



NATIONAL ASSEMBLY

SECOND SESSION

THIRTY-FIFTH LEGISLATURE

Bill 168

**An Act to amend the Act respecting the
Caisse de dépôt et placement du Québec**

Introduction

**Introduced by
Mr Bernard Landry
Minister of Finance**

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EXPLANATORY NOTES

This bill amends the Act respecting the Caisse de dépôt et placement du Québec so as to eliminate restrictions on the Fund's power to acquire common shares and units of indexed funds and on its power to invest in immovable property and hypothecs, and so as to allow the Fund, in certain cases, to hold more shares or other securities of the same legal person than the percentage presently authorized.

This bill also allows the Fund to form subsidiaries to engage in new activities relating to immovable property, to provide fund management services, to offer and provide investment-related services and to invest in certain legal persons or entities.

Furthermore, the bill permits two persons who are not resident in Québec to be appointed to the board of directors of the Fund.

Finally, the bill contains various provisions to facilitate the Fund's management of its investments.

Bill 168

AN ACT TO AMEND THE ACT RESPECTING THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS :

1. Section 5 of the Act respecting the Caisse de dépôt et placement du Québec (R.S.Q., chapter C-2) is amended by adding the following sentence at the end of the second paragraph: “At least seven of such nine members must be resident in Québec.”

2. Section 11 of the said Act is repealed.

3. Section 23 of the said Act is amended by striking out paragraph *h*.

4. Section 29 of the said Act is replaced by the following section :

“29. The Fund may acquire and hold immovables if the total investment in each immovable constituting a single undertaking does not exceed 1% of the total assets of the Fund.”

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

“(a) a legal person whose principal object is to invest in immovable property, to carry on one or more activities relating to immovable property, to operate businesses, or whose principal object is to acquire and hold, directly or indirectly, the shares and other securities of such legal persons;”.

6. Section 31.1 of the said Act is amended by replacing “, 30 and 31” by “to 32”.

7. Section 32 of the said Act is amended

(1) by striking out paragraph *b*;

(2) by inserting the words “or the first paragraph of section 37.1” after the words “section 31” in the last line of paragraph *c*.

8. Section 33 of the said Act is amended by striking out the last sentence.

9. Section 35 of the said Act is amended by replacing the word “two” in the fifth line by the word “four”.

10. Section 36 of the said Act is replaced by the following section :

“36. A security held by the Fund as a result of the reorganization or winding-up of a legal person, the amalgamation of legal persons or the realization of a security securing an investment of the Fund, and that could not otherwise be held by the Fund under this Act, may not be held by the Fund for more than four years.

As well, a security held by the Fund as a result of the exercise or realization, on the initiative of the Fund or otherwise, of contractual rights or obligations, and that could not otherwise be held by the Fund under this Act, may not be held by the Fund for more than four years.”

11. The said Act is amended by inserting, after section 36, the following sections :

“36.1. For the purposes of the acquisition, holding or disposal of investments under this Act, the Fund is authorized to engage in any activity or operation that allows the value of the investment to be protected or enhanced, or that is aimed at deriving the best possible financial return from the investment.

“36.2. The Fund shall, annually, adopt an investment policy under which the distribution of assets among shares and titles of indebtedness of legal persons is in keeping with the practices of major North American pension funds.

The policy must also take into account the financing needs of Québec’s public sector.”

12. Section 37.1 of the said Act is amended

(1) by replacing the first paragraph by the following paragraph :

“37.1. The Fund may, without restriction, acquire and hold any or all of the shares or other securities of a legal person

(a) whose principal activity consists in acquiring, holding or investing in mineral, oil or gas resources, in administering such resources and in developing them through third persons ;

(b) whose principal activity consists in acquiring or managing investments in risk capital ;

(c) whose principal activity consists in acquiring, guaranteeing and holding securitized assets and derived products, in mounting asset securitization operations or in offering, managing or distributing securitized assets ;

(d) whose principal activity consists in holding shares or other securities of a legal person described in this section, or in holding international investments, capital interests or private investments, which may include securities listed on a stock exchange, to the extent that the Fund is authorized to hold such investments directly;

(e) whose principal activity consists in acquiring, holding and administering hypothecary claims, portfolios of hypothecary claims or interests in such claims or portfolios, in addition to guaranteeing them;

(f) whose principal activity consists in investing in legal persons or entities that offer, sell or distribute financial products or services, as well as in any legal person or entity that holds or manages such legal persons or entities;

(g) whose principal activity consists in offering and providing fund management services, by engaging in any form of investment or type of investment activity;

(h) whose principal activity consists in offering and providing investment-related services with respect to funds from outside Québec, such as risk management, specific risk management, calculation of return and asset distribution.”;

(2) by adding, after the fourth paragraph, the following paragraph:

“Notwithstanding the second and fourth paragraphs of this section, paragraph *a* of section 32 does not apply where the investment in common shares or other securities is made within a partnership to provide start-up or pre-start-up assistance, to fund a specific project, to allow a business opportunity to be capitalized on or to ensure or maintain operations, or to foster continuity, transition, reorganization or growth. The investments made under this paragraph must be consistent with the policy established by the Fund in their regard.”

13. Section 44 of the said Act is amended by replacing “31 March” in the first paragraph by “15 April”.

14. Section 46 of the said Act is amended

(1) by replacing the word “last” in paragraph *h* by the word “fourth”;

(2) by adding, after paragraph *h*, the following paragraph:

“(i) a statement of the investments made under the last paragraph of section 37.1.”

15. This Act comes into force on (*insert here the date of assent to this Act*).