

chapter C-67.3

ACT RESPECTING FINANCIAL SERVICES COOPERATIVES

2000, c. 29.

TABLE OF CONTENTS

CHAPTER I
INTERPRETATION, FINANCIAL SERVICES COOPERATIVES AND MISSION

DIVISION I
FINANCIAL SERVICES COOPERATIVES AND MISSION..... 1

DIVISION II
GROUPS AND GENERAL MATTERS RELATING TO GROUPS..... 6.1

DIVISION III
ECONOMIC AND FAMILY TIES..... 6.12

DIVISION IV
APPLICATION OF CERTAIN PROVISIONS TO FINANCIAL GROUPS AND THIRD PERSONS ACTING ON BEHALF OF A FINANCIAL SERVICES COOPERATIVE..... 6.14

CHAPTER II
CONSTITUTION

DIVISION I
ARTICLES..... 7

DIVISION II
ORGANIZATION MEETING..... 33

DIVISION III
REPLACEMENT AND AMENDMENT OF ARTICLES..... 38

CHAPTER III
SHARE CAPITAL

DIVISION I
GENERAL PROVISIONS..... 44

DIVISION II
QUALIFYING SHARES..... 50

DIVISION III
CAPITAL SHARES AND INVESTMENT SHARES..... 54

CHAPTER IV
ACTIVITIES AND POWERS

DIVISION I
GENERAL PROVISIONS..... 64

DIVISION II	
DEPOSITS, CREDIT AND SECURITY.....	74
DIVISION III	
SURPLUS EARNINGS.....	84
CHAPTER V	
OFFICERS, MANAGERS AND ETHICS	
DIVISION I	
OFFICERS AND MANAGERS	92
DIVISION II	
ETHICS.....	115
CHAPTER V.1	
EXAMINATION OF COMPLAINTS AND DISPUTE RESOLUTION.....	131.1
CHAPTER VI	
BOOKS, REGISTERS AND AUDITS.....	132
CHAPTER VII	
WINDING-UP AND DISSOLUTION	
DIVISION I	
WINDING-UP.....	168
DIVISION II	
DISSOLUTION.....	180
DIVISION III	
FINANCIAL CONTRACTS.....	185.2
CHAPTER VIII	
CREDIT UNIONS	
DIVISION I	
ADMISSION OF CREDIT UNION TO A FEDERATION, WITHDRAWAL AND EXPULSION.....	186
DIVISION II	
MEMBERS.....	195
DIVISION III	
GENERAL MEETING.....	209
DIVISION IV	
MANAGEMENT AND ADMINISTRATION	
§ 1. — <i>General provisions</i>	226
§ 2. — <i>Board of directors</i>	242
§ 3. — <i>Board of supervision</i>	257
DIVISION V	
AMALGAMATION	
§ 1. — <i>General provision</i>	270.1
§ 2. — <i>Long-form amalgamation</i>	271
§ 3. — <i>Amalgamation by absorption</i>	282
DIVISION V.1	
CONTINUANCE UNDER THIS ACT.....	284.1
CHAPTER IX	
FEDERATION	

DIVISION I	
MEMBERS.....	285
DIVISION II	
GENERAL MEETING.....	293
DIVISION III	
MANAGEMENT AND ADMINISTRATION	
§ 1. — <i>Provisions applicable to the board of directors and board of ethics and professional conduct</i>	308
§ 2. — <i>Board of directors</i>	324
§ 3. — <i>Board of ethics and professional conduct</i>	345
DIVISION IV	
ACTIVITIES AND POWERS	
§ 1. — <i>General provisions</i>	364
§ 2. — <i>Assessments</i>	383
§ 3. — <i>Examination of complaint records</i>	385.1
DIVISION V	
AUDITS, INSPECTIONS, EXAMINATIONS AND INVESTIGATIONS.....	386
DIVISION VI	
SPECIAL POWERS	
§ 1. — <i>Powers of the federation</i>	402.1
§ 2. — <i>Powers of the Authority</i>	407.2
DIVISION VII	
FUNDS OF A FEDERATION	
§ 1. — <i>General provisions</i>	408
§ 2. — <i>Investment fund</i>	414
§ 3. — <i>Share purchase fund</i>	420
DIVISION VIII	
FINANCIAL DISCLOSURE.....	424
DIVISION IX	
AMALGAMATION.....	428
CHAPTER X	
CAPITAL	
DIVISION I	
FEDERATION AND CREDIT UNIONS NETWORK.....	440.1
DIVISION II	
CREDIT UNIONS THAT ARE NOT MEMBERS OF A FEDERATION.....	450
CHAPTER XI	
LIQUID ASSETS	
DIVISION I	
CREDIT UNIONS.....	460.1
DIVISION II	
FEDERATIONS.....	466
CHAPTER XII	
INVESTMENTS	

DIVISION I	
INVESTMENT POLICY.....	468
DIVISION II	
ACQUISITION OF PARTICIPATIONS AND CO-OWNERSHIP.....	473
DIVISION III	
ACCESSORY GUARANTEE FOR CERTAIN INVESTMENTS.....	477
DIVISION IV	
SUPERVISION OF CERTAIN INVESTMENTS.....	478
DIVISION V	
PENALTIES.....	479.1
DIVISION VI	
ISSUING CORPORATION.....	480
CHAPTER XIII	
SECURITY FUND	
DIVISION I	
CONSTITUTION.....	487
DIVISION II	
ADMINISTRATION.....	497
DIVISION III	
BOOKS, AUDIT AND ANNUAL REPORT.....	520
DIVISION IV	
REPORTING AND INSPECTION.....	528
CHAPTER XIII.1	
GROUPE COOPÉRATIF DESJARDINS	
DIVISION I	
BY-LAWS OF THE GROUPE COOPÉRATIF DESJARDINS.....	547.1
DIVISION II	
WITHDRAWAL.....	547.5
DIVISION III	
ISSUE OF SHARES AND OTHER SECURITIES	
§ 1. — <i>Shares</i>	547.6
§ 2. — <i>Other securities</i>	547.10
DIVISION IV	
OFFICERS, MANAGERS, BOARD OF SUPERVISION AND BOARD OF ETHICS AND PROFESSIONAL CONDUCT	
§ 1. — <i>Officers and managers</i>	547.11
§ 2. — <i>Board of supervision and board of ethics and professional conduct</i>	547.13
DIVISION V	
CAPITAL.....	547.16
DIVISION VI	
PROVISIONS SPECIFIC TO THE FÉDÉRATION DES CAISSES DESJARDINS DU QUÉBEC	
§ 1. — <i>Mission</i>	547.17
§ 2. — <i>Forced exchange or transfer of shares</i>	547.18
§ 3. — <i>Special powers of the Federation</i>	547.21
§ 4. — <i>Recovery operations and plan of the Group</i>	547.23

DIVISION VII	
PROVISIONS SPECIFIC TO THE FUND	
§ 1. — <i>Mission and special powers</i>	547.31
§ 2. — <i>Amalgamation ordered by the Fund</i>	547.41
§ 3. — <i>Dissolution ordered by the Fund</i>	547.45
§ 4. — <i>Winding-up of the Group</i>	547.47
CHAPTER XIV	
SUPERVISION AND CONTROL	
DIVISION I	
SUPERVISION.....	548
DIVISION II	
CONTROL.....	564.5
DIVISION III	
MISCELLANEOUS PROVISIONS AND REPORTS.....	584
CHAPTER XV	
REGULATIONS.....	599
CHAPTER XV.1	
MONETARY ADMINISTRATIVE PENALTIES	
DIVISION I	
FAILURES TO COMPLY.....	601.4
DIVISION II	
NOTICE OF NON-COMPLIANCE AND IMPOSITION.....	601.10
DIVISION III	
REVIEW.....	601.14
DIVISION IV	
RECOVERY.....	601.18
DIVISION V	
REGISTER.....	601.25
CHAPTER XVI	
PENAL PROVISIONS.....	602
CHAPTER XVII	
AMENDING PROVISIONS.....	614
CHAPTER XVIII	
TRANSITIONAL AND FINAL PROVISIONS.....	684
REPEAL SCHEDULES	

CHAPTER I

INTERPRETATION, FINANCIAL SERVICES COOPERATIVES AND MISSION

2000, c. 29, c. I; 2018, c. 23, s. 27.

DIVISION I

FINANCIAL SERVICES COOPERATIVES AND MISSION

2018, c. 23, s. 28.

1. Credit unions and federations of credit unions are financial services cooperatives.

A financial services cooperative is a legal person in which persons having economic and social needs in common unite to form a deposit and financial services institution whose objects and rules of cooperative action are set out in this chapter.

2000, c. 29, s. 1.

2. *(Repealed).*

2000, c. 29, s. 2; 2018, c. 23, s. 29.

3. *(Repealed).*

2000, c. 29, s. 3; 2018, c. 23, s. 29.

4. Credit unions operate according to the following rules of cooperative action:

- (1) the number of members is not limited;
- (2) no member is entitled to more than one vote;
- (3) no member may vote by proxy;
- (4) a general reserve must be set up;
- (5) surplus earnings are allocated in accordance with this Act.

2000, c. 29, s. 4.

5. The mission of a financial services cooperative is

- (1) to receive deposits and invest them for profit;
- (2) to extend, according to law, credit and supply other products and services;
- (3) to promote cooperation between its members, between the members and the cooperative, and between the cooperative and other cooperative bodies;
- (4) to promote economic, financial and social education and education in the cooperative field.

A cooperative may carry on the activities referred to in subparagraphs 1 and 2 of the first paragraph not only with regard to its members, but also with regard to any user; if it is a credit union, its mission is also to support community development.

2000, c. 29, s. 5; 2005, c. 35, s. 1; 2018, c. 23, s. 30.

6. The mission of a financial services cooperative that is a federation is, in addition,

(1) to protect the interests of credit unions, foster the fulfilment of their mission and promote their development;

(2) to act as a control and supervisory body over credit unions and over partnerships and legal persons controlled by credit unions, to the extent provided for in this Act;

(3) *(subparagraph repealed)*;

(4) to see to the orderly development of the network while preserving the common characteristic shared by the members of a credit union;

(5) to define common objectives for the financial group and to coordinate its activities.

The provisions of this Act imposing a requirement to comply with a by-law or standard of a federation do not apply to a credit union that is not a member of a federation.

2000, c. 29, s. 6; 2003, c. 20, s. 1; 2018, c. 23, s. 31.

DIVISION II

GROUPS AND GENERAL MATTERS RELATING TO GROUPS

2018, c. 23, s. 32.

6.1. A federation and its member credit unions form a network of financial services cooperatives.

2018, c. 23, s. 32.

6.2. All the financial services cooperatives forming a network, together with any security fund the members of whose board of directors are appointed by the federation belonging to that network, are a cooperative group.

The cooperative group to which the Fédération des caisses Desjardins du Québec belongs is called the “Groupe coopératif Desjardins”.

2018, c. 23, s. 32.

6.3. All the financial services cooperatives belonging to a network, together with every group the holder of control of which is one of those cooperatives, are a financial group.

The financial group to which the Fédération des caisses Desjardins du Québec belongs is called the “Mouvement Desjardins”.

A credit union that is not a member of a federation, together with every group of which it is the holder of control, is also a financial group.

2018, c. 23, s. 32.

6.4. Chapters II to XIII apply to the financial services cooperatives and the security fund included in the Groupe coopératif Desjardins only to the extent that Chapter XIII.1 does not depart from those chapters.

2018, c. 23, s. 32.

6.5. For the purposes of this Act, “holder of control” of the following groups means,

(1) in the case of a business corporation, the holder of shares conferring more than 50% of the voting rights or whoever can otherwise choose the majority of its directors;

(2) in the case of a partnership that is a limited partnership, the general partner and, in the case of any other type of partnership, the partner who can determine the outcome of collective decisions, if applicable;

(3) in the case of a trust, the trustee;

(4) in the case of co-owners in indivision, the manager or, in the absence of a manager, if one of the co-owners can determine the outcome of collective decisions made by majority vote, that co-owner; and

(5) in the case of a security fund, the federation belonging to the same cooperative group.

No one is the holder of control of a financial services cooperative, of a mutual company or of any other group that confers voting rights on a one member, one vote basis.

2018, c. 23, s. 32.

6.6. In the case of a legal person constituted under the laws of a jurisdiction other than Québec, the organ on which the powers usually conferred on a board of directors are conferred is considered such a board. In that context, “director” means a member of that organ.

A legal person constituted under the laws of a jurisdiction other than Québec that, in a manner similar to that of a business corporation, confers voting rights otherwise than on a one member, one vote basis is considered a business corporation. If those rights are conferred through securities that it issues, the securities are considered shares.

2018, c. 23, s. 32.

6.7. Control, in cases which allow it, also results from participation in the concerted and ongoing exercise of rights within the group controlled or of powers over that group, even though none of the participants in the exercise of such rights or powers would alone be the holder of control; in such cases, each of the participants is deemed to be the holder of control.

2018, c. 23, s. 32.

6.8. The following are deemed to participate in the concerted and ongoing exercise of their rights or powers and, consequently, to be the holders of control of a group:

(1) the participants that are controlled by a same holder of control as well as that holder, if the holder is a participant;

(2) the trustees of a same trust;

(3) the member credit unions of a same federation; and

(4) the natural persons between whom family ties are considered to exist.

2018, c. 23, s. 32.

6.9. The holder of control of a group is also, if that group is the holder of control of another group, the holder of control of that other group.

2018, c. 23, s. 32.

6.10. For the purposes of this Act, the holder of control of a group is deemed

- (1) to hold any rights to acquire shares and other securities that are held by the group; and
- (2) to exercise the voting rights that the group may exercise.

2018, c. 23, s. 32.

6.11. For the purposes of this Act, a security entitlement to a share or to another security is considered such a share or security, unless the holder of the security entitlement is a securities intermediary acting in that capacity.

“Security entitlement” and “securities intermediary” have the meaning assigned by the Act respecting the transfer of securities and the establishment of security entitlements (chapter T-11.002).

2018, c. 23, s. 32.

DIVISION III

ECONOMIC AND FAMILY TIES

2018, c. 23, s. 32.

6.12. Economic ties are considered to exist only between

- (1) natural persons between whom family ties are considered to exist;
- (2) a business corporation and
 - (a) the person who can exercise 10% or more of the voting rights attached to the shares issued by the corporation; and
 - (b) the holder of shares issued by the corporation representing more than 10% of its equity capital;
- (3) a partner in a partnership and the partnership;
- (4) each of the partners in a same partnership;
- (5) a legal person, other than a financial services cooperative, and its directors and officers;
- (6) a financial services cooperative and its officers and managers; and
- (7) a person and a succession or trust in which the person has a substantial interest similar to that of a beneficiary or in respect of which the person serves as liquidator of the succession, trustee or other administrator of the property of others, mandatary or depositary.

Economic ties include any other ties between persons or groups that the Autorité des marchés financiers may determine by regulation.

2018, c. 23, s. 32.

6.13. Family ties are considered to exist only between a person and

- (1) his or her spouse;
- (2) his or her children or spouse’s children; and

(3) his or her parents or spouse's parents.

2018, c. 23, s. 32.

DIVISION IV

APPLICATION OF CERTAIN PROVISIONS TO FINANCIAL GROUPS AND THIRD PERSONS ACTING ON BEHALF OF A FINANCIAL SERVICES COOPERATIVE

2018, c. 23, s. 32; 2021, c. 34, s. 28.

6.14. The obligations of a financial services cooperative or security fund under the provisions of this Act remain unchanged by the mere fact that the cooperative or fund entrusts a third person to carry on any part of an activity governed by those provisions.

2018, c. 23, s. 32.

6.15. A financial services cooperative or security fund shall ensure that any group in respect of which the cooperative or fund is the holder of control complies with the prohibitions imposed on the cooperative or fund by this Act.

A prohibition imposed on such a cooperative or fund applies to the groups in its financial group not only when each of them is acting alone, but also when the acts or omissions of all or some of them would have contravened the prohibition had they been done or made by only one of them.

This section does not prohibit a group in respect of which a financial services cooperative or security fund is the holder of control from carrying on activities the group is permitted to carry on by the Act governing it even though the cooperative or fund is not permitted to carry on those activities, provided the group is a financial institution subject to the supervision of a regulatory authority.

2018, c. 23, s. 32.

6.16. A financial services cooperative or security fund is liable for failures to comply with this Act by a group in respect of which the cooperative or fund is the holder of control, as if those failures to comply were the cooperative's own.

2018, c. 23, s. 32.

6.17. The inspection functions and powers of the Authority, provided for by the Act respecting the regulation of the financial sector (chapter E-6.1), that may be exercised in relation to a financial services cooperative or security fund extend to any group that is part of the cooperative's or fund's financial group if the person authorized to inspect the cooperative or fund considers it necessary to inspect the former group in order to complete the verification of the cooperative's or fund's compliance with this Act, even though that group does not carry on activities governed by an Act referred to in section 7 of that Act.

2018, c. 23, s. 32.

6.18. The Authority may prohibit that the obligations of a financial services cooperative or security fund under this Act be performed by a third person on the cooperative's behalf if, in the Authority's opinion, such performance would render the application of this Act difficult or ineffective.

Before rendering its decision, the Authority must notify the prior notice prescribed by section 5 of the Act respecting administrative justice (chapter J-3) to the cooperative or fund in writing and grant the cooperative or fund at least 15 days to present observations.

2018, c. 23, s. 32.

CHAPTER II

CONSTITUTION

DIVISION I

ARTICLES

7. A minimum of 12 founders is required for the establishment of a financial services cooperative.

2000, c. 29, s. 7.

8. Any natural person may be a founder of a credit union, except

(1) a minor;

(2) a person of full age under tutorship or under a protection mandate;

(3) a person convicted, in the past five years, of an offence or an indictable offence involving fraud or dishonesty, unless the person has obtained a pardon;

(4) a person who does not meet the conditions relating to a common characteristic when such conditions are set out in the articles of the credit union in accordance with the second paragraph of section 10.

2000, c. 29, s. 8; 2018, c. 23, s. 33; 2020, c. 11, s. 184.

9. To become a founder of a federation, a credit union must be so authorized in a resolution of its board of directors, which must contain the name of the representative of the credit union for the purposes of the establishment of the federation. The resolution must be ratified by the vote of 2/3 of the members present at a special meeting or, provided that the notice of meeting sets out the object of the resolution, at an annual meeting.

2000, c. 29, s. 9.

10. The articles of a financial services cooperative shall set out

(1) its name;

(2) the judicial district in which its head office in Québec is situated;

(3) the name and address of each founder;

(4) in the case of a credit union, the name of the federation of which it will be a member;

(5) the conditions and restrictions, if any, concerning the exercise of certain powers or the pursuit of certain activities.

The articles of a credit union that is a member of a federation may indicate the common characteristic that must be shared by members, other than auxiliary members, that the credit union may recruit. The common characteristic must be determined on the basis of occupation, on the basis of employment status with the same employer or with an employer belonging to a group of employers who are related to each other or who carry on their activities in the same economic sector, or on the basis of other criteria recognized by the federation. A credit union whose articles indicate such a common characteristic is called a “group credit union”. Any other credit union that is a member of a federation is called a “territory credit union”, and the common characteristic of its members is to be resident, to be domiciled or to work in Québec.

The articles of a credit union that is not a member of a federation may also contain any provision that the credit union, under this Act, may provide for in its by-laws.

2000, c. 29, s. 10; 2018, c. 23, s. 34.

11. The articles of the financial services cooperative, signed by each founder, shall be transmitted in duplicate to the Autorité des marchés financiers.

2000, c. 29, s. 11; 2002, c. 45, s. 296; 2004, c. 37, s. 90.

12. The articles of the financial services cooperative must be accompanied with

(1) an application, signed by two founders, requesting the Minister to authorize the constitution of the financial services cooperative together with, in the case of a federation, a certified copy of the resolution of each of the founding credit unions;

(2) a notice of the name and address of the person designated as the provisional secretary;

(3) a notice of the manner in which the organization meeting will be called;

(4) a notice of the address of the head office;

(5) a certified copy of the resolution of the federation which has undertaken to admit the credit union as a member;

(6) a certified copy of the resolution of the federation stating that it has given its consent to the use of the proposed name, in accordance with section 19;

(7) the documents constituting the guarantees referred to in section 187, 188 or 189;

(8) the budgeted statements of the assets, liabilities and results for the first year of operation of the cooperative;

(9) a report assessing the needs to be met by the establishment of a financial services cooperative;

(10) the fees prescribed by regulation of the Government.

2000, c. 29, s. 12; 2018, c. 23, s. 35.

13. The Authority may require such additional documents or information as the Authority indicates for the examination of the application.

2000, c. 29, s. 13; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

14. After receiving the articles, the documents and fees that must accompany them and any additional documents or information it requires, the Authority shall prepare a report on the reasons for granting or denying the application in which it assesses consumer interest and the impact of the decision on the relevant markets in Québec.

In its report, the Authority shall cover such matters as

(1) the nature and scope of the guarantees ensuring the protection of the members of the financial services cooperative;

(2) the quality and feasibility of the financial forecasts for the carrying on and development of the cooperative's activities; and

- (3) the compliance of the cooperative's proposed name with this Act.

2000, c. 29, s. 14; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 36.

14.1. To the extent that the proposed name of a financial services cooperative is compliant with the requirements of this Act, the Authority shall send its report to the Minister together with the application requesting the Minister to authorize the establishment of the cooperative.

2018, c. 23, s. 36.

15. The Minister may, if the Minister considers it advisable, authorize the Authority to establish the financial services cooperative.

For that purpose, the Authority shall

(1) endorse on each duplicate of the articles the words "credit union established" or "federation established";

(2) prepare in duplicate a certificate attesting the constitution of the financial services cooperative and stating the date of establishment;

(3) attach a duplicate of the articles to each duplicate of the certificate;

(4) transmit a duplicate of the certificate and of the articles and a duplicate of the documents referred to in paragraphs 2 to 4 of section 12 to the enterprise registrar who shall deposit them in the register referred to in Chapter II of the Act respecting the legal publicity of enterprises (chapter P-44.1);

(5) send the other duplicate of the certificate and of the articles to the financial services cooperative;

(6) send a certified copy of the certificate and of the articles to the federation which has undertaken to admit a credit union as a member.

2000, c. 29, s. 15; 2002, c. 45, s. 297; 2004, c. 37, s. 90; 2010, c. 7, s. 282; 2018, c. 23, s. 37.

16. The financial services cooperative is established on the date appearing on the certificate, which may be subsequent to the date on which the certificate is issued.

The cooperative is a legal person as of that time.

2000, c. 29, s. 16; 2018, c. 23, s. 38.

17. The name of a financial services cooperative shall not

(1) contravene the Charter of the French language (chapter C-11);

(2) include an expression which the law or the regulations reserve for another person or prohibit financial services cooperatives from using;

(3) include an expression that evokes an immoral, obscene or offensive notion;

(4) incorrectly indicate the juridical form of the financial services cooperative or fail to indicate such form where so required by law;

(5) falsely suggest that the financial services cooperative is a non-profit group;

(6) falsely suggest that the financial services cooperative is, or is related to, a public authority determined by regulation of the Government;

(7) falsely suggest that the financial services cooperative is related to another person, partnership or group, in particular having regard to the cases and criteria determined by regulation of the Government;

(8) lead to confusion with a name used by another person, partnership or group in Québec, in particular having regard to the criteria determined by regulation of the Government; or

(9) be misleading, in any manner, for third persons.

The name of a financial services cooperative shall not contain the term “association” or “partnership”.

2000, c. 29, s. 17.

18. The name of a credit union shall contain one or a combination of the following expressions: “caisse”, “caisse populaire”, “caisse de financement”, “caisse d’épargne”, “caisse d’économie”, “caisse de crédit”, “credit union”, “savings union” and “financial services cooperative”.

Only a group credit union may include the expression “caisse d’économie”.

In no case may a person or partnership other than a financial services cooperative governed by this Act include in the name or use in the activities of the person or partnership any expression or combination of expressions mentioned in the first paragraph. The same applies to the English version of a name with respect to the expressions “credit union” and “savings union”. A legal person or partnership may, however, include the word “caisse” in its name.

Despite the first paragraph, the name under which a financial services cooperative may identify itself in a language other than French when using that name outside Québec or on its instruments, invoices or goods or services purchase orders or in its contracts to be used outside Québec may contain solely a distinctive name and an expression describing its activities. It may also contain any expression authorized under this Act.

2000, c. 29, s. 18; 2005, c. 35, s. 2; 2018, c. 23, s. 39.

19. The name of a credit union may not include a word or expression determined by regulation of the Government unless the federation referred to in the regulation that has undertaken to admit the credit union as a member has consented to the use of that name.

2000, c. 29, s. 19.

20. *(Repealed).*

2000, c. 29, s. 20; 2002, c. 45, s. 298; 2004, c. 37, s. 90; 2018, c. 23, s. 40.

21. Every credit union whose name contains one of the expressions mentioned in a regulation made under section 19 and which ceases to be a member of the federation that authorized it to use its name must, within 60 days from the date on which it ceases to be a member, submit articles of replacement or amendment to the Authority for the purpose of changing its name.

2000, c. 29, s. 21; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

22. The Authority may assign another name to a credit union which ceases to be a member of a federation that authorized it to use its name if, 60 days after the date on which it ceased to be a member of the federation, it has failed to submit articles of replacement or amendment for the purpose of changing its name.

2000, c. 29, s. 22; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

23. Any interested party may, on payment of the fee prescribed by regulation, apply to the Authority for the issue of an order directing a financial services cooperative to change its name if it is inconsistent with any provision of this Act.

2000, c. 29, s. 23; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

24. Before issuing an order under section 23, the Authority shall give all interested parties an opportunity to present observations.

2000, c. 29, s. 24; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

25. The decision of the Authority must be in writing, contain reasons and be signed. A copy of the decision is transmitted without delay to the enterprise registrar who shall deposit it in the enterprise register. The Authority shall also send a copy of the decision to each of the parties.

The decision is executory on the expiry of the time for appeal provided for in section 25.1.

2000, c. 29, s. 25; 2002, c. 45, s. 299; 2004, c. 37, s. 90; 2010, c. 40, s. 92.

25.1. Any person who believes he or she has been wronged by a decision of the Authority under section 22 or 23, may, within 30 days of being notified, contest the decision before the Administrative Tribunal of Québec.

2002, c. 45, s. 300; 2004, c. 37, s. 90; 2018, c. 23, s. 41.

25.2. Notwithstanding the second paragraph of section 15 of the Act respecting administrative justice (chapter J-3), the Tribunal may only confirm or quash the disputed decision contested.

2002, c. 45, s. 300.

25.3. Where the contested decision is a decision made under section 23, the Authority shall transmit a notice of the notification of the application to the enterprise registrar who shall deposit it in the enterprise register.

2002, c. 45, s. 300; 2004, c. 37, s. 90; 2010, c. 40, s. 92.

25.4. The decision of the Tribunal is transmitted to the enterprise registrar who shall, where applicable, make the necessary changes to the enterprise register, together with an entry to the effect that the decision was rendered by the Québec Administrative Tribunal in the case of a decision made by the Authority under section 23. A copy of the decision shall also be transmitted to the Authority.

2002, c. 45, s. 300; 2004, c. 37, s. 90; 2010, c. 40, s. 92.

26. The Authority may change the name of the financial services cooperative if the financial services cooperative fails to comply with the order, or on the grounds that the name of the financial services cooperative is inconsistent with any of subparagraphs 1 to 6 of the first paragraph and the second paragraph of section 17 or with section 18 or 19.

2000, c. 29, s. 26; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

27. When assigning a name to a financial services cooperative, the Authority shall issue, in duplicate, a certificate attesting the change of name. The Authority shall transmit one copy to the enterprise registrar who shall deposit it in the enterprise register, and transmit the other copy to the cooperative.

