) by striking out “and participating preferred shares” in subparagraph 9 of the first paragraph of section 3;

Adopted

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SECTION 157.1

Insert after section 157:

157.1. The obligation imposed on a cooperative to keep a register at its head office containing its annual reports from the last six fiscal years applies only with regard to annual reports that must be produced after (*insert the date of assent to this Act*).

Adopted

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SECTION 158.1

Insert after section 158:

158.1. Producers cooperatives, work cooperatives and shareholding workers cooperatives that have constituted by by-law an enhancement reserve have until *(insert the date that is one year after the date of assent to this Act)* to amend those by-laws in accordance with the provisions of the first paragraph of section 149.2 of the Cooperatives Act (chapter C-67.2), as amended by section 64 of this Act.

Adopted

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**AN ACT TO MODERNIZE THE COOPERATIVES ACT AND TO AMEND
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SECTION 158.2

Insert after section 158.1, introduced by amendment:

158.2. Shareholding workers cooperatives have until (*insert the date that is two years after the date of assent to this Act*) to amend the shareholders' agreement of the corporation in accordance with the provisions of section 225.1 of the Cooperatives Act (chapter C-67.2), as amended by section 125.1 of this Act.

Adopted

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SECTION 159

Replace "246.2" in the third paragraph by "246.3".

Adopt 12

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SECTION 160

Replace "86" by "85".

Adopted