

Brief Description of Bill 63: Business Corporations Act

Shareholder Protection

➤ New rights and remedies

- A minority shareholder who disagrees with a major change made to the structure or the activities of the corporation will be able to ask that his shares be repurchased.
- Shareholders will have the option to table a shareholder proposal at corporation annual meetings.
- Shareholders will have the option to stipulate cumulative voting for the election of directors.
- Shareholders will be able to apply to the court to obtain an “investigation order” and other appropriate orders.
- Shareholders will be able to apply to the court to obtain authorization to act on behalf of the corporation (also known as “representative action” or “derivative action”).
- Shareholders will be able to apply to the court to obtain a claim for relief in cases of abuse of power or iniquity. The court will have extensive curative powers in cases of abusive or unfair action by the corporation or its directors.

➤ Governance

- Formulation of a general framework specifying the duties and responsibilities of directors,
 - codification of duties of prudence, care, honesty and fairness within the act;
 - a director will be able to present a defence of reasonable care regarding steps taken in good faith in the course of his duties.
- Addition of a complete disclosure regime of directors’ and officers’ interests.
- The board of directors will not be able to delegate, for example to a committee, the task of setting the remuneration of senior officers.

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Administrative Streamlining

- Clarification of the unanimous shareholder agreement mechanism.
- Elimination, for a single shareholder, of certain formalities concerning, in particular:
 - holding of meetings;
 - appointment of an auditor.
- A business incorporated under another statute will be able to continue its existence under the Québec legislation.
- A Québec corporation will be able to continue its existence under another statute.
- Simplification of the rules relating to the maintenance of capital stock by eliminating certain requirements, in particular:
 - upon payment of dividends;
 - upon the repurchase of shares.
- Simplification of the rules relating to the granting of financial assistance to shareholders.
- Simplification of the dissolution mechanism and incorporation of the winding-up process within the new statute.
- Elimination of the requirement to provide a name search report upon incorporation.
- Elimination of the requirement to modify the articles upon a change of location of the corporation head office.

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Modernization

- **Implementation of the Use of New Technologies**
 - Possibility of using information technology to incorporate a business online, once the new electronic platform of the enterprise registrar of Québec is in place.
 - Possibility of electronically transmitting other documents to the registrar, such as:
 - articles of amendment;
 - articles of amalgamation.
 - Possibility of voting and participating in meetings of shareholders and directors meetings by means of new technologies.
 - Possibility of issuing shares without certificates.