The Authority shall, in the case of a credit union, send a certified copy to the federation.

The change of name becomes effective on the date appearing on the certificate.

2000, c. 29, s. 27; 2002, c. 45, s. 301; 2004, c. 37, s. 90; 2010, c. 40, s. 92.

28. A financial services cooperative must identify itself under its own name.

The name of a financial services cooperative must be indicated legibly on all its instruments, contracts, invoices and goods or services purchase orders.

Subject to the second paragraph, a cooperative may identify itself under other names. However, a credit union that is a member of a federation must first obtain the authorization of the federation.

In addition to the expression “financial services cooperative”, the other names by which a financial services cooperative identifies itself may contain the term “cooperative”, “cooperation” or “co-op”, despite section 16 of the Cooperatives Act (chapter C-67.2).

2000, c. 29, s. 28; 2018, c. 23, s. 42.

29. No change of name shall affect the rights and obligations of a financial services cooperative, and proceedings pending by or against the financial services cooperative may be continued under its new name without continuance of suit.

2000, c. 29, s. 29.

30. *(Repealed).*

2000, c. 29, s. 30; 2018, c. 23, s. 43.

31. A financial services cooperative may change the location of its head office within the boundaries of the judicial district specified in its articles, by resolution of its board of directors.

The cooperative must give notice of the change, within 10 days of the passing of the resolution, by filing a declaration to that effect in accordance with the Act respecting the legal publicity of enterprises (chapter P-44.1).

The cooperative must give notice of the change to the Authority within the same time limit.

2000, c. 29, s. 31; 2002, c. 45, s. 302; 2004, c. 37, s. 90; 2010, c. 7, s. 282.

32. A financial services cooperative may transfer its head office to another judicial district provided its articles are amended accordingly.

A notice of the change of address of the head office of a financial services cooperative must accompany any amendment to the articles providing for the transfer.

2000, c. 29, s. 32.

DIVISION II

ORGANIZATION MEETING

33. The founders shall hold an organization meeting in the year following the date of constitution of the financial services cooperative.

2000, c. 29, s. 33.

34. The meeting shall be called by the provisional secretary. If the provisional secretary is unable or refuses to act, the meeting shall be called by two founders.

2000, c. 29, s. 34.

35. Every natural person who transmitted an application for membership to the provisional secretary before the notice calling the meeting was sent and who is accepted at the beginning of the meeting by the founders named in the articles is deemed to be a founder of the credit union for the purposes of the meeting.

2000, c. 29, s. 35.

36. At the meeting, the founders of a financial services cooperative must

- (1) adopt by-laws;
- (2) subscribe for the number of qualifying shares specified in those by-laws or, if such a number is not specified, one qualifying share;
- (3) elect the officers;
- (4) appoint an auditor, where this Act so requires;
- (5) in the case of a federation, adopt the standards required under the second paragraph of section 369.

The founders of a financial services cooperative may, in addition, take any other measure concerning its affairs.

The founders of a credit union must pass a resolution to ratify the membership of the credit union in the federation that has undertaken to admit it as a member.

2000, c. 29, s. 36; 2005, c. 35, s. 35, s. 36; 2018, c. 23, s. 44.

37. Within 30 days after the meeting, the financial services cooperative shall transmit to the Authority

- (1) a list containing the name and address of each officer;
- (2) a notice defining the fiscal year of the financial services cooperative;
- (3) a certified copy of the resolution of the meeting of the founders of the credit union ratifying the membership of the credit union in the federation that has undertaken to admit it as a member;
- (4) if applicable, a notice stating the name of the auditor appointed by the assembly.

The Authority shall transmit a copy of the list of the names and addresses of the members of the board of directors to the enterprise registrar who shall deposit it in the enterprise register.

2000, c. 29, s. 37; 2002, c. 45, s. 303; 2004, c. 37, s. 90; 2005, c. 35, s. 35, s. 36; 2010, c. 40, s. 92; 2018, c. 23, s. 45.

DIVISION III

REPLACEMENT AND AMENDMENT OF ARTICLES

38. Articles of replacement or amendment for a financial services cooperative cannot be authorized except by special resolution.

The resolution must designate the person authorized to sign the request. If the cooperative is a credit union that is a member of a federation, the resolution must be submitted for approval to the federation, unless the object of the resolution is the termination, by a credit union, of its membership in the federation.

2000, c. 29, s. 38; 2018, c. 23, s. 46.

39. The financial services cooperative shall transmit the articles of amendment or replacement to the Authority in duplicate.

The Authority shall transmit a copy of the articles of replacement or amendment of the financial services cooperative to the enterprise registrar who shall deposit it in the enterprise register.

2000, c. 29, s. 39; 2002, c. 45, s. 304; 2004, c. 37, s. 90; 2010, c. 40, s. 92.

40. The articles of amendment or replacement must be accompanied with

(1) an application for the amendment or replacement of the articles signed by the person authorized for that purpose;

(2) a certified copy of the special resolution authorizing the amendment to or replacement of the articles;

(3) where applicable, a certified copy of the resolution of the federation approving the resolution authorizing the amendment to or replacement of the articles of a credit union.

2000, c. 29, s. 40; 2018, c. 23, s. 47.

41. Where the object of the articles of amendment or replacement is to change the name of a credit union that includes one of the expressions mentioned in a regulation made under section 19, the articles must be accompanied with a certified copy of the resolution of the federation which states its consent to the use of the proposed name.

2000, c. 29, s. 41.

42. The Authority may require such additional document or information as the Authority indicates for the examination of the request.

2000, c. 29, s. 42; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

43. Upon receipt of the articles of amendment or replacement and the accompanying documents, the fees prescribed by regulation of the Government and any additional document or information required by the Authority, the Authority may amend or replace the articles if it considers it advisable.

For that purpose, the Authority, in addition to the procedure set out in subparagraphs 3 to 6 of the second paragraph of section 15, shall endorse the words “articles of amendment” on each copy of the articles of amendment or “articles of replacement” on each copy of the articles of replacement. The Authority shall prepare a certificate, in duplicate, attesting the amendment or replacement and stating its date of effect, which may be subsequent to the date on which the certificate is made.

The Authority shall send a copy of the certificate attesting the replacement or amendment to the enterprise registrar who shall deposit it in the enterprise register.

2000, c. 29, s. 43; 2002, c. 45, s. 305; 2004, c. 37, s. 90; 2010, c. 40, s. 92.

CHAPTER III

SHARE CAPITAL

DIVISION I

GENERAL PROVISIONS

44. The share capital of a financial services cooperative consists of qualifying shares. It may include capital shares and investment shares, if the by-laws of the cooperative so allow.

2000, c. 29, s. 44; 2018, c. 23, s. 48.

45. The shares shall be in registered form.

2000, c. 29, s. 45; 2018, c. 23, s. 49.

46. *(Repealed).*

2000, c. 29, s. 46; 2009, c. 27, s. 1; 2018, c. 23, s. 50.

47. Shares may be paid for in full or in instalments, in accordance with the terms and conditions and in the cases determined by a resolution of the board of directors of the financial services cooperative.

If the cooperative is a credit union that is a member of a federation, the resolution must be submitted for approval to the federation.

2000, c. 29, s. 47; 2018, c. 23, s. 51.

48. Shares must be paid for in cash, except shares issued

- (1) as a dividend;
- (2) on the redemption, exchange or conversion of other shares;
- (3) in accordance with the terms of an amalgamation agreement;
- (4) on the conversion of debt obligations.

2000, c. 29, s. 48; 2018, c. 23, s. 52.

49. The financial services cooperative shall attest the issue of shares by issuing a certificate or by merely registering them in the securities register under section 133.

The certificate or register shall indicate, where applicable, the par value of the shares, the rights, preferences and restrictions attached to them and any special condition applicable to the redemption, repurchase, conversion or transfer of the shares.

The registration of a share in a book based system constitutes proof of ownership of the share.

2000, c. 29, s. 49; 2018, c. 23, s. 53.

DIVISION II

QUALIFYING SHARES

50. The price of qualifying shares is determined by by-law of the financial services cooperative or, if the cooperative is a credit union that is a member of a federation, by by-law of the federation.

Such shares may be issued only to members.

2000, c. 29, s. 50; 2018, c. 23, s. 54.

51. No interest may be paid on qualifying shares.

2000, c. 29, s. 51.

52. No credit union may redeem the qualifying shares it has issued except in the event of the death, withdrawal or expulsion of a member or in the event of the winding-up, insolvency or dissolution of the credit union.

2000, c. 29, s. 52.

53. No federation may redeem the qualifying shares it has issued except where a member withdraws or is expelled from the federation, where members amalgamate or where the member or federation is wound up, becomes insolvent or is dissolved.

2000, c. 29, s. 53; 2018, c. 23, s. 55.

DIVISION III

CAPITAL SHARES AND INVESTMENT SHARES

54. In this Act, unless the context indicates otherwise,

“capital share” means a share on which interest and, if applicable, additional interest are payable at the discretion of a financial services cooperative or, in the case of shares issued by a credit union that is a member of a federation, at the discretion of the federation;

“investment share” means a share which, according to its terms, entails the obligation to pay such interest as is determined by the financial services cooperative.

For the purposes of the acquisition and holding by the Caisse de dépôt et placement du Québec of bonds or other debt obligations issued by the Fédération des caisses Desjardins du Québec, the capital shares of the federation and of its members, except auxiliary members, are deemed to be common shares for the purposes of the Act respecting the Caisse de dépôt et placement du Québec (chapter C-2).

The permanent shares issued by a credit union before 1 July 2001, converted into capital shares of a class carrying the same rights, privileges, conditions and restrictions as those attached to those permanent shares and deemed to be issued in accordance with this Act under section 66 of the Act respecting the Mouvement Desjardins (2000, chapter 77), as it read at the time of its repeal on 13 July 2018, may be designated by the name “permanent shares”.

2000, c. 29, s. 54; 2018, c. 23, s. 56.

55. The by-laws of a financial services cooperative that authorize it to issue capital shares and investment shares must set out the rights, privileges, conditions and restrictions attaching to each class of shares provided for in the by-laws.

Unless otherwise provided by this Act, a cooperative may not issue capital shares or investment shares to an acquirer other than

- (1) one of its members;
- (2) a fund established by the by-laws of the cooperative for the purpose of holding shares for the benefit of the members;
- (3) the security fund of a cooperative group;
- (4) an issuing corporation referred to in section 475;
- (5) a member of a credit union that is a member of the federation issuing the shares; or
- (6) a federation of which the credit union issuing the shares is a member.

When a federation apportions all or part of the proceeds of an issue referred to in subparagraph 5 of the second paragraph among member credit unions, section 481 applies, with the necessary modifications.

2000, c. 29, s. 55; 2018, c. 23, s. 56.

Not in force

55.1. *(Not in force).*

2009, c. 27, s. 2.

56. The board of directors of a financial services cooperative shall state, by resolution, for each series in a class of shares, the designation and number of capital shares or investment shares the cooperative is authorized to issue, the amount of the issue, the par value of each share, the rights, preferences and restrictions attached to each share and any special condition applicable to any purchase at the option of the cooperative and the holder, redemption, repurchase, conversion or transfer of the share.

The resolution may specify that a share may be purchased by agreement or redeemed, at the option of the cooperative or on the dates set out in the resolution, or that a share may be repurchased at the option of the holder or on the dates set out in the resolution.

A resolution adopted under the first paragraph by a credit union must be approved by the federation.

2000, c. 29, s. 56.

57. The rights, preferences, conditions and restrictions attached to a series of shares may not, as regards repurchase, result in preferential treatment with respect to any previously issued series of capital shares and investment shares.

2000, c. 29, s. 57.

58. *(Repealed).*

2000, c. 29, s. 58; 2018, c. 23, s. 57.

59. The capital shares and investment shares of a financial services cooperative may be transferred between members. In the case of a credit union, the shares may also be transferred between the members of the credit union and the federation.

The capital or investment shares may also be transferred to third persons if they have been given as security by a member.

Shares transferred to the federation or to third persons may be re-transferred only to the members of the financial services cooperative. In addition, the shares transferred to the federation may be re-transferred to the fund referred to in subparagraph 2 of the second paragraph of section 55.

2000, c. 29, s. 59; 2018, c. 23, s. 58.

60. No share shall entitle its holder, in the event of the winding-up, insolvency or dissolution of the financial services cooperative, to be reimbursed before the deposits and the other debts of the cooperative have been repaid.

In the event of the winding-up, insolvency or dissolution of a financial services cooperative, the shares it has issued rank among themselves as follows:

(1) in the case of a credit union that is not a member of a federation, investment shares and capital shares rank equally among themselves and have priority over qualifying shares; and

(2) in the case of other financial services cooperatives,

(a) investment shares have priority over capital shares and qualifying shares, and

(b) capital shares and qualifying shares rank equally among themselves.

2000, c. 29, s. 60; 2011, c. 18, s. 78; 2018, c. 23, s. 59.

61. The purchase at the option of the credit union and the holder, repurchase or redemption of the shares issued by a credit union must be consistent with the standards of the federation, or be authorized by the Authority where the credit union concerned is not a member of a federation.

The repurchase or redemption of the shares issued by a federation, other than those held by a member credit union of the federation, must be authorized by the Authority.

2000, c. 29, s. 61; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 60.

61.1. A financial services cooperative that belongs to a network may not purchase, repurchase or redeem the shares it has issued if there are reasonable grounds to believe that the network is, or would after the payment be, unable to maintain, in accordance with the first paragraph of section 440.1, adequate capital to ensure its sustainability, or

(1) if the cooperative is a credit union, it is, or would after the payment be, unable to maintain, in accordance with section 461, adequate assets to meet its liabilities, as and when they become due; or

(2) if the cooperative is a federation, it is, or would after the payment be, unable to maintain,

(a) in accordance with the second paragraph of section 440.1, adequate capital to ensure its sustainability; or

(b) in accordance with section 466, such liquid assets as are adequate to meet its requirements and obligations.

2018, c. 23, s. 61.

61.2. A financial services cooperative that does not belong to a network may not purchase, repurchase or redeem the shares it has issued if there are reasonable grounds to believe that it is, or would after the payment be, unable to maintain adequate capital to ensure its sustainability in accordance with section 451 or unable to maintain adequate assets to meet its liabilities, as and when they become due, in accordance with section 464.

2018, c. 23, s. 61.

61.3. The Authority may not authorize the redemption or repurchase of shares under section 61 if such a redemption or repurchase is prohibited under section 61.1 or 61.2.

2018, c. 23, s. 61.

62. The interest that may be paid on capital shares is determined by the board of directors of the cooperative that issued the shares unless the cooperative is a member of a federation; in that case, it is determined by the board of directors of the federation.

The additional interest that may be paid on capital shares issued by a credit union that is not a member of a federation is determined by the credit union's general meeting, at its annual meeting.

2000, c. 29, s. 62; 2018, c. 23, s. 62.

62.1. The interest paid on capital shares issued by a federation or a member credit union of the federation may be taken out of surplus earnings, the stabilization reserve and, if those are insufficient, the general reserve.

In the case of a credit union that is not a member of a federation, the interest is taken out of the stabilization reserve, as is the additional interest, which may also be taken out of surplus earnings.

2018, c. 23, s. 62.

63. The federation may pay interest on the shares issued by its member credit unions.

2000, c. 29, s. 63; 2010, c. 40, s. 2; 2018, c. 23, s. 63.

63.1. Interest may not be determined or paid on capital shares issued by a financial services cooperative that belongs to a network if there are reasonable grounds to believe that the network is, or would after the payment be, unable to maintain, in accordance with the first paragraph of section 440.1, adequate capital to ensure its sustainability, or

(1) if the interest is payable by a credit union on shares it has issued, the credit union is, or would after the payment be, unable to maintain, in accordance with section 461, adequate assets to meet its liabilities, as and when they become due; or

(2) if the interest is payable by a federation on shares it has issued or, under section 63, by a member credit union of the federation, the federation is, or would after the payment be, unable to maintain,

(a) in accordance with the second paragraph of section 440.1, adequate capital to ensure its sustainability; or

(b) in accordance with section 466, such liquid assets as are adequate to meet its requirements and obligations.

2018, c. 23, s. 63.

63.2. A cooperative that is not a member of a network may not determine or pay interest on capital shares it has issued if there are reasonable grounds to believe that it is, or would after the payment be, unable to maintain adequate capital to ensure its sustainability in accordance with section 451, or unable to maintain adequate assets to meet its liabilities, as and when they become due, in accordance with section 464.

2018, c. 23, s. 63.

CHAPTER IV

ACTIVITIES AND POWERS

DIVISION I

GENERAL PROVISIONS

64. *(Repealed).*

2000, c. 29, s. 64; 2018, c. 23, s. 64.

65. A financial services cooperative is empowered to pursue its activities outside Québec.

2000, c. 29, s. 65.

66. A financial services cooperative must apply sound and prudent management practices ensuring, in particular, good governance and compliance with the laws governing its activities. In addition, a credit union must comply with the standards adopted by the federation.

2000, c. 29, s. 66; 2018, c. 23, s. 65.

66.1. A financial services cooperative must adhere to sound commercial practices.

Such practices include providing fair treatment to its clientele, in particular by

- (1) providing appropriate information;
- (2) adopting a policy for processing complaints filed by members of that clientele and resolving disputes with them; and
- (3) keeping a complaints register.

2008, c. 7, s. 55; 2018, c. 23, s. 66.

66.2. A financial services cooperative must be able to show to the Authority, and if applicable to the federation of which it is a member, that it adheres to sound and prudent management practices and sound commercial practices.

2018, c. 23, s. 66.

67. *(Repealed).*

2000, c. 29, s. 67; 2018, c. 23, s. 67.

68. *(Repealed).*

2000, c. 29, s. 68; 2002, c. 70, s. 169; 2018, c. 23, s. 67.

69. A financial services cooperative may, to obtain payment of any specific, liquid and exigible claim it has against a member or depositor, withhold any sum of money it owes to the member or depositor and use it to compensate its claim, except in the case of the redemption of qualifying shares issued by it.

2000, c. 29, s. 69.

70. Persons doing business with a financial services cooperative are not presumed to have knowledge of the contents of a document concerning that cooperative by reason only that the document has been registered or is available for examination according to law.

2000, c. 29, s. 70; 2002, c. 45, s. 306.

71. Persons doing business with a financial services cooperative may presume that

(1) the cooperative is pursuing its mission and exercising its powers in accordance with its articles and by-laws;

(2) the documents transmitted to the Minister or the Authority and registered under this Act contain true information;

(3) the officers and managers of the cooperative are validly holding office and lawfully exercising the powers arising therefrom;

(4) the documents of the cooperative issued by one of its officers or managers or other mandataries are valid.

2000, c. 29, s. 71; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 68.

72. Sections 70 and 71 do not apply to persons in bad faith or to persons who ought to have had knowledge of the situation by virtue of their position within or their dealings with the financial services cooperative.

2000, c. 29, s. 72.

73. For the purposes of the communication among themselves and the use of information concerning a partnership or a legal person that pertains to the supply of goods or services, except personal information, the credit unions and the federation forming a network are not considered to be third persons in relation to each other.

For the purposes of the mutual communication and use of information concerning a partnership or a legal person, except personal information, that pertains to the management of financial risk, credit unions, the federation of which they are members and the other groups within the financial group to which they belong are not considered to be third persons in relation to each other.

2000, c. 29, s. 73; 2018, c. 23, s. 69.

DIVISION II

DEPOSITS, CREDIT AND SECURITY

74. *(Repealed).*

2000, c. 29, s. 74; 2018, c. 23, s. 70.

75. *(Repealed).*

2000, c. 29, s. 75; 2018, c. 23, s. 70.

76. A financial services cooperative is not bound to take account of the fact that a deposit is subject to a trust.

2000, c. 29, s. 76.

77. In this Act, credit includes all forms of financing or suretyship.

2000, c. 29, s. 77.

78. *(Repealed).*

2000, c. 29, s. 78; 2018, c. 23, s. 70.

79. No credit union may extend credit to another credit union belonging to its network without the authorization of the federation.

2000, c. 29, s. 79.

80. No financial services cooperative may extend credit on the security of the shares issued by it or by another financial services cooperative belonging to its network.

2000, c. 29, s. 80.

81. No federation may, without the Authority's permission, grant a hypothec or other security on its movable property, except

(1) to secure a loan contracted to meet short term requirements for liquid funds or any loan contracted with the Bank of Canada;

(2) *(subparagraph repealed);*

(3) to obtain an advance of money under section 40.5 of the Deposit Institutions and Deposit Protection Act (chapter I-13.2.2) or, if it receives deposits from outside Québec, to obtain an advance from a federal or provincial body that guarantees or insures deposits;

(4) *(subparagraph repealed);*

(5) to become a member of a securities clearing-house or of any association the object of which is to organize a clearing and settlement system for instruments of payment or securities transactions, and to provide the necessary guarantees;

(6) to act on behalf of its members or users for the clearing and settlement of instruments of payment or securities transactions;

(7) *(subparagraph repealed);*

(8) *(subparagraph repealed).*

The Authority may, in granting its permission, require any undertaking it considers necessary to ensure compliance with this Act.

2000, c. 29, s. 81; 2002, c. 45, s. 307; 2004, c. 37, s. 90; 2018, c. 23, s. 71.

81.1. At the request of the Authority, the Minister may authorize a federation to determine by resolution the terms and conditions of a loan, a suretyship, or a hypothec on all of the member credit unions' property, to be negotiated with the Bank of Canada in accordance with paragraph *h* of section 18 of the Bank of Canada Act (R.S.C. 1985, c. B-2), the Government of Canada or any corporation of the Government of Canada. Borrowings, suretyships, hypothecs and other acts performed by the federation in the name of credit unions under that resolution are deemed to be borrowings, suretyships, hypothecs or acts of those credit unions.

Any authorization given under the first paragraph may include conditions and restrictions and may apply to a category or group of financial services cooperatives.

2009, c. 27, s. 3; 2018, c. 23, s. 72.

82. Before hypothecating or giving property as security, a credit union must obtain the authorization of the federation. A credit union that is not a member of a federation must obtain the authorization of the Authority.

2000, c. 29, s. 82; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2009, c. 27, s. 4; 2018, c. 23, s. 73.

83. Notwithstanding sections 81 and 82, a federation may hypothecate or otherwise give property as security to guarantee the obligations of a credit union.

2000, c. 29, s. 83.

DIVISION III

SURPLUS EARNINGS

84. The annual surplus earnings of a financial services cooperative shall be allocated to the following purposes:

- (1) establishing and maintaining the reserve established under section 87;
- (2) establishing and maintaining the general reserve;
- (3) in the case of a federation or a member credit union of the federation, paying interest on capital shares;
 - (3.1) in the case of a credit union that is not a member of a federation, paying additional interest on capital shares;
- (4) establishing and maintaining a stabilization reserve;
 - (4.1) establishing and maintaining a reserve for future dividends;
- (5) allotting dividends to persons and partnerships that were members of the cooperative, including auxiliary members, during the fiscal year;
- (6) where the cooperative is a credit union, establishing and maintaining a community development fund in accordance with the terms and conditions, if any, established by the credit union.

Surplus earnings shall be allocated by the general meeting, at the annual meeting, after the members have considered the recommendations of the board of directors and taking into account the operating results for the preceding fiscal year.

However, in the case of a federation or a member credit union of the federation, the allocation of surplus earnings to the payment of interest on capital shares is a matter under the jurisdiction of the federation's board of directors. In addition, the allocation of the surplus earnings of a credit union must also be consistent with the standards adopted by the federation.

A cooperative may call its surplus earnings "surpluses".

2000, c. 29, s. 84; 2003, c. 20, s. 2; 2007, c. 18, s. 1; 2018, c. 23, s. 74.

85. In no case may the general reserve of a financial services cooperative be drawn upon for the payment of dividends, or be shared between the members.

In the circumstances referred to in the first paragraph of section 62.1, the general reserve of a federation or a member credit union of the federation may be drawn upon to pay interest on the capital shares it has issued.

2000, c. 29, s. 85; 2018, c. 23, s. 75.

86. The by-laws of the financial services cooperative and the standards of the federation may provide for the allocation of an amount from the surplus earnings to the general reserve, and determine the manner of computing the amount.

2000, c. 29, s. 86.

87. The portion of the surplus earning representing the increase in value of the shares in relation to an investment fund that are held by a credit union, or of any security determined by the by-laws of the federation, shall be allocated to a reserve established for that purpose in accordance with the standards of the federation.

The following may also be allocated to the reserve, as determined by the by-laws of the federation:

(1) any asset or liability that is unrealized, is subject to market fluctuations and, according to the applicable accounting principles and standards, would otherwise be added to the surplus earnings to be allocated;

(2) the variation in the value of the assets and liabilities described in subparagraph 1, determined according to the applicable accounting principles;

(3) any other element, with the authorization of the Authority.

The reserve may, in accordance with the standards of the federation, be drawn upon to increase the surplus earnings that the credit union may allocate following

(1) the cashing of some or all of the investment deposits or capital shares in relation to an investment fund;

(2) the realization of any investment;

(3) the realization of any element allocated to the reserve.

2000, c. 29, s. 87; 2010, c. 40, s. 3; 2018, c. 23, s. 77.

87.1. A federation may, by by-law, establish a reserve to which the elements referred to in the second paragraph of section 87 are to be allocated.

The federation may draw upon the reserve to increase the surplus earnings it may apportion after realizing an element allocated to the reserve.

2010, c. 40, s. 4.

88. The board of directors of a credit union must pay into the general reserve, out of the reserve for future dividends or, if that reserve has insufficient funds, out of the stabilization reserve, such sums as are necessary to ensure that the capital of the credit union meets the standards of the federation or that the capital of the credit union, if it is not a member of a federation, is adequate to ensure its sustainability. A credit union that is not a member of a federation is required to comply with the relevant government regulations.

2000, c. 29, s. 88; 2003, c. 20, s. 3; 2018, c. 23, s. 79.

89. The board of directors of a credit union must pay out of the community development fund any sum that must be paid into the general reserve to ensure that its capital is in conformity with the provisions of this Act,

where the sums allocated to the reserve for future dividends and the stabilization reserve are not sufficient to meet the obligations prescribed by section 88.

2000, c. 29, s. 89; 2003, c. 20, s. 4; 2018, c. 23, s. 80.

90. The amounts allocated to the stabilization reserve may, in accordance with the second paragraph of section 62, serve for the payment of interest on capital shares where the amounts are not paid into the general reserve.

2000, c. 29, s. 90.

90.1. The allocation of dividends from the reserve for future dividends must be consistent with the standards of the federation.

The same is true for a transfer of sums from that reserve to the community development fund.

2003, c. 20, s. 5; 2018, c. 23, s. 81.

91. Dividends may be paid in any form provided for in the by-laws of the financial services cooperative. They may vary, in particular, according to the nature of the transactions made with the cooperative, the nature of the products or services provided to the members, or the amount of the fees paid by the members.

The by-laws may also determine the products and services giving entitlement to dividends and those that give no entitlement thereto.

The allocation and type of dividends paid by a credit union must be in compliance with the standards adopted by the federation.

2000, c. 29, s. 91.

CHAPTER V

OFFICERS, MANAGERS AND ETHICS

2000, c. 29, c. V; 2018, c. 23, s. 83.

DIVISION I

OFFICERS AND MANAGERS

2000, c. 29, Div. I; 2018, c. 23, s. 84.

92. The officers of a financial services cooperative are the members of its board of directors together with, in the case of a credit union, the members of the credit union's board of supervision or, in the case of a federation, the members of the federation's board of ethics and professional conduct.

In this Act, "officer", when used with an expression referring to a legal person or to another group that is not a financial services cooperative, does not refer to a member of a board of directors.

2000, c. 29, s. 92; 2005, c. 35, s. 35, s. 36; 2018, c. 23, s. 85.

93. For the purposes of this Act, the managers of a financial services cooperative are

- (1) the person chiefly responsible for the management of the cooperative (chief manager);
- (2) any person appointed to a managerial position; and

(3) any person who, without being appointed to such a position, is designated as such by the cooperative's board of directors.

2000, c. 29, s. 93; 2018, c. 23, s. 85.

94. A financial services cooperative's managerial positions are created by the cooperative's board of directors; except as otherwise provided by this Act, the board may appoint any person to such a position and specify his or her functions.

2000, c. 29, s. 94; 2018, c. 23, s. 85.

95. Despite section 94, the board of directors of a credit union that is a member of a federation may create managerial positions only to the extent provided for in the by-laws of the federation.

2000, c. 29, s. 95; 2018, c. 23, s. 85.

96. The chief manager of a credit union may not be president or vice-president of the credit union's board of directors.

2000, c. 29, s. 96; 2018, c. 23, s. 85.

97. The functions of the chief manager shall be exercised under the direction of the board of directors.

The board of directors shall determine the remuneration of the chief manager.

2000, c. 29, s. 97; 2018, c. 23, s. 86.

98. The chief manager of a cooperative who is not a member of the board of directors is entitled to be convened to, attend and address the meetings of the board; the chief manager must, however, withdraw from a meeting when the opportuneness of the chief manager's presence to debate a given matter is being discussed.

The chief manager of a cooperative, whether or not a member of the board of directors, must withdraw from a meeting at the request of the board.

2000, c. 29, s. 98; 2018, c. 23, s. 87.

99. The members of the board of directors of a financial services cooperative are presumed to be the mandataries of the cooperative.

2000, c. 29, s. 99.

100. The board of directors shall furnish to the Authority the name and address of each of the officers and managers of the financial services cooperative within 30 days following their election or appointment.

The Authority shall transmit a list of the names and addresses of such officers and managers to the enterprise registrar who shall deposit it in the enterprise register.

2000, c. 29, s. 100; 2002, c. 45, s. 308; 2004, c. 37, s. 90; 2010, c. 40, s. 92; 2018, c. 23, s. 88.

101. *(Repealed).*

2000, c. 29, s. 101; 2005, c. 35, s. 3; 2018, c. 23, s. 89.

102. Subject to this division, the officers of a financial services cooperative are bound by the same obligations as are imposed by the Civil Code on any director of a legal person.

Consequently, in the exercise of their functions, the officers are duty-bound toward the financial services cooperative to act with prudence and diligence, honesty and loyalty and in the interest of the cooperative.

In their capacity as mandataries of the financial services cooperative, the managers are bound, among other things, by the same obligations as are imposed on the directors under the first paragraph.

2000, c. 29, s. 102; 2018, c. 23, s. 90.

103. An officer of a financial services cooperative is presumed to have fulfilled the obligation to act with prudence and diligence if the officer relied, in good faith and on reasonable grounds, on a report, information or an opinion provided by

(1) a manager of the financial services cooperative or, if applicable, of another cooperative that is a member of the same network as that cooperative, who the officer believes to be reliable and competent in the functions performed;

(2) legal counsel, professional accountants or other persons retained by the cooperative or a member of the network to which it belongs as to matters involving skills or expertise the officer believes are matters within the particular person's professional or expert competence and as to which the particular person merits confidence;

(3) a committee of the board of directors of which the officer is not a member if the officer believes the committee merits confidence; or

(4) in the case of an officer of a credit union that is a member of a federation, the federation or a person it retains.

2000, c. 29, s. 103; 2018, c. 23, s. 90.

104. The mere fact that an investment or credit has been made or extended in compliance with this Act does not release any officer or manager of the financial services cooperative from the obligation to act in accordance with section 102.

2000, c. 29, s. 104; 2018, c. 23, s. 91.

105. A financial services cooperative must purchase, according to market conditions, liability insurance for the benefit of each of its officers and managers and any person acting at its request as a director or officer of a legal person of which the cooperative is a shareholder or creditor, to cover any liability that may be incurred by such persons when acting as such, except liability resulting from a failure to act with honesty and fairness.

2000, c. 29, s. 105; 2018, c. 23, s. 92.

106. No officer or manager may communicate information concerning the financial services cooperative or one of its members except to the extent determined by the rules adopted by the board of ethics and professional conduct of the federation or by the board of supervision of the credit union, if it is not a member of a federation.

2000, c. 29, s. 106; 2005, c. 35, s. 35, s. 36; 2018, c. 23, s. 93.

107. A financial services cooperative shall assume the defence of its officers and managers, and of persons who have acted in that capacity for the cooperative, who are prosecuted by a third person for an act done in the performance of their duties and shall pay any injury resulting from that act, unless they have committed a gross negligence or a personal fault separable from the performance of their duties.

In penal or criminal proceedings, however, the cooperative shall assume payment of the expenses of its officers and managers, and of persons who have acted in that capacity for the cooperative, only where they

had reasonable grounds to believe that their conduct was in conformity with the law or where they have been discharged or acquitted, or where the proceedings have been withdrawn or dismissed.

2000, c. 29, s. 107; 2018, c. 23, s. 94.

108. A financial services cooperative shall assume the expenses of its officers or managers, or of persons who have acted for it in that capacity, whom it prosecutes for an act done in the performance of their duties if it loses its case and the court so decides.

If the cooperative wins its case only in part, the court may determine the amount of the expenses it shall assume.

2000, c. 29, s. 108; 2018, c. 23, s. 95.

109. Every financial services cooperative shall assume its obligations under sections 107 and 108 in respect of any person who has acted at its request as a director or officer of a legal person of which it is a shareholder or creditor.

2000, c. 29, s. 109.

110. The officers of a financial services cooperative who authorize the repurchase or redemption of shares in contravention of this Act are solidarily liable for the payment to the cooperative of any sum disbursed by it for the repurchase or redemption.

2000, c. 29, s. 110.

111. Officers of a financial services cooperative who authorize an investment or an extension of credit in contravention of this Act, of the regulations or by-laws or of the standards applicable under this Act are solidarily liable for any resulting losses to the cooperative.

2000, c. 29, s. 111.

112. Any right of action arising from section 110 or 111 is prescribed three years after the date on which the board of supervision, in the case of a credit union, or the board of ethics and professional conduct, in the case of a federation, becomes aware of the alleged act.

2000, c. 29, s. 112; 2005, c. 35, s. 35, s. 36.

113. Any right of action arising from section 110 or 111 may be exercised by

- (1) the financial services cooperative;
- (2) the federation, if a credit union has neglected to exercise such right of action after having been formally notified to do so by the federation;
- (3) the Authority, if the federation has neglected to exercise such right after having been formally notified to do so pursuant to subparagraph 2;
- (4) the Authority, if the credit union is not a member of a federation and has neglected to exercise such right of action after having been formally notified to do so by the Authority.

Where a federation serves a formal notice in accordance with subparagraph 2, it must, at the same time, transmit a copy to the Authority.

Before exercising a right of action under this section, a federation or the Authority must give the cooperative an opportunity to present observations.

2000, c. 29, s. 113; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

113.1. An officer cannot be held liable under section 110, 111 or 479.2 if the officer acted with a reasonable degree of prudence and diligence in the circumstances.

Furthermore, for the purposes of sections 110, 111 and 479.2, the court may, after considering all the circumstances and on the terms the court considers appropriate, relieve an officer, either wholly or partly, from the liability the officer would otherwise incur if it appears to the court that the officer has acted reasonably, honestly and loyally, and ought fairly to be excused.

2018, c. 23, s. 96.

114. An officer who is suspended loses the right to be convened to, attend and vote at meetings of the board of which the officer is a member.

An officer or manager who is suspended also loses, for as long as the suspension is in effect, the right to act in the capacity of officer or manager of the financial services cooperative or of any legal person belonging to the same financial group.

The suspension of an officer or manager does not affect the date of termination of the officer's or manager's term of office.

2000, c. 29, s. 114; 2018, c. 23, s. 97.

DIVISION II

ETHICS

115. *(Repealed).*

2000, c. 29, s. 115; 2003, c. 20, s. 6; 2018, c. 23, s. 98.

116. *(Repealed).*

2000, c. 29, s. 116; 2002, c. 6, s. 132; 2018, c. 23, s. 98.

117. *(Repealed).*

2000, c. 29, s. 117; 2018, c. 23, s. 98.

118. An officer or manager who is in a conflict of interest situation must, on pain of dismissal, disclose the situation.

The chief manager participating in deliberations and decisions relating to his or her conditions of employment is, in particular, a conflict of interest situation.

2000, c. 29, s. 118; 2018, c. 23, s. 99.

118.1. Except in the case of a conflict of interest situation involving an officer who discloses the situation at a meeting of the board of directors of which he or she is a member, every conflict of interest situation involving an officer or manager must be disclosed by the officer or manager to the board of directors, in writing, as soon as he or she becomes aware of it.

A disclosure made during a board meeting must be entered in the minutes of the meeting.

2018, c. 23, s. 99.

118.2. In addition to disclosing any conflict of interest situation involving him or her, an officer must, on pain of dismissal, abstain from voting on matters concerning the situation and avoid influencing the decision

relating to it. The officer must also withdraw from any meeting while the situation is being discussed or voted on.

2018, c. 23, s. 99.

119. An officer or manager who is dismissed for having contravened section 118 or 118.2 also ceases to be qualified to sit as a member of a board of directors, a board of supervision of a credit union, or a board of ethics and professional conduct of a federation, for a period of five years from the dismissal.

2000, c. 29, s. 119; 2005, c. 35, s. 35, s. 36; 2018, c. 23, s. 100.

120. A financial services cooperative must give written instructions to the groups of which it is the holder of control to ensure that situations of conflict of interest are brought to an end.

For the purposes of the first paragraph, a cooperative may require any relevant information.

The instructions of a cooperative are binding on the persons to whom they are addressed. The cooperative shall send a copy of the instructions to the Authority within 10 days of their adoption.

2000, c. 29, s. 120; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 101.

121. A financial services cooperative must, when doing business with natural persons or groups that are restricted parties with respect to it, act in the same manner as it would when dealing at arm's length.

Consequently, a contract entered into between the cooperative and a natural person or group that is a restricted party with respect to it may not be less advantageous for the cooperative than if it had been entered into at arm's length.

2000, c. 29, s. 121; 2018, c. 23, s. 102.

122. Section 121 does not apply to the remuneration of officers or any other matter connected with a contract of employment.

2000, c. 29, s. 122; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 102.

123. The following natural persons and groups are restricted parties with respect to a financial services cooperative:

- (1) the cooperative's officers and managers;
- (2) if the cooperative is a credit union that is a member of a federation, the federation's officers and managers;
- (3) a group whose board of directors is composed, in the majority, of officers of the cooperative;
- (4) natural persons and groups having economic ties with the officers or managers referred to in subparagraphs 1 to 3; and
- (5) any other person or group designated under section 124.

A group that belongs to the same financial group as a financial services cooperative is not a restricted party with respect to the cooperative.

2000, c. 29, s. 123; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 102.

124. The Authority may designate a natural person or group as a restricted party if, in its opinion, that person or group is likely to receive preferential treatment to the detriment of the financial services cooperative.

The Authority may review a designation at the request of the person or group designated or the cooperative concerned.

Before making or refusing to review a designation, the Authority must give the natural person or group and the cooperative concerned an opportunity to present observations.

The Authority shall notify the person or group designated and the cooperative concerned of its decision on the designation or the review request, as applicable.

2000, c. 29, s. 124; 2005, c. 35, s. 4; 2018, c. 23, s. 102.

125. Unless the obligations of a financial services cooperative under the following contracts are minimal, such contracts must be submitted to its board of directors for approval:

(1) a contract for the acquisition, by the cooperative, of securities issued by a natural person or group that is a restricted party with respect to the cooperative or for the transfer of assets between them; and

(2) a service contract between the cooperative and a natural person or group that is a restricted party with respect to it.

Before approving such contracts, the board of directors must obtain the opinion of the board of supervision or the board of ethics and professional conduct, as the case may be.

2000, c. 29, s. 125; 2005, c. 35, s. 35, s. 36; 2018, c. 23, s. 102.

126. *(Repealed).*

2000, c. 29, s. 126; 2005, c. 35, s. 35, s. 36; 2018, c. 23, s. 103.

127. *(Repealed).*

2000, c. 29, s. 127; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 103.

128. *(Repealed).*

2000, c. 29, s. 128; 2018, c. 23, s. 103.

129. *(Repealed).*

2000, c. 29, s. 129; 2018, c. 23, s. 103.

130. No financial services cooperative may extend credit to its officers or managers or to natural persons or groups having economic ties with them except to the extent determined by the rules of ethics and professional conduct and in accordance with the credit standards applicable to the cooperative.

No financial services cooperative may extend credit to any of the officers of a legal person belonging to the financial group to which the cooperative belongs except to the extent determined by the rules of ethics and professional conduct and in accordance with the credit standards applicable to the cooperative.

2000, c. 29, s. 130; 2005, c. 35, s. 5; 2018, c. 23, s. 104.

131. The provisions of section 130 do not apply

(1) to credit extended by way of a credit card or involving amounts within the limits usually granted to credit card holders;

(2) to credit extended to an officer or manager or to a natural person or group having economic ties with the officer or manager, where he or she has no authority over the person extending credit on behalf of the financial services cooperative.

2000, c. 29, s. 131; 2018, c. 23, s. 105.

CHAPTER V.1

EXAMINATION OF COMPLAINTS AND DISPUTE RESOLUTION

2002, c. 45, s. 309.

131.1. The complaint processing and dispute resolution policy adopted under subparagraph 2 of the second paragraph of section 66.1 must, in particular,

(1) set out the characteristics that make a communication to the financial services cooperative a complaint that must be registered in the complaints register kept under subparagraph 3 of the second paragraph of section 66.1; and

(2) provide for a complaint record to be opened for each complaint and prescribe rules for keeping such records.

The financial services cooperative must make a summary of the policy, including the elements specified in subparagraphs 1 and 2 of the first paragraph, publicly available on its website and disseminate it by any appropriate means to reach the clientele concerned.

2002, c. 45, s. 309; 2018, c. 23, s. 106.

131.2. Within 10 days after a complaint is registered in the complaints register, the financial services cooperative must send the complainant a notice stating the complaint registration date and the complainant's right to have the complaint record examined under section 131.3.

2002, c. 45, s. 309; 2004, c. 37, s. 90; 2008, c. 7, s. 56; 2018, c. 23, s. 106.

131.3. A person whose complaint has been registered in the complaints register may, if dissatisfied with the cooperative's processing of the complaint or the outcome, request the cooperative to have the complaint record examined by the Authority.

If the cooperative is a credit union that is a member of a federation, the complaint record is examined by the federation rather than the Authority.

The cooperative is required to comply with the complainant's request and send the record to the Authority or, in the case of a credit union that is a member of a federation, to the federation.

2002, c. 45, s. 309; 2004, c. 37, s. 90; 2018, c. 23, s. 106.

131.4. The Authority shall examine the complaint records that are sent to it.

It may, with the parties' consent, act as conciliator or mediator or designate a person to act as such.

Conciliation or mediation may not, alone or in combination, continue for more than 60 days after the date of the first conciliation or mediation session, as the case may be, unless the parties consent to it.

Conciliation and mediation are free of charge.

2002, c. 45, s. 309; 2004, c. 37, s. 50; 2005, c. 35, s. 6; 2008, c. 7, s. 57; 2018, c. 23, s. 106.

131.5. Unless the parties agree otherwise, nothing that is said or written in the course of a conciliation or mediation session may be admitted into evidence before a court of justice or before a person or body of the administrative branch exercising adjudicative functions.

A conciliator or mediator may not be compelled to disclose anything revealed or learned in the exercise of conciliation or mediation functions or to produce a document prepared or obtained in the course of such functions before a court of justice or before a person or body of the administrative branch exercising adjudicative functions.

Despite section 9 of the Act respecting Access to documents held by public bodies and the Protection of personal information (chapter A-2.1), no person has a right of access to a document contained in the conciliation or mediation record.

2002, c. 45, s. 309; 2004, c. 37, s. 90; 2018, c. 23, s. 106.

131.6. Despite sections 9 and 83 of the Act respecting Access to documents held by public bodies and the Protection of personal information (chapter A-2.1), the Authority may not communicate a complaint record without the authorization of the financial services cooperative that has sent it.

2002, c. 45, s. 309; 2004, c. 37, s. 90; 2008, c. 7, s. 58; 2018, c. 23, s. 106.

131.7. On the date set by the Authority, a financial services cooperative shall send it a report on the complaint processing and dispute resolution policy adopted under subparagraph 2 of the second paragraph of section 66.1 stating the number of complaints that the cooperative has registered in the complaints register and their nature.

The report must cover the period determined by the Authority.

On sending the report to the Authority, a credit union that is a member of a federation shall send a copy of it to the federation.

2002, c. 45, s. 309; 2018, c. 23, s. 106.

CHAPTER VI

BOOKS, REGISTERS AND AUDITS

132. A financial services cooperative shall prepare and maintain, at its head office, books containing

(1) its articles and the Authority's certificates relating to them, its by-laws, and any notice concerning the address of its head office;

(2) the minutes and resolutions of its meetings;

(3) the names and domiciles of the members of its board of directors, and the dates of the beginning and end of their terms of office;

(4) a securities register; and

(5) a list of the fees required by the cooperative for the services it provides.

The members may examine the cooperative's books mentioned in the first paragraph, except the securities register, during its regular office hours and obtain extracts from them without charge. They are also entitled, on request and without charge, to one copy of the articles and by-laws.

2000, c. 29, s. 132; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 35, s. 36; 2018, c. 23, s. 107.

133. In addition to the information referred to in the second paragraph of section 49, the securities register of a financial services cooperative must contain the following information with regard to the issued shares of its share capital:

- (1) the names, in alphabetical order, and the addresses of the shareholders;
- (2) the number of shares held by each such shareholder;
- (3) the date and details of the issue and, if applicable, transfer of each share; and
- (4) any amount due on any share.

The register must contain, if applicable, the same information with respect to the cooperative's debentures, bonds and notes, with the necessary modifications.

2000, c. 29, s. 133; 2016, c. 7, s. 189; 2018, c. 23, s. 107.

134. A financial services cooperative must prepare and maintain, at its head office, accounting records and books containing

- (1) the minutes of meetings and resolutions of the board of directors and its committees and of the board of supervision or the board of ethics and professional conduct;
- (2) the compliance programs of the cooperative;
- (3) the orders of the Authority and of the Minister;
- (4) the written instructions issued under this Act; and
- (5) if the cooperative is a credit union that is a member of a federation, the management agreements it has entered into with the federation or with the security fund established by the federation.

Unless otherwise provided by law, only the officers and the auditor may have access to the records and books referred to in the first paragraph.

2000, c. 29, s. 134; 2018, c. 23, s. 107.

135. The accounting records that must be maintained by a financial services cooperative include

- (1) the registers and accounting records required for preparing financial statements; and
- (2) statements of account indicating, on a daily basis and for each depositor, the transactions between the cooperative and that depositor as well as the depositor's credit balance or debit balance.

However, if the cooperative is a credit union that is a member of a federation, it is required to maintain only those accounting records that are necessary for preparing its financial report.

The content of a credit union's financial report is prescribed by a standard of the federation.

2000, c. 29, s. 135; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 107; 2021, c. 34, s. 29.

136. A financial services cooperative must keep every cheque accepted or paid within less than five years and the books, registers and other accounting records dating back less than 10 years, or a copy that is admissible as evidence.

A credit union must comply with the standards of the federation concerning the destruction of cheques, books, registers and other accounting records, and of the copies admissible as evidence. A credit union that is not a member of a federation must comply with the instructions of the Authority.

2000, c. 29, s. 136; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

137. Unless otherwise provided by law, a financial services cooperative may keep all or any of the books it is required to keep under this Act at a place outside its head office, if

(1) it is a credit union that is a member of a federation and is authorized to do so under the federation's standards, or it is a federation and is authorized to do so under its by-laws;

(2) the information contained in those books is available for inspection, in an appropriate medium, during regular office hours at the head office of the financial services cooperative or any other place in Québec designated by the board of directors; and

(3) the financial services cooperative provides technical assistance to facilitate the inspection of the information contained in the books.

If the books and registers are not kept at the head office, the cooperative shall send the Authority a notice specifying where they are kept.

2000, c. 29, s. 137; 2018, c. 23, s. 108.

137.1. If accounting records of a financial services cooperative are kept outside Québec, books adequate to enable the officers to ascertain the financial position of the cooperative with reasonable accuracy on a quarterly basis must be kept at the head office of the cooperative or any other place in Québec designated by the board of directors.

2018, c. 23, s. 108.

137.2. A financial services cooperative must be able to reproduce, in intelligible form and within a reasonable time, the information contained in the books it prepares and maintains under this Act.

A financial services cooperative must take reasonable precautions to prevent the loss or destruction of its books, to ensure their integrity and to facilitate detection and correction of inaccuracies they may contain.

2018, c. 23, s. 108.

137.3. In any action or proceeding against a financial services cooperative or any of its members, the books of the cooperative are proof of their contents in the absence of evidence to the contrary.

2018, c. 23, s. 108.

138. The Authority may use any appropriate means to publicize the list mentioned in subparagraph 5 of the first paragraph of section 132.

2000, c. 29, s. 138; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 109.

139. A financial services cooperative shall cause its books and accounts to be audited every year by an auditor.

However, the books and accounts of a cooperative that is a credit union that is a member of a federation are not audited.

2000, c. 29, s. 139; 2016, c. 7, s. 190; 2021, c. 34, s. 30.

140. *(Repealed).*

2000, c. 29, s. 140; 2016, c. 7, s. 191.

141. The auditor of a federation and the auditor of a credit union that is not a member of a federation are appointed by the general meeting at the annual meeting. Their appointment expires at the following annual meeting.

If the office of auditor becomes vacant, the directors shall appoint a replacement. They may, in addition, appoint a person to exercise the functions of the auditor when the auditor is absent or unable to act.

2000, c. 29, s. 141; 2016, c. 7, s. 192; 2021, c. 34, s. 31.

142. If a federation or a credit union that is not a member of a federation fails to cause its books and accounts to be audited or to appoint an auditor in accordance with this Act, the Authority may appoint an auditor whose remuneration shall be charged to the cooperative.

2000, c. 29, s. 142; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2016, c. 7, s. 193.

143. The auditor of a financial services cooperative must be a member in good standing of the professional order of accountants recognized by the Professional Code (chapter C-26).

2000, c. 29, s. 143; 2012, c. 11, s. 32.

144. In no case may the auditor be an officer, manager, other employee or member of the financial services cooperative that has appointed him or her, or a person having economic ties with an officer or manager.

Nor may the auditor responsible for auditing the consolidated financial statements of the financial group to which a federation belongs be an officer, manager, other employee or person having economic ties with an officer or manager of a member of the financial group to which the federation that appointed him or her belongs, including, if applicable, an auxiliary member that is a cooperative established under an Act of a jurisdiction other than Québec and that has a mission similar to that of a credit union within the meaning of this Act, but whose principal establishment is located outside Québec.

2000, c. 29, s. 144; 2016, c. 7, s. 194; 2018, c. 23, s. 110; 2021, c. 34, s. 32.

145. The appointment of an auditor is terminated if the auditor ceases to be qualified to act as auditor.

2000, c. 29, s. 145.

146. The Authority or any interested person may apply to the Superior Court to obtain the dismissal of an auditor who does not meet the requirements of section 143 or 144.

2000, c. 29, s. 146; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

147. A federation and every credit union that is not a member of a federation must inform the Authority, within 10 days, of the resignation of the auditor or of the decision to propose the auditor's dismissal before the expiry of the auditor's appointment.

2000, c. 29, s. 147; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

148. The financial services cooperative is required to see that its officers, managers and employees send an auditor who requests it in the course of his or her functions the information or documents regarding the

cooperative, the groups of which the cooperative is the holder of control and any other group whose financial information is consolidated with its own.

The financial services cooperative is also required to see that persons having custody of such documents do so as well.

2000, c. 29, s. 148; 2021, c. 34, s. 33.

149. The auditor may require the holding of a meeting of the board of directors and address the meeting on any question related to the auditor's duties.

The auditor responsible for auditing the consolidated financial statements of the financial group to which a federation belongs may exercise the powers under this section in respect of the board of directors, officers, managers, mandataries and employees of the federation or of a member of the financial group to which the federation belongs, including, if applicable, an auxiliary member that is a cooperative established under an Act of a jurisdiction other than Québec and that has a mission similar to that of a credit union within the meaning of this Act, but whose principal establishment is located outside Québec.

2000, c. 29, s. 149; 2016, c. 7, s. 195; 2018, c. 23, s. 111; 2021, c. 34, s. 34.

150. The auditor shall submit the report referred to in section 151 to the board of directors of the financial services cooperative.

2000, c. 29, s. 150; 2016, c. 7, s. 196; 2021, c. 34, s. 35.

151. The auditor shall indicate, in the report,

- (1) whether the audit has been carried out in accordance with generally accepted auditing standards;
- (2) whether, in the auditor's opinion, the financial statements of the financial services cooperative included in the report submitted to the annual meeting present fairly the financial position of the cooperative and the results of its operations, in accordance with generally accepted accounting principles, and with the accounting rules prescribed by the Authority under section 163;
- (3) any other information prescribed by regulation of the Government.

The auditor shall include in the report sufficient explanations in respect of any reservations expressed.

2000, c. 29, s. 151; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

152. The auditor shall report to the board of directors in writing any operation, transaction or situation concerning the financial services cooperative that, in the auditor's opinion, is not satisfactory and requires rectification.

In particular, the auditor shall submit a report on the activities and operations of the cooperative and transactions between the cooperative and restricted parties which have come to the auditor's notice in the course of the audit and which lead the auditor to believe that the cooperative is in contravention of this Act or the regulations thereunder.

Where the report referred to in the second paragraph concerns a credit union, the auditor must forward it to the board of supervision and to the Authority.

Where the report referred to in the second paragraph concerns a federation, the auditor must forward it to the board of ethics and professional conduct and to the Authority.

2000, c. 29, s. 152; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 35, s. 36; 2016, c. 7, s. 197; 2021, c. 34, s. 36.

153. An auditor who makes a report in good faith under section 152 shall not thereby incur any civil liability.

2000, c. 29, s. 153.

154. The auditor is entitled to attend any meeting of the financial services cooperative and address the meeting on any matter relating to the duties of an auditor.

The secretary shall give notice of every meeting of the cooperative to the auditor.

2000, c. 29, s. 154; 2016, c. 7, s. 198; 2021, c. 34, s. 37.

155. Two directors or 10 members may, by means of a notice of at least five days, require the presence of the auditor at a meeting of the financial services cooperative, and the auditor is bound to attend.

2000, c. 29, s. 155; 2016, c. 7, s. 199; 2021, c. 34, s. 38.

156. If an officer or manager becomes aware of an error or misstatement in the financial statements on which the auditor reported, the officer or manager must immediately notify the auditor and, if necessary, send the auditor revised financial statements.

2000, c. 29, s. 156; 2018, c. 23, s. 112.

157. If the auditor becomes aware of an error or misstatement in the financial statements on which the auditor reported, and if in the auditor's opinion the error or misstatement is material, the auditor shall inform each director of the error or misstatement.

The directors must, within 60 days, prepare and publish amended financial statements or advise the members, the federation and the Authority of the error or misstatement.

2000, c. 29, s. 157; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

158. The auditor shall, in addition, audit the financial statements of a financial services cooperative that are included in the annual report. The auditor shall transmit his or her report to the Authority and, if applicable, to the federation.

2000, c. 29, s. 158; 2002, c. 45, s. 338; 2004, c. 37, s. 200; 2016, c. 7, s. 200; 2021, c. 34, s. 39.

159. The auditor shall indicate in the report required under section 158

(1) whether the examination has been made in accordance with generally accepted auditing standards;

(2) whether, in the auditor's opinion and on the basis of generally accepted accounting principles, applied in the same manner as in the preceding fiscal year, subject to section 163, the financial statements included in the annual report present fairly the financial position of the financial services cooperative and the results of its operations;

(3) whether, in the auditor's opinion, the method used to present particulars that may affect the security of depositors is adequate;

(4) whether, in the normal course of the audit, the auditor has become aware of operations, situations or transactions which may lead the auditor to believe that the cooperative has not adhered to sound and prudent management practices;

(5) whether, in the auditor's opinion, the management practices adopted by the cooperative as regards insider trading and conflicts of interest are adequate and whether the cooperative is complying therewith;

(6) any other information prescribed by government regulation.

2000, c. 29, s. 159; 2016, c. 7, s. 201; 2021, c. 34, s. 40.

160. The Authority may order that the annual audit of the activities of a federation or a credit union that is not a member of a federation be repeated or extended or that a special audit be made in respect of any financial services cooperative.

The Authority may, for that purpose, appoint an auditor whose remuneration shall be charged to the cooperative.

Section 144 applies to an auditor appointed by the Authority as if the auditor had been appointed by the cooperative being audited.

2000, c. 29, s. 160; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2016, c. 7, s. 202.

161. Unless otherwise prescribed in its by-laws, the fiscal year of a financial services cooperative ends on 31 December each year.

2000, c. 29, s. 161.

162. At the end of its fiscal year, the financial services cooperative shall prepare an annual report containing

(1) the name of the cooperative and the address of its head office;

(2) the name of each of its officers and managers;

(3) the number of its members;

(4) a statement of assets and liabilities, an operating statement, a statement of the reserve for future dividends, a statement of the stabilization reserve, a statement of the community development fund, a statement of the surplus earnings, a statement of the general reserve, a statement of the reserve referred to in section 87 and a statement of provisions to cover credit losses and investment losses, presented on a comparative basis with the corresponding statements for the immediately preceding fiscal year;

(5) a statement showing the total amount of credit extended to restricted parties;

(6) a statement showing the credit union's participating interest in the investment fund of the federation referred to in section 414, where applicable, and the return on such interest;

(7) the auditor's report referred to in section 151, if applicable;

(8) the report of any special committee formed at the request of the general meeting;

(9) the other statements and information required by its by-laws;

(10) any other information required by the Authority.

If the cooperative is a credit union that is a member of a federation, the cooperative shall replace the financial statements referred to in subparagraph 4 of the first paragraph by the financial report provided for in the second paragraph of section 135.

If the cooperative is a federation, its financial statements referred to in subparagraph 4 of the first paragraph are the consolidated financial statements of the financial group to which the federation belongs. For the purposes of this paragraph, any auxiliary member that is a cooperative established under an Act of a

jurisdiction other than Québec and that has a mission similar to that of a credit union within the meaning of this Act, but whose principal establishment is located outside Québec belongs to that financial group.

2000, c. 29, s. 162; 2002, c. 45, s. 310; 2003, c. 20, s. 7; 2002, c. 45, s. 310; 2004, c. 37, s. 90; 2016, c. 7, s. 203; 2018, c. 23, s. 114; 2021, c. 34, s. 41.

163. The financial statements referred to in paragraph 4 of section 162 shall be prepared according to generally accepted accounting principles.

However, the Authority may, in respect of the financial statements indicated and where considered expedient by the Authority, prescribe accounting standards that include particular requirements or requirements different from those applicable according to generally accepted accounting principles. The requirements of such accounting standards may be discretionary.

The Regulations Act (chapter R-18.1) does not apply to accounting standards or draft accounting standards.

2000, c. 29, s. 163; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2016, c. 7, s. 204; 2021, c. 34, s. 42.

164. The annual report shall be submitted to the board of directors for approval. The approval of the board must be certified by at least two of the directors.

2000, c. 29, s. 164.

165. Every member who requests a copy of the annual report is entitled to one, free of charge, as of the 10th day preceding the annual meeting at which the report will be presented. The member may also consult any other annual report kept by the financial services cooperative.

2000, c. 29, s. 165; 2018, c. 23, s. 115.

166. The financial services cooperative shall, within four months after the end of the fiscal year, transmit a copy of the annual report to the Authority.

A credit union shall also transmit a copy of the annual report to the federation within four months after the end of the fiscal year.

2000, c. 29, s. 166; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

167. Every financial services cooperative shall furnish to the Authority, at the request of, on the dates and in the form determined by the Authority, the statements, statistics, reports and other information the Authority considers appropriate for the application of this Act.

The Authority may transmit to the federation a copy of the documents and information transmitted by a credit union under the first paragraph.

2000, c. 29, s. 167; 2002, c. 45, s. 311; 2004, c. 37, s. 90.

CHAPTER VII

WINDING-UP AND DISSOLUTION

DIVISION I

WINDING-UP

168. Divisions II and III of the Winding-up Act (chapter L-4) apply to the winding-up of a financial services cooperative, subject to the provisions of this Division.

For the purposes of the application of the said Act to a financial services cooperative, the word “company” means a financial services cooperative, the word “shareholder” means a member of the cooperative. In addition, where a provision of the said Act requires the vote of the shareholders representing a specified proportion of the capital stock of a company, that provision is considered to require the number of votes cast by the members corresponding to the specified proportion in value.

2000, c. 29, s. 168.

169. The winding-up of a financial services cooperative may be decided by a resolution adopted by the vote of 3/4 of the members present at a special meeting.

The general meeting shall appoint, by the vote of a majority of the votes cast, a liquidator who is entitled to immediate possession of the property of the financial services cooperative.

The cooperative shall thereafter exist and carry on business solely for the purposes of the winding-up of its affairs.

2000, c. 29, s. 169.

170. In order to guarantee the performance of his or her duties before taking possession of the property of the financial services cooperative, the liquidator shall give sufficient security and maintain it thereafter.

At the request of the Authority or of any other interested person, a judge of the Superior Court may determine the amount and nature of the security and increase it according to circumstances.

This section does not apply to a federation or to a security fund acting as a liquidator for a credit union that is a member of the federation.

2000, c. 29, s. 170; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 116.

171. Every financial services cooperative that has decided to wind up its operations must transmit to the Authority a certified true copy of the resolution of winding up. It must also notify the enterprise registrar by producing a declaration to that effect, in accordance with the Act respecting the legal publicity of enterprises (chapter P-44.1), within 10 days of passing the resolution.

The cooperative shall cause a notice to that effect to be published.

Every credit union that has decided to effect the winding-up of its business must also give notice to the federation within 10 days after the passing of a resolution to that effect and forward to the federation, within the same time, a certified copy of the resolution.

The notice shall indicate the name and address of the liquidator and the address to which claims may be sent by interested persons.

2000, c. 29, s. 171; 2002, c. 45, s. 312; 2004, c. 37, s. 90; 2010, c. 7, s. 282.

172. From the date of deposit of the declaration in the register, all proceedings against the property of the financial services cooperative, whether by seizure before judgment, seizure in execution or otherwise, shall be suspended.

The costs incurred by a creditor directly or through an attorney after the publication of the notice shall not be collocated out of the proceeds of the property of the cooperative.

A judge of the Superior Court of the district in which the head office of the cooperative is located may, however, on the conditions the judge considers suitable, authorize the institution or continuance of any proceedings.

2000, c. 29, s. 172.

173. The liquidator shall first pay the debts of the financial services cooperative, the costs of winding-up and the shares referred to in section 713. The liquidator shall then redeem the shares according to their respective ranks; sections 61.1 to 61.3 do not apply to such a redemption.

The balance of the assets of a credit union devolves upon the federation or, if the credit union does not belong to a federation, upon a legal person designated by the Government.

The amounts representing the deposits or shares that could not be redeemed shall be remitted to the Minister of Revenue, together with a statement setting out the amounts and the name and last known address of the persons entitled thereto and the date of their remittance to the Minister of Revenue.

The Unclaimed Property Act (chapter B-5.1) applies to the amounts remitted to the Minister of Revenue under the third paragraph.

2000, c. 29, s. 173; 2005, c. 44, s. 54; 2011, c. 10, s. 70; 2018, c. 23, s. 117.

174. In the event of the winding-up or dissolution of a federation, the liquidator or Minister of Revenue, as the case may be, shall, after the payments referred to in the first paragraph of section 173 are made, divide the remaining assets among the credit unions in proportion to the number that their members, except their auxiliary members, are of the total number of the members of all the credit unions belonging to the network. Where there remains no credit union that is a member of the federation, the liquidator shall remit the remaining assets to a legal person designated by the Government.

2000, c. 29, s. 174; 2005, c. 44, s. 54.

175. If the members of a credit union fail to confirm the account referred to in section 16 of the Winding-up Act (chapter L-4), the account shall be submitted for approval to the federation or, if the credit union is not a member of a federation, to the Authority.

If the members of a federation fail to confirm the account referred to in section 16 of the Winding-up Act, the account shall be submitted for approval to the Authority.

2000, c. 29, s. 175; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

176. The liquidator shall, within the time and in respect of the period determined by the Authority, transmit, at the request of the Authority, a summary report of the liquidator's activities or any document or information required by the Authority concerning the conduct of the winding-up.

2000, c. 29, s. 176; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

177. The liquidator shall transmit to the Authority a copy of the summary report submitted by the liquidator to the general meeting pursuant to section 15 of the Winding-up Act (chapter L-4).

2000, c. 29, s. 177; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

178. When the winding-up of the financial services cooperative is completed, the liquidator shall transmit a final report on the liquidator's activities to the Authority.

The liquidator of a credit union shall forward to the federation the documents of which the liquidator took possession for the purposes of the winding-up. If the credit union was not a member of a federation, the documents must be forwarded to the Authority.

The liquidator of a federation shall forward such documents to the Authority.

2000, c. 29, s. 178; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

178.1. A debtor who would have been entitled to an acquittance from a credit union that, before its winding-up, was a member of a federation, but may not obtain it because of the winding-up, may obtain it from the federation.

The federation may also release the debtor from a hypothec and consent to cancelling its registration, if applicable, in the registers kept at the registry office.

A credit union that was wound up before 1 July 2001 and that, prior to its winding-up, was a member of a federation or amalgamating confederation under section 689, is considered to be a credit union that was a member of the Fédération des caisses Desjardins du Québec.

2018, c. 23, s. 118.

179. The Authority may act before the courts in all matters respecting the winding-up and exercise, on behalf of the members or creditors of the financial services cooperative, any right they may have against the cooperative.

2000, c. 29, s. 179; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

DIVISION II

DISSOLUTION

180. The Minister may, if the Minister considers it advisable and after obtaining the advice of the Authority, request the latter to dissolve a financial services cooperative if

- (1) the number of members is reduced to less than 12;
- (2) the organization meeting has not been held in the year following the date of establishment;
- (3) the cooperative has failed, for three consecutive years, to hold an annual meeting or to furnish a copy of its annual report to the Authority;
- (4) the liquidator has failed to transmit to the Authority the reports or information required under sections 176 to 178.

2000, c. 29, s. 180; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

181. The Minister may, if the Minister considers it advisable, request the Authority to dissolve a credit union if

- (1) it fails to comply with the provisions of section 191;
- (2) it has been unable, within 30 days after the expiry of the period of time fixed in section 191, to become a member of another federation, to establish a new federation, or to submit to the Authority an agreement of amalgamation with another credit union that is a member of another federation or, failing the above, has not passed a resolution for its winding-up or has not obtained authorization from the Minister to be exempted from compliance with section 186;
- (3) it fails to comply with the provisions of section 192;
- (4) it has been unable, within 30 days after the expiry of the period of time fixed in section 192, to become a member of another federation or to submit to the Authority an agreement of amalgamation with another credit union that is a member of another federation or, failing the above, has not passed a resolution

for its winding-up or has not obtained authorization from the Minister to be exempted from compliance with section 186.

2000, c. 29, s. 181; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

182. Before requesting the Authority to dissolve a financial services cooperative, the Minister shall give the cooperative or the liquidator, as the case may be, notice of the alleged default and of the penalty that applies and give them an opportunity to present observations within 30 days from the date of the notice. In the case of a credit union, the Minister must transmit a copy of the notice to the federation.

If, after considering the representations of the credit union or of the liquidator or, if none were made, at the expiry of the period of time fixed in the first paragraph, the Minister maintains the notice of default, and the default is not remedied within 30 days following the expiry of the period of time fixed in the first paragraph, the Minister shall request the Authority to dissolve the financial services cooperative.

2000, c. 29, s. 182; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

183. The Authority shall dissolve the financial services cooperative by drawing up an act of dissolution and transmitting a certified true copy to the enterprise registrar who shall deposit it in the enterprise register. The cooperative is dissolved from the date of the deposit.

2000, c. 29, s. 183; 2002, c. 45, s. 313; 2004, c. 37, s. 90; 2010, c. 40, s. 92.

184. The Minister of Revenue shall have the seizin of the property of any dissolved financial services cooperative. The Minister of Revenue shall act as the liquidator of the property and be accountable to the Authority. The rules of section 173 apply, with the necessary modifications, to a winding-up conducted by the Minister of Revenue under this section.

2000, c. 29, s. 184; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 44, s. 54.

185. The balance of the assets of a credit union devolves upon the federation of which it was a member or, if the credit union was not a member of a federation, upon the legal person designated by the Government, and the balance of the assets of a federation devolves in accordance with section 174.

When the winding-up of the property of the dissolved credit union is completed, the Minister of Revenue shall deliver to the federation or, if the credit union was not a member of a federation, to the Authority, the documents of the credit union of which the Minister of Revenue took possession.

When the winding-up of the property of the dissolved federation is completed, the Minister of Revenue shall deliver to the Authority the documents of the federation of which the Minister of Revenue took possession.

2000, c. 29, s. 185; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 44, s. 54.

185.1. Section 178.1 applies, with the necessary modifications, to a credit union that is dissolved.

2018, c. 23, s. 119.

DIVISION III

FINANCIAL CONTRACTS

2018, c. 23, s. 119.

185.2. Neither the winding-up nor the dissolution of a federation prevents performance of the financial contracts determined by the Authority under section 40.22 of the Deposit Institutions and Deposit Protection

Act (chapter I-13.2.2) and entered into by the federation, or compensation against an amount payable under or in regard to such a contract, in accordance with the terms of the contract.

2018, c. 23, s. 119.

CHAPTER VIII

CREDIT UNIONS

DIVISION I

ADMISSION OF CREDIT UNION TO A FEDERATION, WITHDRAWAL AND EXPULSION

186. Subject to sections 188 and 189, every credit union must be a member of a federation.

2000, c. 29, s. 186.

187. No credit union may be established unless a federation has undertaken to admit it as a member and to furnish, at the request of the Authority, such guarantees as the latter may consider sufficient to ensure the protection of the members of the credit union.

The guarantees required pursuant to the first paragraph may be furnished by a security fund.

2000, c. 29, s. 187; 2002, c. 45, s. 314; 2004, c. 37, s. 90.

188. The Minister may, if the Minister considers it advisable and after obtaining the advice of the Authority, authorize, on the conditions determined by the Minister, the establishment of a credit union even if no federation has undertaken to admit it as a member and exempt the credit union from compliance with section 186 if the founders have furnished guarantees considered sufficient by the Authority to ensure the protection of the members of the credit union.

2000, c. 29, s. 188; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

189. The Minister may, if the Minister considers it advisable and after obtaining the advice of the Authority, exempt, on the conditions determined by the Minister, a credit union that is a member of a federation from compliance with section 186 if, in the opinion of the Minister, the credit union has fulfilled all its obligations toward the federation or has made an agreement with the federation establishing the terms and conditions of performance of those obligations and if it has furnished guarantees considered sufficient by the Authority to ensure the protection of its members.

2000, c. 29, s. 189; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

190. Every application by a credit union for admission to a federation, other than an application made prior to its establishment, and every application for withdrawal from the federation must be authorized by a resolution of its board of directors setting out the name of the representative of the credit union who is authorized to sign the application and be ratified by a special resolution passed by the members present at a special meeting or, provided the object of the resolution is mentioned in the notice calling the meeting, at an annual meeting.

The credit union must, within 10 days of the ratification, transmit a certified copy of the resolution to the Authority with proof of its ratification.

2000, c. 29, s. 190; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 120.

191. A credit union which decides to withdraw from a federation or which is expelled following a decision of the federation must, within 90 days of the ratification of the resolution or decision, pass any resolution necessary to apply for admission to another federation, apply for the constitution of a new federation,

amalgamate with a credit union that is a member of another federation, be wound up or apply to the Minister for an exemption from compliance with section 186.

The Authority may extend the period of time mentioned in the first paragraph, even if it has expired.

2000, c. 29, s. 191; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 121.

192. A credit union that is a member of a federation that is wound up or dissolved must, within 90 days of the deposit of the notice of dissolution or winding-up in the register referred to in Chapter II of the Act respecting the legal publicity of enterprises (chapter P-44.1), pass any resolution necessary to apply for admission to another federation, apply for the constitution of a new federation, amalgamate with a credit union that is a member of another federation, be wound up or apply to the Minister for an exemption from compliance with section 186.

The Authority may extend the period of time mentioned in the first paragraph, even if it has expired.

2000, c. 29, s. 192; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2010, c. 7, s. 282; 2018, c. 23, s. 121.

193. A credit union remains a member of a federation

(1) until another federation has undertaken to admit it as a member or until the new federation for whose constitution it has applied is constituted and the credit union has obtained articles of amendment to that effect;

(2) until it has amalgamated with a credit union that is a member of another federation;

(3) until it is dissolved;

(4) until it is exempted from compliance with section 186 by the Minister.

2000, c. 29, s. 193.

194. The Authority may not accept the admission of a credit union into another federation unless the Authority considers that the credit union has fulfilled all its obligations toward the federation of which it is a member or if the credit union has made an agreement with that federation establishing the conditions of performance of those obligations.

2000, c. 29, s. 194; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

DIVISION II

MEMBERS

195. To be a member of a credit union, a person or partnership must

(1) apply for membership, except in the case of a founder mentioned in section 7;

(2) subscribe and pay for one qualifying share or for any other number of qualifying shares that may be prescribed by by-law of the credit union;

(3) undertake to comply with the by-laws of the credit union;

(4) be admitted by the board of directors or by a person authorized by it, except in the case of a founder.

2000, c. 29, s. 195; 2018, c. 23, s. 122.

196. A credit union may not be a member of another credit union belonging to the same network.

A federation may not be a member of a credit union belonging to the same network.

2000, c. 29, s. 196.

197. Subject to section 200.1, a person or partnership that does not meet the conditions relating to common characteristic set out in the articles of the cooperative in accordance with the second paragraph of section 10 may only be admitted as an auxiliary member.

A group of persons may only be admitted as an auxiliary member.

2000, c. 29, s. 197; 2007, c. 18, s. 2.

198. The by-laws of a credit union must provide for one or more classes of auxiliary members and determine conditions for their admission, their rights and obligations and criteria or conditions relating to their withdrawal, suspension or expulsion.

2000, c. 29, s. 198; 2018, c. 23, s. 123.

199. Subject to section 198, auxiliary members have the same rights and obligations as members. However, they are neither entitled to vote nor eligible to hold any office within the credit union.

2000, c. 29, s. 199.

200. (*Repealed*).

2000, c. 29, s. 200; 2005, c. 35, s. 35; 2018, c. 23, s. 124.

200.1. The board of directors of a credit union may, in accordance with the standards of the federation, admit as a member a natural person who is a former member of the credit union and has ceased to meet the conditions relating to a common characteristic set out in the articles of the credit union, if the person re-applies for membership within the period set by the federation.

The number of members who do not meet the conditions relating to a common characteristic must not exceed the limits determined by federation standards. In the absence of standards to that effect, that number must not exceed 3% of the total number of credit union members.

2007, c. 18, s. 3.

201. The rights and obligations of a member who ceases to meet the conditions relating to common characteristic set out in the articles of the cooperative in accordance with the second paragraph of section 10 following an amalgamation of credit unions or following a change in the articles of the credit union are maintained.

2000, c. 29, s. 201.

202. Minors and persons without the legal capacity to contract may be admitted only as auxiliary members. They may, without the authorization or intervention of anyone, subscribe for qualifying shares in a credit union.

2000, c. 29, s. 202.

203. A member may, if the member owes no debts to the credit union, withdraw from membership by requesting the repayment of the member's qualifying shares and the withdrawal of the member's deposits.

The member's withdrawal takes effect upon the full repayment of the member's qualifying shares and deposits.

2000, c. 29, s. 203; 2018, c. 23, s. 125.

204. The board of directors, after informing a member in writing of the grounds invoked for the member's suspension or expulsion and giving the member an opportunity to present observations, may suspend or expel the member if the member

- (1) does not comply with the by-laws of the credit union;
- (2) fails to fulfil the member's undertakings toward the credit union;
- (3) on two or more occasions, presents or issues a cheque without sufficient funds;
- (4) despite a notice from the credit union, allows a savings account to remain overdrawn;
- (5) carries on an activity, determined by the federation, that represents an unacceptable financial risk for the credit union.

2000, c. 29, s. 204; 2003, c. 20, s. 8.

205. The minutes of the meeting of the board of directors at which a member is suspended or expelled must set forth the facts which justify the decision.

Within 15 days after the decision, the credit union shall transmit to the member, by any means enabling proof of receipt, a notice of the member's suspension or expulsion, giving the reasons therefor.

2000, c. 29, s. 205.

206. No member may be suspended for more than six months.

2000, c. 29, s. 206.

207. The suspension or expulsion of a member takes effect upon the passing of the resolution of the board of directors.

2000, c. 29, s. 207.

208. A member who has been suspended loses the right to receive notice of, to attend or to vote at meetings of the credit union and to hold any office within the credit union, for the duration of the suspension.

2000, c. 29, s. 208.

DIVISION III

GENERAL MEETING

209. The members of a credit union, except the auxiliary members, constitute the general meeting of the credit union.

2000, c. 29, s. 209.

210. A natural person who is a member of a credit union may not be represented.

A legal person, a partnership or a group may be represented only by a natural person. No representative may act for more than one member.

2000, c. 29, s. 210.

211. A credit union may determine the cases in which meetings may be held by groups, on different dates and at different locations, and the communications equipment that may be used to enable participants to communicate with each other instantaneously.

2000, c. 29, s. 211; 2005, c. 35, s. 37.

212. Unless otherwise prescribed by by-law of the credit union, notice of a meeting must be sent to the members at their last address recorded in the registers of the credit union, not less than 10 nor more than 45 days before the date fixed for the meeting. The notice must also be sent to the federation within the same time.

The notice shall state the place, date and time of the meeting and the matters to be considered. Where applicable, it shall be accompanied with a copy or summary of any draft special resolution appearing on the agenda.

A representative of the federation may attend and address the meeting.

2000, c. 29, s. 212; 2018, c. 23, s. 127.

213. A member may waive notice of a meeting. The member's mere attendance at a meeting is a waiver except where the member attends for the express purpose of objecting to the holding of the meeting on the ground that notice of the meeting was not given or was given irregularly.

2000, c. 29, s. 213.

214. Unless otherwise prescribed by by-law of the credit union, the members attending a meeting, except the auxiliary members, constitute a quorum.

If the quorum fixed by by-law is not reached, the meeting may be called a second time. If the quorum is still not reached, the meeting may be validly held and must deal with the same matters as those stated in the first notice.

2000, c. 29, s. 214; 2018, c. 23, s. 128.

215. No member is entitled to more than one vote, regardless of the number of shares held.

2000, c. 29, s. 215.

216. A person who has been a member for less than 90 days is not entitled to vote at a meeting.

2000, c. 29, s. 216.

216.1. Except when it is holding an election, the meeting shall make its decisions by a majority of the votes cast or, where this Act so provides, by a 2/3 majority of the votes cast.

Unless otherwise provided by the by-laws of the credit union, in the event of a tie vote, the person chairing the meeting shall have a casting vote.

2018, c. 23, s. 129.

216.2. A decision that must be made by a majority of the votes cast at the general meeting is called a resolution or ordinary resolution; a decision that must be made by a 2/3 majority of the votes cast is called a special resolution.

2018, c. 23, s. 129.

217. In the case of the election of a member of the board of directors or of the board of supervision, decisions are taken in accordance with the by-laws of the credit union.

2000, c. 29, s. 217; 2005, c. 35, s. 35; 2018, c. 23, s. 130.

217.1. If authorized by the by-laws of the credit union, the board of directors may establish the terms and conditions under which members may participate in a meeting by means of communications equipment enabling them to communicate with each other instantaneously and vote, provided that equipment is authorized by the federation.

If authorized by the by-laws of the credit union, the board of directors may also establish the terms and conditions governing advance polling in the context of a decision to be made or an election to be held at a meeting.

2005, c. 35, s. 7.

218. The by-laws of the credit union are passed by special resolution of the general meeting.

The general meeting may, where applicable, delegate to the board of directors the power to pass by-laws on the subjects determined by the general meeting, in accordance with the standards of the federation.

Any amendments made by a credit union to its by-laws must be sent to the Authority and, if applicable, to the federation of which the credit union is a member.

2000, c. 29, s. 218; 2018, c. 23, s. 132.

219. A resolution signed by all the members entitled to vote on such resolutions has the same force as if it had been passed at a meeting.

Such a resolution shall be kept with the minutes of the meetings.

2000, c. 29, s. 219.

220. At any meeting, unless a ballot is demanded, a declaration by the chair that a resolution has been carried, and an entry to that effect in the minutes, shall be *prima facie* evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution.

However, members are elected to the board of directors or to the board of supervision by secret ballot.

2000, c. 29, s. 220; 2005, c. 35, s. 35.

221. The annual meeting of a credit union shall be held within four months from the end of its fiscal year. The members shall be convened to

(1) examine the annual report;

(2) examine the report on the activities of the board of supervision;

(3) decide upon the allocation of the annual surplus earnings;

(4) if the credit union is not a member of a federation, determine, where applicable, the additional interest payable on capital shares out of the stabilization reserve and the surplus earnings;

(4.1) decide on the payment of dividends from the reserve for future dividends and on the transfer of any sum from that reserve to the community development fund;

(5) elect the members of the board of directors and of the board of supervision;

(6) appoint an auditor, in the case of a credit union that is not a member of a federation;

(7) make any decision reserved for the general meeting by this Act;

(8) address oral questions to the members of the board of directors for a minimum period of time determined in the by-laws of the credit union;

(9) address oral questions to the members of the board of supervision concerning the report on its activities, for a minimum period of time determined in the by-laws of the credit union.

2000, c. 29, s. 221; 2003, c. 20, s. 9; 2005, c. 35, s. 35; 2018, c. 23, s. 133.

222. The board of directors, the board of supervision, the president or vice-president of the board of directors of the credit union, the board of directors of the federation, or any other person determined by the by-laws of the credit union may order that a special meeting be held whenever they consider it advisable.

2000, c. 29, s. 222; 2005, c. 35, s. 35; 2018, c. 23, s. 134.

223. The credit union must hold a special meeting on the requisition of a minimum number or percentage of members determined in accordance with the standards adopted by the federation. In the absence of standards to that effect, that number is equal to 2% of the total number of credit union members who are entitled to vote at such a meeting.

The requisition must specify the matters in respect of which a special meeting is required.

2000, c. 29, s. 223; 2007, c. 18, s. 4; 2018, c. 23, s. 135.

223.1. Business mentioned in a requisition to hold a meeting may not be presented at the meeting if

(1) a meeting has already been called to discuss that business;

(2) the business is not within the powers of the members;

(3) the business is intended to enforce a personal claim or redress a personal grievance against the credit union or, if applicable, the federation or another member of the federation of which the credit union is a member, or their officers, managers or members;

(4) the business does not relate in a significant way to the internal affairs or the activities of the credit union; or

(5) the business has already been submitted to and rejected by the members within the year preceding the requisition.

The requisition is inadmissible if none of the business it mentions may be presented at the meeting.

2018, c. 23, s. 136.

224. If the meeting is not called within 30 days of the requisition made by the federation or the members, the federation or, as the case may be, two members who have signed the requisition may call the meeting. In the latter case, the members may obtain, free of charge, an extract from the securities register under section 133 containing the names and addresses of the persons who, at that time, hold qualifying shares issued by the credit union.

Unless the members object thereto by resolution at the meeting, the credit union shall reimburse those who called the meeting for reasonable expenses incurred by them to hold the meeting.

2000, c. 29, s. 224; 2018, c. 23, s. 137.

225. Only the matters specified in the notice of meeting may be considered at a special meeting. The matters specified in the requisition must also be stated in the notice, with an indication of those which may be decided by the general meeting.

2000, c. 29, s. 225.

DIVISION IV

MANAGEMENT AND ADMINISTRATION

§ 1. — General provisions

226. Apart from the general meeting, the organs of a credit union are the board of directors and the board of supervision.

2000, c. 29, s. 226; 2005, c. 35, s. 35.

227. A natural person who is a member of the credit union may be a member of its board of directors and of its board of supervision, unless that person is disqualified for office as a member of such boards.

In addition to persons disqualified for office as directors under the Civil Code, and persons convicted of an offence or an indictable offence involving fraud or dishonesty who have not obtained a pardon, the following persons are disqualified for office as members of a board:

- (1) a member who has been a member for less than 90 days, unless he or she is a founder;
- (2) an auxiliary member;
- (3) the chief manager of the credit union or another of its employees, or an employee of the federation, where applicable, or of another legal person or partnership belonging to the financial group;
- (4) a member of another board of the credit union;
- (5) an officer or employee of another credit union; and
- (6) a person dismissed in the past five years under section 118, 118.2 or 335.

2000, c. 29, s. 227; 2008, c. 7, s. 59; 2010, c. 40, s. 5; 2018, c. 23, s. 138.

228. The term of office of a member of the board of directors or of the board of audit and ethics is three years.

The by-laws of the credit union must determine a mode of rotation so that 1/3 of the members of each of those organs, to the nearest whole number, are replaced each year.

The credit union may, for the purposes of this section, shorten or lengthen the term of office of the members of a board.

At the end of a term of office, a member shall remain in office until re-elected or replaced.

2000, c. 29, s. 228; 2018, c. 23, s. 139.

229. A decrease in the number of members of a board does not end the term of those who remain in office.

2000, c. 29, s. 229.

230. A member of a board may resign from office by giving notice to that effect.

The notice must include the reasons for the resignation.

2000, c. 29, s. 230; 2018, c. 23, s. 140.

231. A notice under section 230 must be given to the credit union and the Authority or, if the credit union is a member of a federation, to the federation.

A member of a board who in good faith gives such notice shall not thereby incur any civil liability.

2000, c. 29, s. 231; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 141.

232. In addition to the cases in which a member of a board may be dismissed by the federation, a member of a board may be dismissed by the general meeting, at an annual or special meeting, if the member has been informed in writing, within the same advance time as that prescribed for calling the meeting, of the grounds invoked for the dismissal and of the place, date and time of the meeting.

The member may give, in a written statement read by the person chairing the meeting, the grounds for the member's opposition to the dismissal. The member may also address the meeting.

2000, c. 29, s. 232; 2018, c. 23, s. 142.

233. The minutes of the meeting at which a member of a board is dismissed must set out the facts which justify the decision.

The credit union, within 15 days of the decision, shall send to the member, by any means enabling proof of receipt, a notice of dismissal setting out the reasons for the dismissal. The credit union shall also send, within the same time limit, a copy of such notice to the federation.

A credit union or any of its officers or managers who, in good faith, present facts at the meeting that justify a dismissal shall not thereby incur any civil liability.

2000, c. 29, s. 233; 2018, c. 23, s. 143.

234. Subject to the power of the board of directors of the federation under the second paragraph of section 335 to fill a vacancy resulting from the dismissal of a member of a board, such a vacancy may be filled during the meeting during which the dismissal takes place provided that the notice of the meeting mentions that such an election may be held.

2000, c. 29, s. 234; 2018, c. 23, s. 144.

235. In the event of a vacancy, the members of a board may appoint a replacement for the unexpired portion of the term of office. If they fail to do so, the general meeting shall fill the vacancy.

If, due to vacancies, a quorum cannot be reached, a member of the board, two members of the credit union or the board of directors of the federation may order the secretary of the credit union to call a special meeting within 10 days to fill the vacancies.

If the secretary fails to act, the meeting may be called by the persons who ordered the holding of the meeting. The credit union shall reimburse those who called the meeting for reasonable expenses incurred by them to hold the meeting.

2000, c. 29, s. 235.

236. A member other than the president of the board of directors may only receive remuneration if remuneration for the office held by that member is permitted by the federation.

The member is remunerated in keeping with the standards established by the federation.

Board members are entitled to the reimbursement of reasonable expenses incurred in the exercise of their functions.

In addition, the members of a board may be remunerated by the federation or by another legal person belonging to the financial group for the exercise of other functions within the federation or a legal person controlled by the federation. For the purposes of this Act, such members are deemed not to be employees on the ground that they have entered into a contract of employment in connection therewith.

2000, c. 29, s. 236; 2003, c. 20, s. 10; 2018, c. 23, s. 145.

236.1. A member of the board of a credit union that is not a member of a federation may be remunerated if permitted by the by-laws of the credit union in respect of the office held by the member.

The by-laws must specify the amount of the remuneration, which may vary according to the office the member holds.

Board members are entitled to the reimbursement of reasonable expenses incurred in the exercise of their functions.

2003, c. 20, s. 11; 2018, c. 23, s. 146.

237. The members of a board may, if they all consent, participate in a meeting by means of communications equipment enabling participants to communicate with each other instantaneously. The members are deemed in that case to have attended the meeting.

2000, c. 29, s. 237; 2005, c. 35, s. 37.

238. A resolution in writing signed by all the members of a board who are entitled to vote has the same force as if it had been passed at a meeting of the board.

Such a resolution shall be kept with the minutes of the proceedings.

2000, c. 29, s. 238.

239. Any member of a board may waive, in writing, the notice of a meeting. The member's mere attendance at the meeting is a waiver, except where the member attends for the express purpose of objecting to the holding of the meeting on the ground that notice of the meeting was given irregularly.

2000, c. 29, s. 239.

240. The decisions of a board are taken by a majority of the votes cast. In the event of a tie, the person chairing the meeting has a casting vote.

2000, c. 29, s. 240.

241. A member of a board present at a meeting is deemed to have consented to any resolution passed or action taken at the meeting, except if the member requests that the member's dissent be recorded in the minutes before the meeting is adjourned or closed.

2000, c. 29, s. 241.

§ 2. — *Board of directors*

242. The board of directors shall exercise all the powers necessary to manage, or supervise the management of, the internal affairs and the activities of the credit union, and those powers may be delegated to an officer, a manager or one or more committees of the board.

Except to the extent provided by law, the powers of the board of directors relating to the reception of deposits and the provision of credit and other products and services may not be restricted or withdrawn.

The by-laws of the credit union may determine the powers relating to the internal affairs of the credit union that the board of directors may exercise only with the authorization of the general meeting.

2000, c. 29, s. 242; 2018, c. 23, s. 147.

242.1. A credit union must implement a policy to foster, in particular, the independence, competence and diversity of the members of its board of directors and of the members of the committees of the board.

2018, c. 23, s. 147.

243. The board of directors shall

(1) ensure that the operations of the credit union and the credit union itself are in compliance with the applicable Acts, regulations, standards, rules of ethics and professional conduct, orders and written instructions;

(2) ensure that the credit union adheres to sound and prudent management practices and, where the credit union is not a member of a federation, establish a policy for sound and prudent management practices;

(3) provide the board of supervision with any personnel it requires to carry out its functions;

(4) furnish to the Authority, on request, a certified copy of any document of the credit union;

(5) ensure the keeping and preservation of the registers;

(6) establish a charging policy for the products and services provided by the credit union and a policy for setting savings and credit interest rates;

(6.1) determine the rate of interest on investment shares and, if the credit union is not a member of a federation, on capital shares;

(7) make or control the investments of the credit union;

(8) insure the credit union against the risks of fire, theft and embezzlement by its officers, managers and other employees, and provide the credit union with civil liability insurance and officers' and managers' liability insurance;

(9) designate the persons authorized to sign contracts or other documents on behalf of the credit union;

(10) at the annual meeting, give an account of its management and submit the annual report;

(11) facilitate the work of the persons responsible for the inspection of the credit union, the supervision of its transactions or the audit of its books and accounts;

(12) ensure that the internal affairs and the activities of the credit union are inspected in accordance with this Act; and

(13) ensure that the executive committee, the audit committee and the special committees of the credit union act in accordance with their powers and duties and with any applicable Acts, regulations, standards and rules of ethics and professional conduct.

2000, c. 29, s. 243; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 8; 2018, c. 23, s. 148.

243.1. The board of directors shall also receive complaints from members, inform the board of supervision when a complaint has to do with the rules of ethics or professional conduct, and reply to the complainant.

A complainant who is not satisfied with the board's reply may file a complaint with the federation.

The federation may make recommendations to the credit union in connection with a complaint filed with it.

2005, c. 35, s. 9.

244. The by-laws of the credit union must determine the number of directors, which shall not be less than five nor more than 15.

2000, c. 29, s. 244; 2018, c. 23, s. 149.

245. The by-laws of the credit union may divide its members into groups and grant each group the right to elect a specified number of directors.

No member of the board of directors thus elected shall be dismissed except by the members of the credit union who have the right to elect that member.

The by-laws of the credit union may also prescribe the number of directors elected by the members of such a group.

2000, c. 29, s. 245; 2018, c. 23, s. 150.

246. During or following the organization meeting and, subsequently, during or following the annual meeting, the board of directors shall choose from among its members a president, a vice-president and a secretary who shall be the president, vice-president and secretary of the credit union.

2000, c. 29, s. 246.

246.1. The president is remunerated in keeping with the standards established by the federation.

2003, c. 20, s. 12.

247. The vice-president shall replace the president if the latter is absent or unable to act.

2000, c. 29, s. 247.

248. The board of directors shall meet when a meeting is called by the president or by two members in accordance with the by-laws of the credit union.

The federation may also call a meeting of the board of directors of the credit union. A representative of the federation may attend and address the meeting.

2000, c. 29, s. 248.

249. Unless otherwise provided in the by-laws of the credit union, the quorum at meetings of the board of directors is a majority of its members.

2000, c. 29, s. 249.

250. If authorized in the by-laws of the credit union, the board of directors may form an executive committee composed of directors, including the president, vice-president or secretary of the credit union.

The number of members of the executive committee may not exceed half the number of directors and may not be less than three.

2000, c. 29, s. 250.

251. The executive committee shall exercise the powers delegated to it by the board of directors.

2000, c. 29, s. 251.

252. In the event of a vacancy on the executive committee, the directors may appoint a substitute for the remainder of the term of office.

2000, c. 29, s. 252.

253. Sections 236 to 241 and 249 apply, with the necessary modifications, to the executive committee.

2000, c. 29, s. 253.

253.1. The board of directors shall also establish an audit committee made up of at least three board members.

The functions of the audit committee are:

- (1) to examine the reports of the federation's inspection service and report to the board of directors;
- (2) to follow up its recommendations and the implementation of measures taken under paragraph 1;
- (3) to examine the audited annual financial statements or, if the credit union is a member of a federation, the financial report provided for in the second paragraph of section 133 and recommend their adoption by the board of directors.

The committee may also exercise any other function determined by the board of directors.

The committee is authorized to use any information relevant to the performance of its duties. For that purpose, section 263 applies to the audit committee.

2005, c. 35, s. 10; 2010, c. 40, s. 6; 2016, c. 7, s. 205.

254. The board of directors may set up special committees to examine particular matters or to facilitate the proper operation of the credit union.

The board of directors must set up a special committee at the request of the general meeting.

A special committee shall be composed of not fewer than three persons. It may comprise officers, managers, other employees and members of the credit union.

2000, c. 29, s. 254; 2018, c. 23, s. 155.

255. The board of directors shall determine the functions and powers of special committees. In addition, it may authorize committees to use any information relevant to their terms of reference.

The members of special committees are bound by the same rules of ethics and professional conduct as those applicable to the officers.

2000, c. 29, s. 255; 2005, c. 35, s. 11.

256. Special committees shall exercise their powers and functions under the direction of the board of directors and shall report their findings and submit their recommendations to the board. A special committee formed at the request of the general meeting must report to the general meeting.

2000, c. 29, s. 256.

§ 3. — *Board of supervision*

2005, c. 35, s. 35.

257. The function of the board of supervision is to oversee the operations of the credit union from an ethical, professional and cooperative point of view.

The board of supervision shall, in particular,

(1) ensure that the rules of ethics and professional conduct adopted by the board of ethics and professional conduct of the federation or, where the credit union is not a member of a federation, by the board of supervision itself, are observed;

(2) ensure that the officers and managers of the credit union carry out their responsibilities properly;

(3) ensure that the rights of the members are respected;

(4) ensure that the credit union promotes economic and social education and education in the cooperative field;

(5) ensure that the credit union promotes cooperation between its members, between its members and the credit union and between the credit union and other cooperative bodies;

(6) ensure that the credit union's commitment to the community is carried out efficiently and in conformity with its cooperative values;

(7) ensure that cooperative values are integrated into the credit union's management and commercial practices;

(8) ensure that the admission of members and the suspension or expulsion of members are in compliance with the applicable legislative provisions and the by-laws of the credit union.

2000, c. 29, s. 257; 2005, c. 35, s. 12; 2018, c. 23, s. 156.

258. *(Repealed).*

2000, c. 29, s. 258; 2002, c. 45, s. 315; 2005, c. 35, s. 13.

259. The board of supervision of a credit union that is not a member of a federation shall also assume the functions and powers of the board of ethics and professional conduct of a federation as provided for in section 346, with the necessary modifications.

The board of supervision shall also adopt rules of ethics and professional conduct setting out the cases in which the auditor appointed by the credit union and the auditor's partners, if any, may contract with the credit union, and the conditions applying to such contracts.

The rules of ethics and professional conduct adopted by the board of supervision for the protection of the interests of the credit union and its members shall be submitted for approval to the board of directors of the

credit union. The credit union shall transmit a copy of the rules to the Authority within 30 days of their approval.

2000, c. 29, s. 259; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 14; 2016, c. 7, s. 206.

260. The board of supervision of a credit union is composed of three members, or of a greater number that may be prescribed by by-law of the credit union.

2000, c. 29, s. 260; 2005, c. 35, s. 35; 2018, c. 23, s. 157.

260.1. The by-laws of the credit union may divide its members into groups and grant each group the right to elect a specified number of members of the board of supervision.

No member of the board of supervision thus elected shall be dismissed except by the members of the credit union who have the right to elect that member.

The by-laws of the credit union may also prescribe the number of members of the board of supervision elected by the members of such a group.

2005, c. 35, s. 15; 2018, c. 23, s. 158.

261. At its first meeting after the organization meeting and, subsequently, during or following the annual meeting, the board of supervision shall choose a president and a secretary from among its members.

2000, c. 29, s. 261; 2005, c. 35, s. 35.

262. The majority of the members constitutes a quorum at meetings of the board of supervision.

2000, c. 29, s. 262; 2005, c. 35, s. 35.

263. The board of supervision has access to the books, records, accounts and any other document of the credit union, and every person having custody of them must facilitate its examination of them. It may require the officers, managers and other employees of the credit union to produce any document or information useful for the carrying out of its functions.

2000, c. 29, s. 263; 2005, c. 35, s. 35; 2018, c. 23, s. 159.

264. The board of supervision may, where it considers it necessary, require that a special inspection be carried out.

2000, c. 29, s. 264; 2005, c. 35, s. 35.

265. The board of supervision may suspend a manager, any other employee or an officer of the credit union or request that the federation intervene to that effect. Before rendering its decision, the board shall serve on the person concerned advance notice of not less than three clear days mentioning the grounds which justify such decision, the date on which it will become effective and the possibility of presenting observations.

Where the board is of the opinion that any delay could seriously compromise the interests of the members of the credit union, it may render its decision without giving the person advance notice or an opportunity to present observations. Such a decision is effective for no more than 10 days.

Within five days following the suspension, the board shall notify, in writing, the board of directors, the federation and the Authority in the case of the suspension of an officer or manager.

2000, c. 29, s. 265; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 35; 2018, c. 23, s. 160.

266. The board of supervision shall report its observations to the board of directors and may, if it considers it appropriate, submit recommendations.

The board shall also report its observations to the board of ethics and professional conduct of the federation.

The board of ethics and professional conduct of the federation must also be notified, as soon as practicable, of any cases where the rules of ethics and professional conduct were not observed. In the case of a credit union that is not a member of a federation, the Authority must be notified.

2000, c. 29, s. 266; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 16.

267. If the board of directors of a credit union fails to resolve a conflict of interest or to enforce a rule of ethics and professional conduct, the board of supervision may act in its stead or request that the federation intervene to that effect, in accordance with the intervention procedure provided for in the rules of ethics and professional conduct applicable to it.

2000, c. 29, s. 267; 2005, c. 35, s. 17.

268. The board of supervision shall notify the board of directors and the federation immediately, in writing, if it believes that the credit union is contravening a rule of ethics or professional conduct.

The board of supervision shall notify the Authority where, in its opinion, the board of directors and the federation are neglecting to take, as soon as possible under the circumstances, the necessary measures to remedy the situation identified in the notice.

2000, c. 29, s. 268; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 18.

269. Upon receipt of the periodical inspection report, the board of supervision shall submit its recommendations to the board of directors. It may also call a special meeting to lay any matter brought up in the report before the members.

2000, c. 29, s. 269; 2005, c. 35, s. 35.

270. The board of supervision shall submit a general report on its activities to the board of directors at the end of the fiscal year of the credit union and shall present it at the annual meeting.

The report shall make particular mention of the measures implemented by the credit union to prevent or resolve conflicts of interest, and where credit is extended to restricted parties, to comply with the applicable rules of ethics and professional conduct.

2000, c. 29, s. 270; 2005, c. 35, s. 19.

DIVISION V

AMALGAMATION

2001, c. 36, s. 41.

§ 1. — *General provision*

2018, c. 23, s. 161.

270.1. The following may amalgamate with each other:

- (1) credit unions that are not members of any federation;
- (2) credit unions that are members of the same federation; or

(3) credit unions that are members of the same federation and credit unions that are not members of any federation.

The regular or long form of amalgamation may, in cases allowing it, be replaced by amalgamation by absorption.

2018, c. 23, s. 161.

§ 2. — *Long-form amalgamation*

2018, c. 23, s. 161.

271. The amalgamating credit unions shall prepare an amalgamation agreement, in duplicate, setting out

(1) the name of the amalgamated credit union and the judicial district in which its head office will be situated;

(2) the name and address of each of the first members of the board of directors and of the board of supervision;

(3) the mode of election of subsequent members of the board of directors and of the board of supervision;

(4) the number of shares issued by each of the amalgamating credit unions or a statement that all such shares will be converted into shares of the amalgamated credit union, the price of each share and the manner of converting them into shares of the amalgamated credit union;

(5) the conditions and restrictions concerning the exercise of certain powers or the pursuit of certain activities;

(6) *(paragraph repealed)*;

(7) *(paragraph repealed)*.

2000, c. 29, s. 271; 2005, c. 35, s. 35; 2018, c. 23, s. 162.

272. The amalgamation of a credit union that is a member of a federation with another credit union requires the consent of that federation.

2000, c. 29, s. 272; 2018, c. 23, s. 163.

273. The amalgamating credit unions may determine, in the amalgamation agreement,

(1) the common characteristic shared by the members that the amalgamated credit union may recruit, other than auxiliary members;

(2) the allocation of the surplus earnings accumulated up to the date of amalgamation;

(3) any other measure to complete the amalgamation or relating to the organization and management of the amalgamated credit union.

2000, c. 29, s. 273.

274. Each credit union shall adopt the amalgamation agreement, by special resolution, at a special meeting. The resolution must designate the person authorized to sign the articles of amalgamation and the accompanying application. The vote of the members shall be attested by the secretary.

2000, c. 29, s. 274; 2018, c. 23, s. 164.

275. The notice calling the special meeting must state that the member may receive, free of charge, a copy of the amalgamation agreement.

A copy of the notice and the amalgamation agreement shall be transmitted, within the time prescribed for calling the meeting, to the federation. A representative of the federation may attend and address the meeting.

2000, c. 29, s. 275.

276. Once the amalgamation agreement is adopted by each of the amalgamating credit unions, the latter shall jointly prepare articles of amalgamation which must contain the particulars that are required to be included in the articles of constitution of a credit union, except the particulars concerning the founders. In addition, they must contain the information required under paragraph 1 of section 271.

2000, c. 29, s. 276; 2018, c. 23, s. 165.

277. The articles of amalgamation, prepared in duplicate and signed by the person authorized for that purpose by each of the amalgamating credit unions shall be transmitted to the Authority within nine months of the adoption of the first of the special resolutions adopting the amalgamation agreement.

2000, c. 29, s. 277; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 166.

278. The articles of amalgamation must be accompanied with

(1) a joint application requesting the Authority to authorize the amalgamation of the credit unions, signed by the persons authorized for that purpose;

(2) a copy of the amalgamation agreement;

(3) a certified copy of each special resolution adopting the amalgamation agreement and of the attestation provided for in section 274;

(4) a memorandum signed by the person authorized by each amalgamating credit union setting forth the reasons for and objectives of the amalgamation;

(5) a notice of the address of the head office of the amalgamated credit union;

(6) a notice determining the date of the fiscal year of the amalgamated credit union and stating the name of the auditor, if any;

(7) *(paragraph repealed)*;

(8) a copy of a document attesting the consent of the federation required under section 272; and

(9) the budgeted statements of the assets, liabilities and results for the first year of operation of the amalgamated credit union.

2000, c. 29, s. 278; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 167.

279. The Authority may require such additional documents or information as the Authority indicates for the examination of the application.

2000, c. 29, s. 279; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

280. Upon receipt of the articles of amalgamation and accompanying documents, the fees prescribed by regulation of the Government and any additional document or information required by the Authority, the Authority may authorize the amalgamation if the Authority considers it advisable.

For that purpose, the Authority, in addition to the procedure set out in subparagraphs 3 to 6 of the second paragraph of section 15, shall endorse the words “amalgamated credit union” on each copy of the articles of amalgamation and prepare, in duplicate, a certificate attesting the amalgamation and stating its date of effect, which may be subsequent to the date on which the certificate is made.

The Authority shall transmit a copy of the certificate attesting the amalgamation to the enterprise registrar who shall deposit it in the enterprise register.

2000, c. 29, s. 280; 2002, c. 45, s. 316; 2004, c. 37, s. 90; 2010, c. 40, s. 92.

281. On the effective date of the amalgamation, the amalgamating credit unions are continued as the amalgamated credit union and their patrimonies are joined together to form the patrimony of the amalgamated credit union. The rights and obligations of the amalgamating credit unions become those of the amalgamated credit union and the latter becomes a party to any judicial or administrative proceeding to which the amalgamating credit unions were a party.

If one of the amalgamating credit unions is a member of a federation, the amalgamated credit union is, by operation of law, a member of that federation.

2000, c. 29, s. 281; 2018, c. 23, s. 168.

§ 3. — Amalgamation by absorption

2018, c. 23, s. 169.

282. Credit unions may also amalgamate by absorption. A credit union may absorb another credit union provided the liabilities of the absorbed credit union, consisting of the deposits of its members, do not exceed 25% of the equivalent liabilities of the absorbing credit union.

2000, c. 29, s. 282.

282.1. In an amalgamation by absorption,

- (1) the officers of the amalgamated credit union are those of the absorbing credit union;
- (2) the mode of election of the officers to be elected after the amalgamation is the same as that prescribed for the election of the officers of the absorbing credit union;
- (3) the composition of the share capital of the amalgamated credit union is that of the share capital of the absorbing credit union, and the shares of the amalgamating credit unions are converted into shares of the amalgamated credit union;
- (4) the provisions of the articles of amalgamation concerning the head office, as well as the conditions and restrictions concerning the exercise of certain powers or the pursuit of certain activities, are identical to those set out in the articles of the absorbing credit union; and
- (5) the by-laws of the amalgamated credit union are those of the absorbing credit union.

2018, c. 23, s. 170.

282.2. In an amalgamation by absorption, the absorbing credit union may approve the amalgamation agreement provided for in section 271 by a simple resolution of its board of directors.

The absorbing credit union must send a certified copy of the resolution to the Authority and the federation.

2018, c. 23, s. 170.

283. The provisions relating to a long-form amalgamation apply, in all other respects, to an amalgamation by absorption, with the necessary modifications.

2000, c. 29, s. 283; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 171.

284. *(Repealed).*

2000, c. 29, s. 284; 2018, c. 23, s. 172.

DIVISION V.1

CONTINUANCE UNDER THIS ACT

2018, c. 23, s. 173.

284.1. If the Minister allows it, a cooperative that is established under an Act of a jurisdiction other than Québec and that has a mission similar to that of a credit union within the meaning of this Act, but whose principal establishment is located outside Québec, may continue as such a credit union if

(1) the Act governing it allows such continuance;

(2) either a federation agrees to admit it as a member once it is continued and undertakes to furnish, at the request of the Authority, guarantees that the Authority considers sufficient to ensure the protection of the credit union's members, or the cooperative itself furnishes guarantees that the Authority considers sufficient to ensure such protection; and

(3) it will be able to retain its principal establishment outside Québec.

The guarantees required for the purposes of subparagraph 2 of the first paragraph may be furnished by a security fund rather than a federation.

2018, c. 23, s. 173.

284.2. Continuance requires the filing of an application for the Minister's permission, together with articles of continuance, with the Authority.

2018, c. 23, s. 173.

284.3. The articles of continuance must contain the particulars required to be set out in the articles of constitution of a credit union, except the particulars concerning the founders and, if the credit union resulting from the continuance is a member of a federation, the particulars concerning the head office.

A cooperative that continues as a credit union governed by this Act may, by those articles, make any amendment to its constituting act that such a credit union may make to its articles under this Act.

The articles of continuance must also contain the title of and exact reference to the Act under which the cooperative was constituted and the date of constitution or, if applicable, the date of the most recent continuance or conversion.

2018, c. 23, s. 173.

284.4. The application filed with the Authority must be accompanied with

(1) the articles of continuance;

(2) a notice containing the names and addresses of the directors;

- (3) a notice containing the address of the cooperative's principal establishment;
- (4) if applicable, a copy of the document attesting the federation's consent under subparagraph 2 of the first paragraph of section 284.1;
- (5) the documents attesting the guarantees provided for in subparagraph 2 of the first paragraph of section 284.1;
- (6) the budgeted statements of the assets and liabilities and of the results for the first year of the credit union's activities following the continuance;
- (7) a report assessing the needs to be met by the continuance of the cooperative; and
- (8) the fees prescribed by regulation of the Government.

2018, c. 23, s. 173.

284.5. The Authority may require any additional documents or information it specifies for the purpose of examining the application.

2018, c. 23, s. 173.

284.6. After receiving the application for permission referred to in section 284.2, the required documents and fees and any additional documents or information it requires, the Authority shall prepare a report on the reasons for granting or denying the application.

The report must also include the information from the report the Authority must prepare under section 14 when processing an application requesting the Minister to authorize the constitution of a financial services cooperative.

2018, c. 23, s. 173.

284.7. To the extent that the proposed name of the credit union is compliant with the requirements of this Act, the Authority shall send its report to the Minister together with the application.

2018, c. 23, s. 173.

284.8. The Minister may, if the Minister considers it advisable, allow the continuance of the cooperative.

If the Minister allows the cooperative's continuance, the Authority shall process the articles of continuance received and issue the certificate and the copies of it in accordance with the second paragraph of section 15.

2018, c. 23, s. 173.

284.9. The continuance certificate issued by the Authority attests the continuance of the cooperative as a credit union governed by this Act as of the date and, if applicable, the time shown on the certificate.

As of that date and time, the articles of continuance are deemed to be the articles of constitution of the credit union; if the latter is a member of a federation, the head office of the credit union is deemed to be situated at the head office of the federation.

2018, c. 23, s. 173.

284.10. The rights, obligations and acts of a cooperative continued as a credit union under this Act, and those of the members of the cooperative, are unaffected by the continuance.

The continued credit union shall remain a party to any judicial or administrative proceeding to which the cooperative was a party.

2018, c. 23, s. 173.

284.11. The Authority shall send a copy of the certificate of continuance to the authority responsible for the administration of the Act that governed the cooperative before its continuance.

2018, c. 23, s. 173.

CHAPTER IX

FEDERATION

DIVISION I

MEMBERS

285. In addition to the auxiliary members, only credit unions may be members of a federation.

2000, c. 29, s. 285.

286. A cooperative established outside Québec having a similar mission to that of a financial services cooperative within the meaning of this Act may be admitted by a federation, but only as an auxiliary member.

Any other user of its services, except a credit union established under this Act, may also be admitted as an auxiliary member.

2000, c. 29, s. 286; 2018, c. 23, s. 174.

287. The by-laws of a federation may determine one or several classes of auxiliary members, prescribe the conditions of admission applicable to such members, define their rights and obligations and prescribe criteria or conditions applicable to the withdrawal, suspension or expulsion of auxiliary members.

2000, c. 29, s. 287; 2018, c. 23, s. 175.

287.1. The by-laws of a federation may determine one or more categories of participating auxiliary members from among the auxiliary members referred to in the first paragraph of section 286. The by-laws shall stipulate the conditions that the participating auxiliary members must meet in order to exercise their voting rights and be eligible to office.

2003, c. 20, s. 13; 2018, c. 23, s. 175.

288. Subject to the provisions of the by-laws of the federation made under section 287, auxiliary members have the rights and obligations arising from their status as members but, with the exception of participating auxiliary members, they do not have voting rights and their representatives are not eligible to office.

2000, c. 29, s. 288; 2003, c. 20, s. 14; 2018, c. 23, s. 176.

288.1. The voting rights allotted to participating auxiliary members in accordance with the criteria determined by the by-laws of the federation must not exceed the limits determined by regulation of the Government. In no case may such members be permitted to exercise together more than 30% of the voting rights at a general meeting of the federation.

2003, c. 20, s. 15; 2018, c. 23, s. 177.

289. To become a member of a federation, a credit union must

- (1) apply for admission, except in the case of a founding credit union;
- (2) undertake to comply with the by-laws and standards of the federation;
- (3) subscribe and pay for one qualifying share or any other number of qualifying shares that the by-laws of the federation may prescribe;
- (4) be admitted by the federation, except in the case of a founding credit union.

2000, c. 29, s. 289; 2018, c. 23, s. 178.

290. A federation may accept an application for admission submitted by the founders of a credit union. The admission becomes effective upon the constitution of the credit union.

2000, c. 29, s. 290.

291. The by-laws of a federation shall determine the other conditions of admission applicable to its members, define their rights and obligations as members and prescribe the conditions applicable to the withdrawal or expulsion of members.

2000, c. 29, s. 291; 2018, c. 23, s. 179.

292. Every decision of a federation concerning the admission or expulsion of a credit union shall be immediately transmitted to the credit union and to the Authority.

The decision of a federation to expel a credit union shall become effective only once

- (1) another federation has undertaken to admit the credit union as a member, or once the new federation the constitution of which the credit union has applied for is constituted and the credit union has received articles of amendment to be affiliated therewith;
- (2) the credit union has amalgamated with a credit union affiliated with another federation;
- (3) the credit union is dissolved; or
- (4) the credit union is exempted from compliance with section 186 by the Minister.

2000, c. 29, s. 292; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

DIVISION II

GENERAL MEETING

293. The general meeting of a federation shall consist of the persons designated by the credit unions and of the other persons determined by the by-laws of the federation.

The organization meeting shall, however, consist of the persons who signed the articles of constitution in their capacity as representatives.

2000, c. 29, s. 293; 2018, c. 23, s. 180.

294. The by-laws of a federation shall determine

- (1) the manner in which credit unions and any participating auxiliary members are to be represented at meetings;
- (2) criteria for determining the number of representatives and votes to which each credit union and each participating auxiliary member, if any, is entitled;

- (3) rules for the calling of members to meetings;
- (4) procedural rules for the annual meeting and for special meetings;

(5) the cases in which meetings may be held by groups, on different dates and at different locations, and the communications equipment that may be used to enable participants to communicate with each other instantaneously.

2000, c. 29, s. 294; 2003, c. 20, s. 16; 2005, c. 35, s. 37; 2018, c. 23, s. 181.

294.1. If authorized by the by-laws of the federation, the board of directors may establish the terms and conditions under which members may participate in a meeting by means of communications equipment enabling them to communicate with each other instantaneously and vote.

If authorized by the by-laws of the federation, the board of directors may also establish the terms and conditions governing advance polling in the context of a decision to be made or an election to be held at a meeting.

2005, c. 35, s. 20.

295. The by-laws of the federation may divide the credit unions and any participating auxiliary members into groups and establish a council of representatives for each group.

2000, c. 29, s. 295; 2003, c. 20, s. 17; 2018, c. 23, s. 183.

296. Notwithstanding sections 293 and 294, where the by-laws of a federation establish councils of representatives, the members of the councils, the president of the federation and any other person determined by by-law constitute the general meeting of the federation.

The members of a council of representatives represent all the credit unions belonging to the group at the general meeting.

2000, c. 29, s. 296; 2018, c. 23, s. 184.

297. The by-laws of the federation must, when establishing councils of representatives, prescribe

- (1) groups for the purpose of electing the members of the council of representatives;
- (2) the number of councils of representatives and their functions and operating rules;
- (3) the criteria to be used in determining the number of representatives and votes to which each credit union is entitled for the purpose of electing the members of a council of representatives;
- (4) the manner in which the representatives referred to in paragraph 3 are to be appointed by the credit unions and convened to meetings to elect the members of the councils of representatives;
- (5) the rules governing the terms of office of the members of the councils of representatives;
- (6) the rules governing the convening of the members of the councils of representatives to the general meeting;
- (7) the rules of procedure for the annual meeting, for special meetings, for meetings of the representatives of credit unions convened to elect the members of the councils of representatives, and for meetings of the councils of representatives;

(8) the cases in which the meetings referred to in paragraph 7 may be held by groups, on different dates and at different locations, and the communications equipment that may be used to enable participants to communicate with each other instantaneously;

(9) any other measures or rules relating to the organization of the councils of representatives.

2000, c. 29, s. 297; 2003, c. 20, s. 18; 2005, c. 35, s. 37; 2018, c. 23, s. 185.

297.1. In addition to the reimbursement of reasonable expenses incurred in the exercise of their functions, the members of a council of representatives shall receive an attendance allowance in the amount set by the board of directors. The aggregate amount paid in that regard may not exceed the amount set by the general meeting. No allowance may be paid before the maximum amount has been set by the general meeting.

2003, c. 20, s. 19.

298. A natural person who is an auxiliary member of a federation may not be represented at a meeting.

A legal person, a partnership or a group of persons that is an auxiliary member shall be represented by a single natural person. No representative may act for more than one auxiliary member.

The second paragraph does not apply to participating auxiliary members.

2000, c. 29, s. 298; 2003, c. 20, s. 20.

299. Subject to paragraph 2 of section 294, a member of the general meeting is entitled to one vote.

2000, c. 29, s. 299.

299.1. Except when it is holding an election, the meeting shall make its decisions by a majority of the votes cast or, where this Act so provides, by a 2/3 majority of the votes cast.

Unless otherwise provided by the by-laws of the federation, in the event of a tie vote, the person chairing the meeting shall have a casting vote.

2018, c. 23, s. 186.

299.2. A decision that must be made by a majority of the votes cast at the general meeting is called a resolution or ordinary resolution; a decision that must be made by a 2/3 majority of the votes cast is called a special resolution.

2018, c. 23, s. 186.

300. The by-laws of the federation are adopted by special resolution of the general meeting.

The general meeting may delegate to the board of directors, to a council of representatives or to another organ of the federation the power to adopt by-laws specific to the federation on subjects determined by the general meeting.

Any amendments to the by-laws of the federation must be sent to the Authority.

2000, c. 29, s. 300; 2003, c. 20, s. 21; 2018, c. 23, s. 186.

301. A resolution signed by all the persons entitled to vote has the same force as if it had been passed at a meeting.

Such a resolution shall be kept with the minutes of the meetings.

2000, c. 29, s. 301.

302. At any meeting, unless a vote by ballot is demanded, a declaration by the chair that a resolution has been carried, and an entry to that effect in the minutes, shall be *prima facie* evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

However, members are elected to the board of directors or to the board of ethics and professional conduct by secret ballot.

2000, c. 29, s. 302; 2005, c. 35, s. 36.

303. The annual meeting of a federation shall be held within four months from the end of its fiscal year. The members shall be convened to

- (1) examine the annual report;
- (2) examine the report on activities of the board of ethics and professional conduct;
- (3) decide upon the allocation of the annual surplus earnings;
- (4) (*paragraph repealed*);
- (5) elect the members of the board of ethics and professional conduct and, subject to the by-laws of the federation, the members of the board of directors;
- (6) appoint an auditor;
- (7) make any decision reserved for the general meeting by this Act;
- (8) address oral questions to the members of the board of directors during a minimum period of time determined by the by-laws of the federation;
- (9) address oral questions to the members of the board of ethics and professional conduct and concerning the report on its activities during a minimum period of time determined by the by-laws.

2000, c. 29, s. 303; 2005, c. 35, s. 36; 2018, c. 23, s. 187.

304. The board of directors, the board of ethics and professional conduct, the president or vice-president of the federation, or any person determined by by-law of the federation, may order that a special meeting be held whenever considered advisable.

2000, c. 29, s. 304; 2005, c. 35, s. 36; 2018, c. 23, s. 188.

305. The federation must hold a special meeting upon the requisition of 100 members of the general meeting, of 1/3 of its members or of the number of members necessary to constitute the quorum where so provided in its by-laws.

The requisition must specify the matters in respect of which a special meeting is required.

2000, c. 29, s. 305; 2018, c. 23, s. 189.

305.1. Business mentioned in a requisition to hold a meeting may not be presented at the meeting if

- (1) a meeting has already been called to discuss that business;
- (2) the business is not within the powers of the members;
- (3) the business is intended to enforce a personal claim or redress a personal grievance against the federation or a credit union, or their officers, managers or members;

(4) the business does not relate in a significant way to the internal affairs or the activities of the federation; or

(5) the business has already been submitted to and rejected by the members within the year preceding the requisition.

The requisition is inadmissible if none of the business it mentions may be presented at the meeting.

2018, c. 23, s. 190.

306. If the meeting is not called within 30 days of the requisition made by the members, two members who have signed the requisition may call the meeting. In the latter case, the members may obtain a copy of the list of members of the general meeting and their addresses.

Unless the members object thereto by resolution at the meeting, the federation shall reimburse those who called the meeting for reasonable expenses incurred by them to hold the meeting.

2000, c. 29, s. 306.

307. Only the matters specified in the notice of meeting may be considered at a special meeting. The matters specified in the requisition must also be stated in the notice, with an indication of those which may be decided by the meeting.

2000, c. 29, s. 307.

DIVISION III

MANAGEMENT AND ADMINISTRATION

§ 1. — *Provisions applicable to the board of directors and board of ethics and professional conduct*

2005, c. 35, s. 36.

308. Apart from the general meeting, the organs of a federation are the board of directors and the board of ethics and professional conduct.

2000, c. 29, s. 308; 2005, c. 35, s. 36.

309. The members of the board of directors, except the president of the federation, are elected or appointed from among the members of the general meeting, unless they are elected in accordance with the by-laws of the federation.

2000, c. 29, s. 309; 2018, c. 23, s. 191.

310. The term of office of the members of a board is three years, except for the term of office of the president of the federation.

The by-laws of the federation must provide for a mode of rotation so that 1/3 of the members of a board, to the nearest whole number, are replaced each year.

The federation may, for the purposes of this section, shorten or lengthen the term of office of the members of a board.

On the expiry of a member's term of office, the member shall remain in office until re-elected or replaced.

2000, c. 29, s. 310; 2018, c. 23, s. 192.

311. A decrease in the number of members of a board does not end the term of those who remain in office.

2000, c. 29, s. 311.

312. Unless otherwise provided in the by-laws of a federation, in the event of a vacancy, the members of a board may appoint a replacement for the unexpired portion of the term of office. If they fail to do so, the general meeting shall fill the vacancy.

If, due to vacancies, a quorum cannot be reached, two members of the federation or a member of a board may order the secretary of the federation to call a special meeting within 10 days to fill the vacancies.

If the secretary fails to act, the meeting may be called by the persons who ordered the holding of the meeting. The federation shall reimburse those who called the meeting for reasonable expenses incurred by them to hold the meeting.

2000, c. 29, s. 312; 2018, c. 23, s. 193.

313. A member of a board may resign from office by giving notice to that effect.

The notice must include the reasons for the resignation.

2000, c. 29, s. 313; 2018, c. 23, s. 194.

314. A notice under section 313 must be given to the federation and the Authority.

A board member who in good faith gives such notice shall not thereby incur any civil liability.

2000, c. 29, s. 314; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 195.

315. No member of a board may be dismissed by the general meeting, at an annual or special meeting, unless the member has been informed in writing, within the same advance time as that prescribed for calling the meeting, of the grounds for dismissal and of the place, date and time of the meeting.

The member may give, in a written statement read by the person chairing the meeting, the grounds for the member's opposition to the dismissal. The member may also address the meeting.

2000, c. 29, s. 315.

316. The minutes of the meeting at which a member of a board is dismissed must state the facts which justify the decision.

The federation, within 15 days of the decision, shall send to the member, by any means enabling proof of receipt, a notice of dismissal setting out the reasons for the dismissal. The federation shall also send, within the same time limit, a copy of such notice to the Authority.

A federation or any of its officers or managers who, in good faith, present facts at the meeting that justify a dismissal shall not thereby incur any civil liability.

2000, c. 29, s. 316; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 196.

317. A vacancy resulting from the dismissal of a member of a board may be filled during the meeting at which the dismissal takes place provided that the notice of the meeting mentions that such an election or designation may take place.

2000, c. 29, s. 317.

318. The members of a board may, if they all consent, participate in a meeting by means of communications equipment enabling participants to communicate with each other instantaneously. The participants are deemed in that case to have attended the meeting.

2000, c. 29, s. 318; 2005, c. 35, s. 37.

319. A resolution signed by all the members entitled to vote has the same force as if it had been passed at a meeting.

A copy of such a resolution shall be kept with the minutes of the proceedings.

2000, c. 29, s. 319.

320. Any member of a board may waive, in writing, the notice of a meeting of the board. Mere attendance by the member at the meeting is a waiver, except where the member attends for the express purpose of objecting to the holding of the meeting on the ground that notice of the meeting was given irregularly.

2000, c. 29, s. 320.

321. The decisions of a board are taken by a majority of the votes cast. In the event of a tie, the person presiding the meeting has a casting vote.

2000, c. 29, s. 321.

322. A member of a board present at a meeting is deemed to have approved any resolution passed or measure taken at the meeting except if the member requests that the member's dissent be entered in the minutes before the meeting is adjourned or closed.

2000, c. 29, s. 322.

323. The members of a board shall receive, in addition to the reimbursement of reasonable expenses they incur in the exercise of their functions, an attendance allowance in an amount fixed by the board of directors. The aggregate amount paid in that respect may not, however, exceed the amount fixed by the general meeting for each board. No allowance shall be paid before the maximum amount has been fixed by the general meeting.

The directors may be remunerated in accordance with the by-laws of the federation.

For the purposes of this Act, the directors, other than the president, vice-president and secretary of the federation, are deemed to not be employees of the federation.

2000, c. 29, s. 323; 2018, c. 23, s. 197.

§ 2. — *Board of directors*

324. The board of directors shall exercise all the powers necessary to manage, or supervise the management of, the internal affairs and the activities of the federation, and those powers may be delegated to an officer, a manager or one or more of the board's committees.

Except to the extent provided by law, the powers of the board of directors relating to the reception of deposits and the provision of credit and other products and services may not be restricted or withdrawn.

The by-laws of the federation may determine the powers relating to the internal affairs of the federation that the board of directors may exercise only with the authorization of the general meeting.

2000, c. 29, s. 324; 2018, c. 23, s. 198.

324.1. A federation must implement a policy to foster, in particular, the independence, competence and diversity of the members of its board of directors and of the members of the committees of the board.

2018, c. 23, s. 198.

325. The board of directors shall, in particular,

(1) observe and enforce the regulations made by the Government for the purposes of this Act, the by-laws of the federation, and the rules of ethics and professional conduct, standards, orders and written instructions issued under this Act;

(2) establish a policy applicable to the federation regarding sound and prudent management practices;

(3) provide the board of ethics and professional conduct with any personnel it requires to carry out its functions;

(4) furnish to the Authority, on request, a certified copy of any document of the federation;

(5) ensure the keeping and preservation of the registers;

(6) determine the rate of interest on the shares issued by the federation, other than qualifying shares, and a policy for setting the federation's savings and credit interest rates;

(6.1) determine the rate of interest on capital shares issued by credit unions that are members of the federation;

(7) make or control the investments of the federation;

(8) insure the federation against the risks of fire, theft or embezzlement by its officers, managers and other employees, and provide the federation with civil liability insurance and officers' and managers' liability insurance;

(9) designate the persons authorized to sign contracts or other documents on behalf of the federation;

(10) at the annual meeting, give an account of its management and present the annual report;

(11) facilitate the work of the persons responsible for the inspection of the federation, the supervision of its transactions or the audit of its books and accounts.

2000, c. 29, s. 325; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 21; 2018, c. 23, s. 199.

326. The by-laws of the federation must prescribe the number of directors, which shall not be less than five.

The board of directors must be composed of a majority of directors who do not hold office as chief manager of the federation or of a credit union and who are not persons determined by the by-laws of the federation.

2000, c. 29, s. 326; 2018, c. 23, s. 200.

327. The by-laws of the federation may establish the procedure for electing or appointing directors, and the manner in which the board of directors is to be formed.

2000, c. 29, s. 327; 2018, c. 23, s. 201.

328. In addition to persons disqualified for office as directors under the Civil Code, and persons convicted of an offence or an indictable offence involving fraud or dishonesty who have not obtained a pardon, the following persons are disqualified for office as members of the board of directors:

- (1) an employee of the federation or of one of its member credit unions, except a chief manager;
- (2) a member of the board of ethics and professional conduct;
- (3) an officer, manager or other employee of another federation;
- (4) a person dismissed in the past five years under section 118, 118.2 or 335; and
- (5) a person otherwise disqualified under the by-laws of the federation.

2000, c. 29, s. 328; 2005, c. 35, s. 36; 2008, c. 7, s. 60; 2018, c. 23, s. 202.

329. During or after the organization meeting and during or after each ensuing annual meeting, the board of directors shall elect the president, vice-president and secretary of the board of directors from among its members, in accordance with the by-laws of the federation.

2000, c. 29, s. 329.

330. The by-laws of the federation must set out the number of times that a board member's term of office may be renewed, whether consecutively or otherwise.

2000, c. 29, s. 330; 2018, c. 23, s. 204.

331. *(Repealed).*

2000, c. 29, s. 331; 2018, c. 23, s. 205.

332. *(Repealed).*

2000, c. 29, s. 332; 2018, c. 23, s. 205.

333. Within 30 days after a change is made among the directors of the board of directors, the federation shall give notice of the change to the Authority, together with a list containing the name and address of each director.

The Authority shall transmit the list of the names and addresses of officers to the enterprise registrar who shall deposit it in the enterprise register.

2000, c. 29, s. 333; 2002, c. 45, s. 317; 2004, c. 37, s. 90; 2010, c. 40, s. 92.

334. Unless otherwise provided in the by-laws of the federation, a majority of the members constitutes a quorum at meetings of the board of directors.

2000, c. 29, s. 334.

335. The board of directors of a federation may, at the request of the board of supervision of a credit union, suspend or dismiss any manager, other employee or officer of the credit union by following the procedure required prior to a decision to be rendered under section 265. It may, on its own initiative and in accordance with that procedure, suspend or dismiss an officer or manager who does not fulfil his or her obligations.

If the suspended or dismissed person is the chief manager or an officer of a credit union, the federation may designate a replacement for the duration of the suspension or for the interim period until the credit union replaces that person.

2000, c. 29, s. 335; 2005, c. 35, s. 35; 2018, c. 23, s. 207.

336. The board of directors of the federation may in addition, at the request of the board of supervision of a credit union, intervene in respect of that credit union to resolve a conflict of interest or to apply a rule of ethics or professional conduct, in accordance with the intervention procedure established in the rules of ethics and professional conduct.

2000, c. 29, s. 336; 2005, c. 35, s. 22.

336.1. For the purposes of paragraph 5 of section 204, the federation may determine the activities that represent an unacceptable financial risk for the credit union when they are exercised by a member of that credit union.

2003, c. 20, s. 22.

337. If so authorized by the by-laws of the federation, the board of directors may establish any committee of the board.

2000, c. 29, s. 337; 2018, c. 23, s. 208.

338. *(Repealed).*

2000, c. 29, s. 338; 2018, c. 23, s. 209.

339. *(Repealed).*

2000, c. 29, s. 339; 2018, c. 23, s. 209.

340. *(Repealed).*

2000, c. 29, s. 340; 2018, c. 23, s. 209.

341. The board of directors may form special committees to examine particular matters or to facilitate the proper operation of the federation.

The board of directors shall form a special committee at the request of the general meeting.

2000, c. 29, s. 341; 2018, c. 23, s. 210.

342. A special committee shall be composed of not fewer than three persons. It may comprise officers, managers, other employees and members of the federation and the credit unions.

2000, c. 29, s. 342; 2018, c. 23, s. 211.

343. The board of directors shall determine the functions and powers of special committees. In addition, it may authorize the committees to use any information relevant to the fulfilment of their mandate.

The members of special committees are bound by the same rules of ethics and professional conduct as those applicable to officers.

2000, c. 29, s. 343; 2005, c. 35, s. 23.

344. Special committees shall exercise their powers under the direction of the board of directors and shall report their findings and recommendations to the board of directors. Any special committee formed at the request of the general meeting shall report to the general meeting.

2000, c. 29, s. 344.

§ 3. — *Board of ethics and professional conduct*

2005, c. 35, s. 36.

345. The function of the board of ethics and professional conduct is to

- (1) see to the independence and impartiality of the inspection service;
- (2) ensure that the rules of ethics and professional conduct it adopts are observed;
- (3) intervene at the request of the board of directors or the board of supervision of a credit union to resolve a situation of conflict of interest;
- (4) perform any mandate concerning ethics or professional conduct entrusted to it by the board of directors;
- (5) advise the board of directors to take any decision to implement, apply and review the policies and orientations of the federation, particularly the arrangements made for protecting the interests of the federation and its members.

2000, c. 29, s. 345; 2005, c. 35, s. 24; 2016, c. 7, s. 207.

346. The board of ethics and professional conduct of the federation shall adopt rules of ethics and professional conduct relating to the protection of the interests of the federation, the credit unions and their members.

The rules shall concern, in particular, the procedure governing contracts with restricted parties, the conditions applicable to the credit extended to restricted parties, the protection of confidential information held by the federation and credit unions, and the conduct required of the federation and credit unions in cases where their interest or that of a legal person belonging to the same financial group is in conflict with that of their members.

The rules shall also set out the procedure which the board of supervision of a credit union or the board of ethics and professional conduct or the board of directors of the federation must follow when intervening to resolve a conflict of interest or applying rules of ethics or professional conduct in respect of the credit union or the federation.

The board of ethics and professional conduct may adopt rules of ethics and professional conduct concerning officers, managers and other employees of the federation and credit unions and of officers of other legal persons belonging to the financial group.

2000, c. 29, s. 346; 2005, c. 35, s. 25; 2018, c. 23, s. 212.

347. The board of ethics and professional conduct shall adopt rules of ethics and professional conduct applicable to the persons in charge of the inspection of the credit unions.

2000, c. 29, s. 347; 2005, c. 35, s. 26; 2016, c. 7, s. 208.

348. The rules of ethics and professional conduct adopted by the board of ethics and professional conduct must be submitted for approval to the board of directors of the federation, which may not amend them.

Within 30 days of the approval of such rules, the federation shall transmit a copy to the Authority.

2000, c. 29, s. 348; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 27.

349. The board of ethics and professional conduct shall, in addition to its main function, receive any complaints from the members of the federation, including auxiliary members where permitted by the by-laws of the federation, inform the other organs of the federation if need be, reply to the complainants and verify whether corrective measures are required and if they are applied.

2000, c. 29, s. 349; 2005, c. 35, s. 36.

350. The board of ethics and professional conduct shall notify the board of directors promptly, if

(1) the rules of ethics or professional conduct are not observed;

(2) in its opinion, the federation is contravening a provision of this Act or the regulations or by-laws in connection with insider trading and the rules on conflict of interest.

The board of ethics and professional conduct shall notify the Authority where it considers that the federation is neglecting to take the necessary measures in a timely manner, having regard to the circumstances, to remedy the situation identified in the notice.

2000, c. 29, s. 350; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 28.

351. The board of ethics and professional conduct has access to the books, records, accounts and other documents of the federation, and every person having custody of them must facilitate its examination of them. It may require the officers, managers and other employees of the federation to furnish any document or information useful for the carrying out of its functions.

2000, c. 29, s. 351; 2005, c. 35, s. 36; 2018, c. 23, s. 214.

352. The board of ethics and professional conduct shall report its observations to the board of directors and, if it considers it appropriate, make recommendations to the board of directors.

2000, c. 29, s. 352; 2005, c. 35, s. 36.

353. The board of ethics and professional conduct shall each year transmit to the Authority, within four months of the closing date of the fiscal year of the federation, a report of its activities in matters of ethics and professional conduct.

The report shall indicate the cases where the rules of ethics or professional conduct were not observed.

2000, c. 29, s. 353; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 29.

354. The board of ethics and professional conduct may make observations and recommendations respecting the application of the rules of ethics or professional conduct to the federation and credit unions.

The board of ethics and professional conduct shall also give its opinion on any question submitted to it by an officer, a manager, the board of directors or the board of supervision of a credit union or by an officer, a manager or the board of directors of the federation.

2000, c. 29, s. 354; 2005, c. 35, s. 30; 2018, c. 23, s. 215.

355. The board of ethics and professional conduct may suspend any manager, other employee or officer of the federation. Before rendering its decision, the board shall serve on the person concerned a prior notice of not less than three clear days mentioning the grounds which justify such decision, the date on which it will become effective and the possibility of presenting observations.

Where the board is of the opinion that any delay could prejudice the interests of the members of the federation, it may render an interim decision without giving the person advance notice or an opportunity to present observations. Such a decision shall be effective for not more than 10 days.

Within five days after the decision, the board shall notify, in writing, the board of directors of the federation and, in the case of the suspension of an officer or manager, the Authority.

2000, c. 29, s. 355; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 36; 2018, c. 23, s. 216.

356. Upon receipt of the periodical inspection report, the board of ethics and professional conduct shall submit its recommendations to the board of directors and may call a special meeting to lay any matter brought up in the report before the members.

2000, c. 29, s. 356; 2005, c. 35, s. 36.

357. The board of ethics and professional conduct shall submit a general report on its activities to the board of directors at the end of the fiscal year of the federation and shall present it at the annual meeting.

The report shall make particular mention of the measures taken by the federation to prevent or resolve conflicts of interest and, where credit has been extended to restricted parties, the report shall demonstrate compliance with the applicable rules of ethics and professional conduct and the applicable standards.

2000, c. 29, s. 357; 2005, c. 35, s. 31.

358. Where the board of directors fails to resolve a conflict of interest or to apply a rule of ethics or professional conduct, the board of ethics and professional conduct may act in its stead.

2000, c. 29, s. 358; 2005, c. 35, s. 32.

359. The federation must, in its by-laws, establish the number of members of the board of ethics and professional conduct, which must not be fewer than five.

2000, c. 29, s. 359; 2005, c. 35, s. 36; 2018, c. 23, s. 217.

360. The federation may, in its by-laws, establish the procedure for electing the members of the board of ethics and professional conduct and the manner in which the board is to be formed.

2000, c. 29, s. 360; 2005, c. 35, s. 36; 2018, c. 23, s. 218.

361. In addition to persons disqualified for office as directors under the Civil Code, and persons convicted of an offence or an indictable offence involving fraud or dishonesty who have not obtained a pardon, the following persons may not be members of the board of ethics and professional conduct:

- (1) an employee of the federation or of one of its member credit unions;
- (2) a member of the board of directors of the federation;
- (3) an officer, manager or other employee of another federation;
- (4) a person dismissed in the past five years under section 118, 118.2 or 335; and
- (5) a person otherwise disqualified under the by-laws of the federation.

The directors, officers or employees of a legal person belonging to the financial group, other than a credit union or a federation, and the shareholders holding 10% or more of the voting rights attached to the shares of

the legal persons belonging to the financial group may not be members of the board of ethics and professional conduct.

2000, c. 29, s. 361; 2005, c. 35, s. 36; 2008, c. 7, s. 61; 2018, c. 23, s. 219.

362. At its first meeting after the organization meeting and, subsequently, during or after the annual meeting, the board of ethics and professional conduct shall choose a president and a secretary from among its members.

2000, c. 29, s. 362; 2005, c. 35, s. 36.

363. The majority of the members constitutes a quorum at meetings of the board of ethics and professional conduct.

2000, c. 29, s. 363; 2005, c. 35, s. 36.

DIVISION IV

ACTIVITIES AND POWERS

§ 1. — *General provisions*

364. In addition to the other powers it may exercise under this Act, the federation may

- (1) examine the books and accounts of any credit union;
- (2) enter into an agreement with the board of directors of a credit union entrusting the federation with the supervision, direction or administration of the affairs of the credit union for a specified period;
- (3) develop and provide any service for the benefit of the members of a credit union;
- (4) participate with a credit union in the establishment and administration of the services that the credit union may provide;
- (5) act, for the purposes of this Act, as the temporary or provisional administrator or as the liquidator of a credit union;
- (6) act as the liquidator or sequestrator for the performance of an obligation secured by hypothec of which a credit union is a creditor;
- (7) make gifts in its name and in that of the credit unions.

For the purposes of subparagraph 3 of the first paragraph, a service may be developed or provided by a legal person or partnership chosen by the federation.

2000, c. 29, s. 364; 2010, c. 40, s. 7; 2018, c. 23, s. 220.

365. A credit union is deemed to be a party to an agreement in order to benefit from the advantages resulting from a service referred to in subparagraph 3 of the first paragraph of section 364 if notice of a resolution of the federation to that effect, passed by a 2/3 majority of the votes cast by the members of its board of directors, has been sent to the credit union. However, a credit union may withdraw from the agreement by forwarding to the federation a copy of the resolution to that effect passed by its board of directors.

2000, c. 29, s. 365; 2010, c. 40, s. 8.

366. Where the members of a credit union benefit from a service referred to in section 365, the federation or, if applicable, a legal person or partnership chosen by the federation may act as the mandatary of the credit union and, as mandatary, the federation shall have all the powers that may be exercised by the credit union.

2000, c. 29, s. 366; 2010, c. 40, s. 9; 2018, c. 23, s. 221.

366.1. The federation is required to prepare the credit unions' financial reports.

The federation shall determine the procedure for preparing the credit unions' financial reports; the procedure must be submitted for approval to the Authority.

2016, c. 7, s. 209; 2018, c. 23, s. 222; 2021, c. 34, s. 43.

367. The federation may enter into a contract with a third party that binds the credit unions where the credit unions or their members avail themselves of the benefit stipulated in the contract.

2000, c. 29, s. 367; 2018, c. 23, s. 223.

368. The federation may, as an ancillary activity, offer or provide to any person or partnership the services it uses for its own benefit, the benefit of its members or the benefit of partnerships or legal persons belonging to the financial group.

2000, c. 29, s. 368; 2018, c. 23, s. 224.

369. The federation may adopt standards applicable to the activities and management practices of its member credit unions.

It must, however, adopt standards applicable to those credit unions as regards

- (1) their commercial practices;
- (2) the contents of the financial report provided for in the second paragraph of section 135;
- (3) the hiring of the chief manager, his or her conditions of employment and the termination of his or her contract of employment;
- (4) the management of their capital and assets;
- (5) the processing of complaints and resolution of disputes;
- (6) their investments; and
- (7) the reserves to be maintained for doubtful debts and contingent losses.

A standard adopted under subparagraph 2 of the second paragraph is subject to the Authority's approval.

2000, c. 29, s. 369; 2003, c. 20, s. 23; 2005, c. 35, s. 35; 2007, c. 18, s. 5; 2016, c. 7, s. 210; 2018, c. 23, s. 225.

370. *(Repealed).*

2000, c. 29, s. 370; 2007, c. 18, s. 6; 2018, c. 23, s. 226.

371. *(Repealed).*

2000, c. 29, s. 371; 2003, c. 20, s. 24; 2018, c. 23, s. 226.

372. *(Repealed).*

2000, c. 29, s. 372; 2003, c. 20, s. 25; 2018, c. 23, s. 226.

372.1. *(Repealed).*

2008, c. 7, s. 62; 2018, c. 23, s. 226.

373. *(Repealed).*

2000, c. 29, s. 373; 2018, c. 23, s. 226.

374. *(Repealed).*

2000, c. 29, s. 374; 2018, c. 23, s. 226.

375. The federation may, when adopting standards concerning credit unions, establish various classes of persons and partnerships and various classes of activities and operations, and prescribe conditions, restrictions and terms applicable to each class.

Such standards may in addition determine, according to the provisions contained therein, the measures that may be taken following a failure to apply them.

2000, c. 29, s. 375; 2018, c. 23, s. 227.

376. The federation shall transmit the by-laws and standards it has adopted to the Authority.

2000, c. 29, s. 376; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 228.

377. *(Repealed).*

2000, c. 29, s. 377; 2002, c. 45, s. 318; 2004, c. 37, s. 90; 2005, c. 35, s. 35; 2008, c. 7, s. 63; 2018, c. 23, s. 229.

378. *(Repealed).*

2000, c. 29, s. 378; 2018, c. 23, s. 229.

379. *(Repealed).*

2000, c. 29, s. 379; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 229.

380. *(Repealed).*

2000, c. 29, s. 380; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 229.

381. *(Repealed).*

2000, c. 29, s. 381; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 229.

382. The federation may withdraw or restrict the power of any member credit union to allocate its surplus earning or its shareable reserves.

2000, c. 29, s. 382; 2018, c. 23, s. 230.

382.1. After informing a member of a credit union in writing of the grounds invoked and giving the member an opportunity to submit observations, the federation may suspend or expel the member from the credit union if it believes that the member's activities

- (1) represent an unacceptable financial risk for the credit union; or
- (2) are contrary to the credit union's interests.

Before exercising the power given it in the first paragraph, the federation must inform the credit union of its intention and give it an opportunity to submit observations.

The federation informs the credit union of its decision. The credit union informs the member and enters the decision in its register.

2003, c. 20, s. 26.

§ 2. — *Assessments*

383. The by-laws of the federation may fix for each fiscal year a regular assessment and any other assessment it considers necessary.

The board of directors of a federation fixes, by resolution, the assessments it considers necessary for the pursuit of the federation's missions.

A credit union that is a member of the federation is bound to pay those assessments.

2000, c. 29, s. 383; 2018, c. 23, s. 231.

384. A federation may also, by resolution of its board of directors, fix an assessment in respect of a credit union which agrees to avail itself of special services offered by the federation.

2000, c. 29, s. 384.

385. Credit unions shall furnish to the federation any report that it may require pursuant to its standards to determine the amount of assessments.

2000, c. 29, s. 385.

§ 3. — *Examination of complaint records*

2018, c. 23, s. 232.

385.1. A federation must adopt a policy on the examination of complaint records for complaints filed by complainants who are clients of its member credit unions.

2018, c. 23, s. 232.

385.2. A federation must also keep a register of the complaint records submitted for its examination.

2018, c. 23, s. 232.

385.3. Within 10 days after receiving a complaint record, the federation must send the complainant a notice stating the date of receipt and the complainant's right under section 385.4 to have the record reviewed by the Authority.

2018, c. 23, s. 232.

385.4. A complainant whose complaint record has been sent to the federation may, if dissatisfied with the examination carried out by the federation or its outcome, request the federation to have the record reviewed by the Authority.

The federation is bound to comply with the request and send the record to the Authority.

2018, c. 23, s. 232.

385.5. Sections 131.4 to 131.6 apply, with the necessary modifications, to the review of the record and to conciliation or mediation to which the federation is a party.

2018, c. 23, s. 232.

385.6. On the date set by the Authority, a federation shall send it a report on the complaint record examination policy adopted in accordance with section 385.1 stating in particular the number of complaint records that the federation has registered in the register of complaint records submitted for its examination and their nature.

The report must cover the period determined by the Authority.

2018, c. 23, s. 232.

DIVISION V

AUDITS, INSPECTIONS, EXAMINATIONS AND INVESTIGATIONS

386. The federation must establish and maintain a credit union inspection service.

2000, c. 29, s. 386; 2016, c. 7, s. 211.

387. The board of directors of the federation shall appoint, for a term of five years, on the recommendation of the board of ethics and professional conduct, a person to be in charge of inspections. The person appointed shall manage the inspection service, his or her term of office may be renewed, and he or she may not be dismissed without the Authority's prior approval.

The board shall appoint a substitute in case the person in charge of inspections is absent or unable to act.

2000, c. 29, s. 387; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 36; 2016, c. 7, s. 212; 2018, c. 23, s. 233.

388. The board of directors of a federation must form an audit and inspection commission composed of members of the board of directors. In no case may a majority of the members of the commission hold office as chief manager of credit unions or of the federation. The commission must be composed of not fewer than three members.

2000, c. 29, s. 388; 2018, c. 23, s. 234.

389. The audit and inspection commission must examine the following before they are approved by the board of directors:

(1) every financial statement referred to in section 424 and every report transmitted to the Authority under section 426;

(2) every auditor's report under section 158;

(3) every matter prescribed by by-law of the federation; and

(4) every matter prescribed by government regulation.

2000, c. 29, s. 389; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

390. The audit and inspection commission must transmit to the Authority, each year, a report on its activities up to the balance sheet date of the last fiscal year of the federation.

The report must be transmitted within four months from that date. The report must indicate, in particular, the membership of the commission, the changes in its membership, and the terms of reference of any mandate entrusted to the commission.

2000, c. 29, s. 390; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

391. The federation shall inspect the internal affairs and the activities of a credit union, or the activities carried on on its behalf, at the intervals the federation considers appropriate. Inspections shall be conducted at least once every three years.

2000, c. 29, s. 391; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 236.

392. The purpose of periodic inspections is to evaluate the policies and practices and the internal control systems of a credit union and to ensure that it is complying with the laws, regulations, by-laws, standards and written instructions that are applicable to it.

2000, c. 29, s. 392; 2016, c. 7, s. 213.

393. The federation must inspect the internal affairs and the activities of a credit union at the request of the board of supervision of the credit union.

2000, c. 29, s. 393; 2005, c. 35, s. 35.

394. Where the person in charge of inspections considers it advisable, the federation may inspect all or part of the internal affairs and the activities of a credit union, an association of credit unions or a partnership or legal person controlled by a credit union.

2000, c. 29, s. 394.

395. The federation shall conduct examinations and investigations into the internal affairs and the activities of credit unions to assess the quality of their management and ensure that the standards applicable to them are observed.

2000, c. 29, s. 395.

396. Any person making an inspection or examinations and investigations under this division may

(1) enter, at any reasonable time, the establishment of a person, association or partnership referred to in section 394 under inspection or examination and investigation;

(2) examine and make copies of the books, registers, accounts, records and other documents relating to the activities of the credit union or to conflicts of interest involving its officers or managers;

(3) require any information or document relating to the administration of this Act;

(4) require any information or document concerning the credit union or conflicts of interest involving its officers or managers or concerning the partnerships or legal persons belonging to the financial group to which the credit union belongs.

Every person having custody, possession or control of the books, registers, accounts, records and other documents shall, at the request of the person making the inspection or the examinations and investigations, permit access to and facilitate the examination of the documents.

2000, c. 29, s. 396; 2018, c. 23, s. 237.

397. The person making an inspection or examinations and investigations shall, on request, identify himself or herself and produce a certificate of the federation attesting the person's capacity.

2000, c. 29, s. 397.

398. No one may hinder the work of any person making an inspection or examinations and investigations, in particular by misleading the person.

2000, c. 29, s. 398.

399. The federation shall inform the Authority and the board of directors of the credit union of the results of the inspection, and the board of supervision in respect of matters under its jurisdiction. It shall, in addition, transmit a copy of its inspection report to the Authority.

The inspection report provided for in the first paragraph must, in particular, state whether, in the opinion of the person making the inspection, the management practices adopted by the credit union as regards insider trading and conflicts of interest are adequate and if the credit union is in compliance with them.

The information and inspection report transmitted to the Authority under the first paragraph shall only concern matters within the Authority's jurisdiction.

The federation shall also inform the security fund belonging to the cooperative group of the results of the inspection of the affairs of the credit unions.

2000, c. 29, s. 399; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 33; 2016, c. 7, s. 214; 2018, c. 23, s. 238.

400. The federation may convene the board of directors and the board of supervision of the credit union that was inspected or that controls the legal person or partnership that was inspected to present the inspection report to them.

2000, c. 29, s. 400; 2005, c. 35, s. 35.

401. The federation may order that a special meeting of the credit union be called to inform the members of the credit union of the results of the inspection or examinations and investigations.

Alternatively, the federation may inform the members of the credit union at the annual meeting.

2000, c. 29, s. 401.

402. *(Repealed).*

2000, c. 29, s. 402; 2016, c. 7, s. 215.

DIVISION VI

SPECIAL POWERS

2000, c. 29, Div. VI; 2018, c. 23, s. 239.

§ 1. — Powers of the federation

2018, c. 23, s. 240.

402.1. If the federation considers that a credit union is not adhering to sound and prudent management practices or sound commercial practices, has contravened this Act or an instrument adopted under this Act, has failed to resolve a conflict of interest or has failed to maintain a satisfactory financial position, it may

(1) give written instructions to the credit union respecting the measures it considers appropriate to remedy the situation, and specify the time within which the credit union is required to comply with those instructions;

(2) order the credit union to adopt and implement a compliance program in accordance with its directives, within the time it prescribes and for the reasons it specifies.

In addition, the federation may give written instructions to a credit union at the request of the credit union's board of supervision.

Before giving written instructions or issuing an order, the federation must notify the credit union and give it an opportunity to present observations.

2018, c. 23, s. 240.

402.2. The written instructions given by a federation under this Act are binding on the persons to whom they are addressed.

2018, c. 23, s. 240.

403. A federation may suspend the powers of the board of directors or board of supervision of a credit union for a maximum period of 30 days and appoint a provisional administrator to exercise the responsibilities of the board temporarily, as soon as the federation has reason to believe that

(1) there has been misappropriation or embezzlement;

(2) there has been a serious fault or substantial breach in the performance of obligations on the part of the board of directors or of an officer or manager of the credit union; or

(3) control over the property of the credit union is insufficient to adequately protect its members' rights.

2000, c. 29, s. 403; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 35; 2018, c. 23, s. 241.

404. Before ordering a suspension under section 403, the federation must inform the members of the board of directors or the board of supervision whose powers are to be suspended of the reasons advanced by the federation and give them an opportunity to present observations.

However, urgent action is required or to prevent irreparable injury, the federation may order such a suspension even if the board members have not been informed or have not had an opportunity to present observations.

2000, c. 29, s. 404; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 35; 2018, c. 23, s. 242.

405. The provisional administrator cannot be prosecuted by reason of any act done in good faith in the exercise of the provisional administrator's functions.

2000, c. 29, s. 405.

406. The provisional administrator shall, as soon as practicable, submit to the federation and to the Authority, a detailed report of the provisional administrator's findings together with recommendations.

2000, c. 29, s. 406; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

407. The costs, fees and expenses of the provisional administration are chargeable to the administered credit union.

2000, c. 29, s. 407.

407.1. If a credit union fails to comply with written instructions or an order under section 402.1 or if, after expiry of the 30-day period provided for in the first paragraph of section 403, the findings or recommendations contained in the report of the provisional administrator under section 406 so warrant, the federation may take one or more of the following measures:

(1) enter with the board of supervision of the credit union into an agreement entrusting the federation with the supervision, management or administration of the affairs of the credit union for a specified period;

(2) designate a person to work, under the control of the federation, with the board of directors, an officer or a manager for the period determined by the federation; and

(3) suspend the powers of a board for the period determined by the federation or extend the 30-day suspension ordered under section 403, dismiss and replace an officer or manager of the credit union, or appoint a provisional administrator or extend his or her term, as the case may be.

Before exercising the powers under the first paragraph, the federation must notify the credit union and any officers or managers concerned of its intention and give them an opportunity to present observations.

2018, c. 23, s. 243.

§ 2. — Powers of the Authority

2018, c. 23, s. 243.

407.2. The federation must notify the Authority, within 10 days, of any instructions given or orders made under section 402.1, of any suspension ordered under section 403 or of any measure taken under section 407.1.

The federation must also notify the Authority of any failure on the part of a credit union to comply with written instructions given or an order issued under section 402.1.

2018, c. 23, s. 243.

407.3. The Authority may, after giving the federation and the credit union an opportunity to present written observations within the time determined by the Authority, approve with or without amendment the written instructions given, or the order issued, by the federation.

Once approved, the written instructions or order of the federation are deemed to be, as the case may be, written instructions or order of the Authority.

2018, c. 23, s. 243.

407.4. If the Authority believes that the federation is neglecting to exercise the powers granted to it under subparagraph 1 or 2 of the first paragraph of section 402.1 or under the first paragraph of section 407.1, the Authority may, after giving the federation an opportunity to present written observations within a specified time, give the credit union or the federation the written instructions it considers appropriate.

2018, c. 23, s. 243.

DIVISION VII

FUNDS OF A FEDERATION

§ 1. — *General provisions*

408. The by-laws of the federation may establish any fund.

2000, c. 29, s. 408; 2018, c. 23, s. 244.

409. The by-laws of the federation must contain provisions concerning the administration of the funds it establishes.

The federation may adopt an investment policy for each of the funds established by its by-laws.

2000, c. 29, s. 409; 2018, c. 23, s. 244.

410. Any deposit made into a fund constitutes a claim against the federation.

2000, c. 29, s. 410.

411. The deposits made into a fund become payable upon the winding-up of the federation. Any deposit made by a credit union becomes payable upon the winding-up of the credit union or upon its ceasing to be a member of the federation.

2000, c. 29, s. 411.

412. The assets of the funds are not separate from those of the federation. However, the federation's by-laws may establish a fund whose assets are separate from those of the federation and shall alone serve to guarantee the obligations contracted for the purposes of the fund.

Where the by-laws of the federation so provide, the assets of a fund may constitute a trust patrimony appropriated to a specified purpose. The federation may acquire the assets of such a fund.

2000, c. 29, s. 412; 2018, c. 23, s. 245.

413. A federation may, with the authorization of and on the conditions determined by the Authority, entrust all or part of the management of the funds it has established to any other person.

The person must undertake, in writing, to transmit annual statements to the Authority along with any other statement or information the Authority requires and allow the Authority to exercise the powers set out in section 556 for the purpose of verifying the accuracy of the statements and information.

2000, c. 29, s. 413; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

§ 2. — *Investment fund*

414. An investment fund of the federation shall consist of the sums entrusted to the fund as consideration for shares and of the revenue derived from the operations of the fund.

2000, c. 29, s. 414; 2018, c. 23, s. 246.

415. The federation may issue shares in relation to an investment fund. The shares shall not bear interest.

Shares in relation to an investment fund are capital shares within the meaning of the first paragraph of section 54 even if they do not bear interest. They may be paid for in cash in accordance with section 48 but

they may also, despite that section, be paid for by converting or exchanging all or some of the other shares issued by the federation.

Despite section 56, such shares have no par value.

2000, c. 29, s. 415; 2018, c. 23, s. 247.

416. *(Repealed).*

2000, c. 29, s. 416; 2018, c. 23, s. 248.

417. The shares in relation to an investment fund give entitlement to a share of the net assets of the fund and the holders of the shares shall share the net revenue therefrom in accordance with the by-laws of the federation.

2000, c. 29, s. 417; 2018, c. 23, s. 249.

418. *(Repealed).*

2000, c. 29, s. 418; 2018, c. 23, s. 250.

419. *(Repealed).*

2000, c. 29, s. 419; 2018, c. 23, s. 251.

§ 3. — *Share purchase fund*

420. The by-laws of a federation may establish a separate fund to purchase capital shares or investment shares issued by credit unions.

The fund may also be used to purchase capital shares or investment shares already issued by the federation to a member described in subparagraph 5 of the second paragraph of section 55. Shares so purchased cannot be resold except to a member described in that subparagraph.

The by-law may in addition

- (1) prescribe the conditions and method of operation of such a fund;
- (2) fix for each fiscal year of the fund the assessment that each credit union must pay into the fund, or the method for calculating such assessment.

Dividends allotted by a credit union and paid into the fund established by the credit union pursuant to subparagraph 2 of the second paragraph of section 55 may be used by that fund for the acquisition, for the benefit of credit union members participating in the fund, of shares held by the fund established under the first paragraph.

2000, c. 29, s. 420; 2010, c. 40, s. 10; 2018, c. 23, s. 252.

421. A fund established under section 420 shall receive the sums borrowed for its funding and the proceeds of the sale by the federation of shares held by the fund.

2000, c. 29, s. 421.

422. The assets of a fund established under section 420 shall be separate from those of the federation and shall alone serve for the performance of the obligations contracted for the purposes of the fund by the trust company authorized under the Trust Companies and Savings Companies Act (chapter S-29.02) entrusted with the administration of the fund.

Notwithstanding the first paragraph, in the event of the winding-up of the network, any balance remaining in the fund, after all its debts have been paid, shall serve for the payment of the other debts of the federation.

2000, c. 29, s. 422; 2018, c. 23, s. 253.

423. The provisions of subdivision 1 do not apply to the fund as regards the purchase of shares.

2000, c. 29, s. 423.

DIVISION VIII

FINANCIAL DISCLOSURE

424. The annual report of the federation must include, in addition to the information required under sections 161 to 167,

(1) a statement of the sums deposited by the credit unions or administered on their behalf, established according to the various classes of deposits, according to their respective maturity dates, and showing the average annual return obtained by each class;

(2) a statement of the credit extended and investments, established according to the various classes of credit or investments, according to their respective maturity dates, and showing the average annual return obtained by each class;

(3) the net value of an investment fund and the method for calculating the value of the fund;

(4) a statement showing the consolidation value of any investment in shares of the same legal person carrying 20% or more of the voting rights and any investment in voting shares of a controlled legal person;

(5) a statement of the assets and liabilities and an operating statement of the federation, the credit unions and any legal person or partnership determined by the federation, presented in consolidated form, according to generally accepted accounting principles, and audited by an auditor;

(6) if the federation is not a reporting issuer within the meaning of the Securities Act (chapter V-1.1), a statement of the remuneration received by the five most highly compensated officers of the financial group to which the federation belongs setting out separately, for each of them, salaries, bonuses and any other form of remuneration.

However, the Authority may, in respect of specified financial statements and where the Authority considers it expedient, prescribe accounting standards that include particular requirements or requirements different from those applicable according to generally accepted accounting principles. The standards may include discretionary requirements.

The Regulations Act (chapter R-18.1) does not apply to such standards or draft standards.

2000, c. 29, s. 424; 2003, c. 20, s. 27; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2009, c. 27, s. 5; 2010, c. 40, s. 11; 2018, c. 23, s. 254.

425. Every member who requests a copy of the annual report is entitled to one, free of charge, as of the 10th day preceding the annual meeting at which the report will be presented.

2000, c. 29, s. 425; 2018, c. 23, s. 255.

426. The federation shall transmit to the Authority, every three months, a report on the adequacy of its capital to ensure the sustainability of its network, a report on the adequacy of its assets to meet the liabilities of the financial services cooperatives belonging to the network and any other report required by the Authority.

Every credit union that is not a member of a federation shall also transmit to the Authority, every three months, a report on the adequacy of its capital to ensure its sustainability, a report on the adequacy of its assets to meet its liabilities and any other report required by the Authority.

2000, c. 29, s. 426; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 256.

427. The federation shall, in addition to the other reports it produces pursuant to this Act, transmit, every year, to the Authority the annual financial statements of each holding company controlled by it and, every three months, its consolidated and unconsolidated financial statements.

For the purposes of the first paragraph, the federation's consolidated financial statements are those of the financial group to which it belongs. For the purposes of this paragraph, any auxiliary member that is a cooperative established under an Act of a jurisdiction other than Québec and that has a mission similar to that of a credit union within the meaning of this Act, but whose principal establishment is located outside Québec belongs to that financial group.

2000, c. 29, s. 427; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2016, c. 7, s. 216; 2018, c. 23, s. 257; 2021, c. 34, s. 44.

DIVISION IX

AMALGAMATION

428. Two or more federations may amalgamate. The amalgamating federations shall prepare an amalgamation agreement, in duplicate, setting out

- (1) the name of the amalgamated federation and the judicial district of its head office;
- (2) the name and address of each of the first members of the board of directors and of the board of ethics and professional conduct;
- (3) the mode of election or appointment of subsequent members of the board of directors and of the board of ethics and professional conduct;
- (4) the number of shares issued by each of the amalgamating federations or a statement that all such shares will be converted into shares of the amalgamated federation, the price of each share and the manner of converting them into shares of the amalgamated federation;
- (5) the conditions and restrictions concerning the exercise of certain powers or the pursuit of certain activities.

2000, c. 29, s. 428; 2005, c. 35, s. 36.

429. The amalgamating federations may determine, in the amalgamation agreement,

- (1) the common characteristic shared by the members that may be recruited by the amalgamated federation, other than auxiliary members;
- (2) the allocation of the surplus earnings accumulated up to the date of amalgamation;
- (3) any provision relating to the application of sections 294 to 297;
- (4) any other measure to complete the amalgamation or relating to the organization and management of the amalgamated federation.

2000, c. 29, s. 429.

430. Each federation shall adopt the agreement, by special resolution, at a special meeting. The resolution must designate the person authorized to sign the articles of amalgamation and the accompanying application. The vote of the members shall be attested by the secretary of the federation.

2000, c. 29, s. 430; 2018, c. 23, s. 258.

431. The notice calling the special meeting shall state that the member may receive, free of charge, a copy of the amalgamation agreement.

2000, c. 29, s. 431.

432. Once the amalgamation agreement is adopted by each of the amalgamating federations, the latter shall jointly prepare articles of amalgamation which must contain the particulars that are required to be included in the articles of constitution of a federation, except the particulars concerning the founders. In addition, they must contain the information required under paragraph 1 of section 428.

2000, c. 29, s. 432; 2018, c. 23, s. 259.

433. The articles of amalgamation, prepared in duplicate and signed by the person authorized for that purpose by each of the amalgamating federations, shall be transmitted to the Authority within nine months of the adoption of the first of the special resolutions adopting the amalgamation agreement.

2000, c. 29, s. 433; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 260.

434. The articles of amalgamation must be accompanied with

(1) a joint application requesting the Authority to authorize the amalgamation of the federations, signed by the persons authorized for that purpose;

(2) a copy of the amalgamation agreement;

(3) a certified copy of each special resolution adopting the amalgamation agreement and of the attestation provided for in section 430;

(4) a memorandum signed by the person authorized by each amalgamating federation setting forth the reasons for and objectives of the amalgamation;

(5) a notice of the address of the head office of the amalgamated federation;

(6) a notice determining the fiscal year of the amalgamated federation and stating the name of the auditor;

(7) the budgeted statements of the assets and liabilities and of the results for the first year of operation of the amalgamated federation.

2000, c. 29, s. 434; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 261.

435. The Authority may require such additional documents or information as the Authority indicates for the examination of the application.

2000, c. 29, s. 435; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

436. Upon receipt of the articles of amalgamation and accompanying documents, the fees prescribed by regulation of the Government and any additional document or information required by the Authority, the Authority may authorize the amalgamation if the Authority considers it advisable.

For that purpose, the Authority, in addition to the procedure set out in subparagraphs 3 to 5 of the second paragraph of section 15, shall endorse the words “amalgamated federation” on each copy of the articles of

amalgamation and prepare, in duplicate, a certificate attesting the amalgamation and stating its date of effect, which may be subsequent to the date on which the certificate is made.

The Authority shall send a copy of the certificate attesting the amalgamation to the enterprise registrar who shall deposit it in the enterprise register.

2000, c. 29, s. 436; 2002, c. 45, s. 319; 2004, c. 37, s. 90; 2010, c. 40, s. 92.

437. On the effective date of the amalgamation, the amalgamating federations are continued as the amalgamated federation and their patrimonies are joined together to form the patrimony of the amalgamated federation. The rights and obligations of the amalgamating federations become those of the amalgamated federation and the latter becomes a party to any judicial or administrative proceeding to which the amalgamating federations were a party.

2000, c. 29, s. 437; 2018, c. 23, s. 262.

438. Two or more federations may also amalgamate by absorption. A federation may absorb another federation provided the liabilities of the absorbed federation, consisting of the deposits of its members, do not exceed 25% of its own such liabilities.

2000, c. 29, s. 438.

439. Sections 428 to 436 apply, with the necessary modifications, to an amalgamation by absorption.

2000, c. 29, s. 439; 2018, c. 23, s. 263.

440. On the effective date of the amalgamation, the absorbed federation is continued as the absorbing federation and their patrimonies are joined together to form the patrimony of the absorbing federation. The rights and obligations of the absorbed federation become those of the absorbing federation and the latter becomes a party to any judicial or administrative proceeding to which the absorbed federation was a party.

2000, c. 29, s. 440; 2018, c. 23, s. 264.

CHAPTER X

CAPITAL

2000, c. 29, c. X; 2018, c. 23, s. 265.

DIVISION I

FEDERATION AND CREDIT UNIONS NETWORK

440.1. The sound and prudent management practices that the financial services cooperatives belonging to a network must adhere to must, in particular and with regard to their financial management, provide for the maintenance of adequate capital to ensure the network's sustainability.

The management practices that the federation is required to adhere to must, in addition, provide for the maintenance, by the federation, of adequate capital to ensure its own sustainability.

2018, c. 23, s. 266.

441. A federation shall ensure that its network maintains adequate capital to ensure its sustainability.

The federation shall adopt standards applicable to credit unions respecting the adequacy of their capital, the elements which compose their capital and the proportion represented by each element.

2000, c. 29, s. 441; 2018, c. 23, s. 267.

442. *(Repealed).*

2000, c. 29, s. 442; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 268.

443. Where the Authority considers that the capital of a network is not adequate to ensure its sustainability, the Authority may order the federation to adopt to the Authority's satisfaction, within the time prescribed and for the reasons indicated by the Authority, a compliance program for the federation and the credit unions.

Before exercising the powers set out in the first paragraph, the Authority shall notify the federation and give it an opportunity to present observations.

2000, c. 29, s. 443; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 269.

444. The compliance program shall describe the measures to be implemented by the federation within the time limits indicated therein.

2000, c. 29, s. 444; 2018, c. 23, s. 270.

445. The compliance program adopted by the federation shall be submitted for approval to the Authority.

2000, c. 29, s. 445; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 271.

446. The federation and the credit unions are bound to implement the compliance program approved by the Authority. In addition, the federation shall be responsible for seeing to it that the program is implemented by the credit unions.

2000, c. 29, s. 446; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 272.

447. The federation and the credit unions must furnish to the Authority any report the Authority may require on the implementation of the compliance program, at such intervals, in such form and of such tenor as may be determined by the Authority.

2000, c. 29, s. 447; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

448. Where, following an order of the Authority under section 443, the federation is required to implement a compliance program, the powers set out in section 402.1 shall, while the program is in effect, be exercised by the Authority, after obtaining the advice of the federation.

2000, c. 29, s. 448; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 273.

449. The Authority may implement a compliance program that the federation has neglected to implement.

2000, c. 29, s. 449; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

449.1. If the Authority considers that the federation's capital is inadequate to ensure the federation's sustainability, sections 443 to 449 apply to the federation, excluding the credit unions belonging to its network.

2018, c. 23, s. 274.

DIVISION II

CREDIT UNIONS THAT ARE NOT MEMBERS OF A FEDERATION

450. The provisions of this division apply only to credit unions that are not members of a federation.

The principles of sound and prudent management that such a credit union must adhere to in its financial management must, in particular, provide that it maintain adequate capital to ensure its sustainability.

2000, c. 29, s. 450; 2018, c. 23, s. 275.

451. A credit union must maintain adequate capital to ensure its sustainability.

2000, c. 29, s. 451; 2018, c. 23, s. 276.

452. *(Repealed).*

2000, c. 29, s. 452; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 277.

453. Where the Authority considers that the capital of a credit union is inadequate to ensure its sustainability, the Authority may order the credit union to adopt a compliance program within the time prescribed and for the reasons indicated by the Authority.

Before exercising the power set out in the first paragraph, the Authority shall notify the credit union and give it an opportunity to present observations.

2000, c. 29, s. 453; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 278.

454. The compliance program shall describe the measures to be implemented by the credit union within the time limits indicated therein.

2000, c. 29, s. 454; 2018, c. 23, s. 279.

455. The compliance program adopted by the credit union must be submitted for approval to the Authority, who may approve it with or without amendment.

2000, c. 29, s. 455; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

456. If a credit union fails to comply with the order of the Authority, the Authority may establish such compliance program as the Authority considers appropriate.

2000, c. 29, s. 456; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

457. The credit union is bound to implement the compliance program approved or established by the Authority.

2000, c. 29, s. 457; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

458. Where the credit union is required to implement a compliance program, it must furnish to the Authority any report the Authority may require on the implementation of the program at such intervals, in such form and of such tenor as the Authority may determine.

2000, c. 29, s. 458; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

459. The credit union shall cease to solicit or receive deposits until it has

(1) adopted a compliance program;

(2) implemented a compliance program;

(3) furnished to the Authority such report as the Authority may require on the implementation of a compliance program.

2000, c. 29, s. 459; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

460. *(Repealed).*

2000, c. 29, s. 460; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 280.

CHAPTER XI

LIQUID ASSETS

DIVISION I

CREDIT UNIONS

460.1. The principles of sound and prudent management that a credit union must adhere to with regard to its financial management must provide that it maintain adequate assets to meet its liabilities, as and when they become due.

For the purpose of determining the assets to be maintained, demand deposits are considered payable when and to the extent considered usual in the economic conditions prevailing at the time.

2018, c. 23, s. 282.

461. Every credit union that is a member of a federation must maintain adequate liquid assets to meet its liabilities, as and when they become due, in accordance with federation standards.

The federation must adopt standards concerning the assets described in the first paragraph to be maintained by credit unions.

2000, c. 29, s. 461; 2018, c. 23, s. 283.

462. The federation shall administer the assets described in the first paragraph of section 461 maintained by the credit unions, in accordance with the by-laws that the federation must pass in that regard.

2000, c. 29, s. 462; 2018, c. 23, s. 284.

463. The assets described in the first paragraph of section 461 maintained by the credit unions and administered by the federation may be paid in whole or in part into any fund established by the federation. The provisions of sections 408 to 413 apply to such a fund, in accordance with the by-laws of the federation.

Where the assets of such a fund are separate from the assets of the federation, the federation must submit its annual financial statements to the Authority together with any other financial statement or information required by the Authority.

2000, c. 29, s. 463; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 285.

464. Every credit union that is not a member of a federation must maintain adequate assets to meet its liabilities, as and when they become due.

2000, c. 29, s. 464; 2018, c. 23, s. 286.

465. *(Repealed).*

2000, c. 29, s. 465; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 287.

DIVISION II

FEDERATIONS

466. Every federation shall, for its operations, maintain such liquid assets as are adequate to meet its requirements and obligations.

2000, c. 29, s. 466.

467. *(Repealed).*

2000, c. 29, s. 467; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 287.

CHAPTER XII

INVESTMENTS

DIVISION I

INVESTMENT POLICY

2018, c. 23, s. 288.

468. A financial services cooperative must follow an investment policy.

The policy must, in particular,

(1) provide for the matching of the respective maturities of the cooperative's investments with its liabilities;

(2) provide for the appropriate diversification of those investments; and

(3) include a description of the types of investments and other financial transactions it authorizes and the limits applicable to them.

The policy a federation must follow applies to the investments made out of the funds it establishes under section 408 unless it has not adopted specific policies for those funds under section 409.

2000, c. 29, s. 468; 2018, c. 23, s. 288.

469. A federation must establish and adopt the investment policy that its member credit unions must follow.

2000, c. 29, s. 469; 2018, c. 23, s. 288.

470. Where a financial services cooperative is a credit union that is not a member of a federation, the cooperative shall establish and adopt its investment policy.

2000, c. 29, s. 470; 2018, c. 23, s. 289.

471. A financial services cooperative that is not a member credit union of a federation shall send its investment policy to the Authority at its request and a federation, the policy that its member credit unions must follow.

2000, c. 29, s. 471; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 290.

472. *(Replaced).*

2000, c. 29, s. 472; 2018, c. 23, s. 290.

DIVISION II

ACQUISITION OF PARTICIPATIONS AND CO-OWNERSHIP

2018, c. 23, s. 291.

473. No financial services cooperative may acquire or hold contributed capital securities issued by a legal person or a partnership or participations in a trust in excess of

- (1) 30% of the value of those securities or participations; or
- (2) the number of those securities or participations allowing it to exercise more than 30% of the voting rights.

Nor may a financial services cooperative be the co-owner of property if its share of the right of ownership is greater than 30% without exceeding 50%, alone or together with the shares of groups in the same financial group.

2000, c. 29, s. 473; 2002, c. 70, s. 170; 2018, c. 23, s. 291.

473.1. For the purposes of this division, “contributed capital security” means the writing that attests the existence of

- (1) a share of the share capital of a business corporation;
- (2) a share of the capital stock of a joint-stock company;
- (3) a share of the capital stock or share capital of a cooperative, financial services cooperative or mutual company; or
- (4) a share of a partner in a general partnership or of a special partner in a limited partnership’s common stock.

2018, c. 23, s. 291.

474. Despite section 473, a financial services cooperative may acquire and hold up to all the contributed capital securities issued by a legal person or a partnership, up to all the participations in a trust or a share of a right of ownership in cases where the cooperative will be the holder of control of the person, partnership, trust or property after the acquisition and in the cases determined by government regulation.

A credit union that is a member of a federation may not make an acquisition under this section without the federation’s authorization.

2000, c. 29, s. 474; 2002, c. 70, s. 171; 2018, c. 23, s. 291.

474.1. Sections 473 and 474 do not apply to a federation if it acquires or holds contributed capital securities issued by its participating auxiliary members.

2021, c. 34, s. 45.

475. Sections 473 and 474 do not allow a credit union that is a member of a federation to acquire or hold contributed capital securities issued by an issuing corporation, nor do they allow a federation to acquire or hold such securities of such a corporation otherwise than in accordance with Division VI of this chapter.

2000, c. 29, s. 475; 2018, c. 23, s. 291.

476. For the purposes of this Act, an issuing corporation means a business corporation constituted or continued under the Business Corporations Act (chapter S-31.1) whose articles limit its activities to making public issues of securities and acquiring, in consideration for them, securities issued either by the federation that holds all the shares carrying voting rights issued by that corporation, or by the member credit unions of that federation.

2000, c. 29, s. 476; 2018, c. 23, s. 291.

DIVISION III

ACCESSORY GUARANTEE FOR CERTAIN INVESTMENTS

2018, c. 23, s. 291.

477. A financial services cooperative may become the owner or holder of property in contravention of section 473 only if it does so to obtain or preserve an accessory guarantee for one of its investments or for any other financial transaction.

2000, c. 29, s. 477; 2018, c. 23, s. 291.

DIVISION IV

SUPERVISION OF CERTAIN INVESTMENTS

2018, c. 23, s. 291.

478. If a financial services cooperative is the holder of control of a holding company constituted under the Business Corporations Act (chapter S-31.1) and that company is itself the holder of control of a financial institution, the Authority may make the holding company subject to requirements relating to capital, assets and management practices, and to the Authority's powers with regard to inspections, inquiries, orders, reporting, and the issuing of guidelines and written instructions applicable to the financial institution under the Insurers Act (chapter A-32.1), the Act respecting trust companies and savings companies (chapter S-29.02), the Deposit Institutions and Deposit Protection Act (chapter I-13.2.2), the Securities Act (chapter V-1.1) or the Act respecting the regulation of the financial sector (chapter E-6.1), as applicable. The Authority must publish its decision in its bulletin.

2000, c. 29, s. 478; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2015, c. 8, s. 374; 2018, c. 23, ss. 292 and 811.

479. A federation may give written instructions to the credit unions and other legal persons belonging to the financial group to ensure that the investments they make are in compliance with the provisions of this Act.

2000, c. 29, s. 479; 2018, c. 23, s. 293.

DIVISION V

PENALTIES

2018, c. 23, s. 294.

479.1. If a financial services cooperative holds or owns property, as the case may be, in contravention of section 473, it must dispose of that property as soon as market conditions permit.

2018, c. 23, s. 294.

479.2. Officers of a financial services cooperative who agree to a contravention of section 473 are held solidarily liable for any resulting losses to the cooperative.

2018, c. 23, s. 294.

DIVISION VI

ISSUING CORPORATION

2018, c. 23, s. 294.

480. A federation must, at all times, hold directly all the shares carrying voting rights of the issuing corporation referred to in section 475.

The deposit of articles containing a provision relating to the objects of the issuing corporation requires the approval of the Authority.

2000, c. 29, s. 480; 2002, c. 45, s. 320; 2004, c. 37, s. 90; 2009, c. 27, s. 6; 2009, c. 52, s. 589; 2018, c. 23, s. 295.

481. Every public issue of securities by an issuing corporation referred to in section 475 and the amount and terms and conditions of such issue must receive the prior approval of the federation that is the holder of control of the issuing corporation, by way of resolution.

The board of directors of the federation shall also determine the apportionment of the proceeds of the issue among the credit unions it determines and shall specify, where applicable, the sums to be used to subscribe securities of a security fund.

The resolution passed by the board of directors of the federation under the second paragraph is binding on the credit unions. Each such credit union is bound to issue the securities for the amount resulting from the apportionment made by the federation.

The resolution passed by the board of directors of the federation under the second paragraph shall, for each credit union, stand in lieu of a resolution authorizing borrowings or an issue of securities, as the case may be. The federation is authorized to perform, at any time, any acts that are expedient for the purposes of such a resolution, in particular the determination and payment of interest, and the determination of the terms and conditions of redemption, repurchase or conversion attached to the securities issued by a credit union. Such resolutions and acts performed in the name of a credit union are deemed to be resolutions or acts of the credit union.

2000, c. 29, s. 481; 2009, c. 27, s. 7; 2018, c. 23, s. 296.

482. Upon each public issue of securities, an issuing corporation referred to in section 475 shall, if expedient, issue securities to a security fund.

The security fund is bound to acquire the securities so issued.

2000, c. 29, s. 482; 2018, c. 23, s. 297.

483. An issuing corporation referred to in section 475 shall invest the sums received in accordance with the investment policy approved beforehand by the Authority.

2000, c. 29, s. 483; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 298.

484. The directors of an issuing corporation referred to in section 475 or of a holding company who authorize an investment which is not in compliance with the provisions of this chapter shall be solidarily liable for any resulting losses to the legal person or holding company.

2000, c. 29, s. 484; 2018, c. 23, s. 299.

485. Any right of action arising from section 484 may be exercised by

(1) the issuing corporation referred to in section 475 or holding company whose directors or officers authorized the investment;

(2) the financial services cooperative which controls the issuing corporation or the holding company, acting as the mandatary of the issuing corporation or the holding company, if the issuing corporation or the holding company has neglected to exercise such right of action after having been formally notified to do so by the cooperative;

(3) the Authority, acting as the mandatary of the issuing corporation or the holding company, if the issuing corporation or the holding company and the cooperative which controls it have both neglected to exercise such right of action after having been formally notified to do so by the Authority.

Where formal notice is given by a cooperative pursuant to subparagraph 2 of the first paragraph, a copy of the notice must be transmitted to the Authority.

2000, c. 29, s. 485; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 300.

486. The sole fact that the investments of an issuing corporation referred to in section 475 or of a holding company are in compliance with this Act does not release the directors and officers from the obligations incumbent upon them.

2000, c. 29, s. 486; 2018, c. 23, s. 301.

486.1. A director cannot be held liable under section 484 if the director acted with a reasonable degree of prudence and diligence in the circumstances.

Furthermore, for the purposes of section 484, the court may, after considering all the circumstances and on the terms the court considers appropriate, relieve a director, either wholly or partly, from the liability the director would otherwise incur if it appears to the court that the director has acted reasonably, honestly and loyally, and ought fairly to be excused.

2018, c. 23, s. 302.

CHAPTER XIII

SECURITY FUND

DIVISION I

CONSTITUTION

487. The Government may, upon the application of a federation, constitute a security fund, the mission of the fund being

(1) to assist in the payment of losses sustained by the members of a credit union that is a member of the fund, in the event of a winding-up;

(2) to establish and administer a security fund, liquid assets fund or assistance fund for the benefit of the credit unions that are members of the fund;

(3) to take part in the funding operations of the network;

(4) to avoid or reduce disbursements by the Authority with respect to the Deposit Institutions and Deposit Protection Act (chapter I-13.2.2).

Before recommending the constitution of a security fund, the Government shall obtain the opinion of the Authority.

2000, c. 29, s. 487; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2009, c. 58, s. 48; 2018, c. 23, s. 811.

488. A federation wishing to obtain the establishment of a security fund shall send to the Authority an application accompanied with a certified copy of the resolution of its board of directors authorizing the application and indicating the name and the location of the head office of the proposed fund.

Every credit union which is a member of the founder federation is a member of the security fund.

2000, c. 29, s. 488; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 303.

489. The name of a security fund must be consistent with section 17.

2000, c. 29, s. 489.

490. The name of a security fund shall include the expression “security fund”. It shall, in addition, include the name of the federation or an indication identifying that federation.

2000, c. 29, s. 490.

491. The name of a legal person shall not include the expression “security fund” unless the legal person has been constituted under this division.

2000, c. 29, s. 491.

492. The remedy provided for in section 23 may be exercised, with the necessary modifications, in respect of the name of a security fund.

2000, c. 29, s. 492.

493. The head office of the fund must be situated in Québec.

2000, c. 29, s. 493.

494. The Government shall refuse to constitute a security fund where its application contains a name not in conformity with section 490 or with any of paragraphs 1 to 6 of section 17.

2000, c. 29, s. 494.

495. The Government shall transmit a notice of constitution to the Authority. It also shall transmit a notice to that effect to the enterprise registrar who shall deposit it in the enterprise register.

2000, c. 29, s. 495; 2002, c. 45, s. 321; 2004, c. 37, s. 90; 2010, c. 40, s. 92.

496. The fund is a legal person.

2000, c. 29, s. 496.

DIVISION II

ADMINISTRATION

497. The affairs of the fund are administered by a board of directors composed of seven members designated by the board of directors of the federation.

The person appointed to be in charge of inspections under section 387 shall attend the meetings of the board of directors as an observer.

2000, c. 29, s. 497; 2003, c. 20, s. 28; 2016, c. 7, s. 217; 2018, c. 23, s. 304.

497.1. The board of directors shall adopt the by-laws of the fund.

2018, c. 23, s. 304.

498. The members of the board of directors of the fund shall, within three months after publication of the notice provided for in section 495, elect a president and a vice-president of the fund and every other officer whose election is provided for by the by-laws of the fund.

2000, c. 29, s. 498; 2018, c. 23, s. 305.

499. The board of directors may establish any committee of the board and delegate the exercise of its powers to such a committee.

2000, c. 29, s. 499; 2018, c. 23, s. 306.

500. The term of members of the board of directors is three years. Board members may be reappointed only twice to serve in that capacity only for a consecutive or non-consecutive term.

2000, c. 29, s. 500; 2003, c. 20, s. 29; 2018, c. 23, s. 306.

501. A member of the board of directors of the fund remains in office, notwithstanding the expiry of the member's term, until the member is reappointed or replaced by the federation.

2000, c. 29, s. 501; 2003, c. 20, s. 29; 2018, c. 23, s. 307.

502. Any vacancy occurring during the course of the term of a member of the board of directors of the fund is filled, for the remainder of the term, by the federation.

2000, c. 29, s. 502; 2003, c. 20, s. 29; 2018, c. 23, s. 308.

503. The board of directors of the fund may determine the remuneration and allowances of its members.

2000, c. 29, s. 503.

504. A majority of the members of the board of directors of the fund constitutes a quorum at meetings. Decisions shall be made by a majority of the votes cast.

2000, c. 29, s. 504.

505. The board of directors of the fund may, by resolution, change the name of the fund and the location of its head office.

Such a resolution must be approved by the Authority. If it approves the resolution, the Authority shall transmit a notice to that effect to the enterprise registrar who shall deposit it in the enterprise register. The resolution comes into effect on the date of deposit.

2000, c. 29, s. 505; 2002, c. 45, s. 322; 2004, c. 37, s. 90; 2010, c. 40, s. 92; 2018, c. 23, s. 309.

506. The president of the fund shall see to the carrying out of the decisions of the board of directors.

If the president is absent or unable to act, the president shall be replaced by the vice-president.

2000, c. 29, s. 506.

507. The president of the federation shall call the first meeting of the board of directors.

2000, c. 29, s. 507.

508. Any member of the board of directors of the fund having any direct or indirect interest in an undertaking or a credit union with which the fund has or intends to have business relations, must, under pain of forfeiture of office, disclose the interest and refrain from voting on any matter concerning that undertaking or credit union.

2000, c. 29, s. 508.

509. The minutes of the meetings approved by the fund are authentic. The same rule applies to copies or extracts emanating from the fund or forming part of its records if they are certified by the president, the vice-president or by any other authorized person.

2000, c. 29, s. 509.

510. The fund may, in the pursuit of its mission,

- (1) make loans and grants to the credit unions that are members of the fund;
- (2) guarantee the commitments of a credit union that is a member of the fund;
- (3) guarantee the repayment of an advance or of a loan made to a credit union that is a member of the fund;
- (4) make an agreement with a credit union that is a member of the fund under which the affairs of the credit union will be managed by the fund for a fixed period;
- (5) acquire some or all of the assets of a credit union that is a member of the fund;
- (6) act as the liquidator or sequestrator of a credit union that is a member of the fund;
- (7) act as the provisional administrator of a credit union that is a member of the fund for the purposes of this Act;
- (8) provide in the place and stead of a federation guarantees for the purposes of section 187;

(9) sell to a credit union that is a member of the fund the securities referred to in the second paragraph of section 481.

2000, c. 29, s. 510.

511. The fund may, when making a loan or a grant to a credit union that is a member of the fund, determine the measures to be implemented by the credit union in order to correct certain of its management practices.

2000, c. 29, s. 511.

512. The fund may, for each of its fiscal years, fix the assessment payable by the credit unions that are members of the fund and require payment thereof.

2000, c. 29, s. 512.

513. Where the fund finds or is informed by the federation that a credit union is not practising sound and prudent management, the fund may fix and require from the credit union a special assessment for each of the fiscal years determined by the fund.

2000, c. 29, s. 513.

514. The amount of the assessment is established for each credit union from reports that it must submit to the fund in such form, of such tenor and at such time as the fund may determine by resolution.

The fund may also specify by resolution the terms and conditions of payment of the assessment.

2000, c. 29, s. 514; 2018, c. 23, s. 310.

515. The fund and the federation may enter into an agreement under which the federation is authorized to collect the assessment for the fund.

2000, c. 29, s. 515.

516. No person may make any advertisement in connection with a security fund except in such cases and in such manner and form as the Government may prescribe by regulation.

2000, c. 29, s. 516.

517. The fund may not make investments other than those authorized under its investment policy.

The investment policy of the fund is established by its board of directors and approved by the Authority.

2000, c. 29, s. 517; 2018, c. 23, s. 311.

518. The fund shall, for the purposes of section 482, acquire and hold securities issued by an issuing corporation referred to in section 475.

2000, c. 29, s. 518; 2018, c. 23, s. 312.

519. The fund may, to obtain payment in whole or in part of any sum owed to it, acquire the immovables securing the payment thereof. However, the fund must dispose of the immovables so acquired within seven years unless the Authority grants it an extension.

2000, c. 29, s. 519; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

DIVISION III

BOOKS, AUDIT AND ANNUAL REPORT

520. The fund shall keep and preserve at its head office a register of the names and addresses of the members of the board of directors, and the books in which are entered the by-laws and resolutions of the fund as well as the minutes of the meetings of the board of directors and its committees.

2000, c. 29, s. 520; 2018, c. 23, s. 313.

521. The fund shall keep its books in accordance with generally accepted accounting principles.

Furthermore, the fund shall keep a separate register and separate accounting for transactions under paragraph 9 of section 510.

2000, c. 29, s. 521.

522. The fiscal year of the fund is the same as that of the federation.

2000, c. 29, s. 522.

523. *(Repealed).*

2000, c. 29, s. 523; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2021, c. 34, s. 46.

524. *(Repealed).*

2000, c. 29, s. 524; 2021, c. 34, s. 47.

525. The accounts of the fund are closed at the end of the fiscal year and, during the ensuing three months, the board of directors shall prepare an annual report which must set forth, in particular,

- (1) the names and addresses of the members of the board of directors;
- (2) the number of credit unions that are members of the fund; and
- (3) the balance sheet, the operating statement, the statement of changes in financial position and the surplus statement;
- (4) *(paragraph repealed).*

2000, c. 29, s. 525; 2021, c. 34, s. 48.

526. The balance sheet and the operating statement must be approved by the board of directors, which shall designate two of its members to sign the balance sheet.

2000, c. 29, s. 526.

527. The fund must, as soon as practicable, send a copy of the annual report to the federation.

2000, c. 29, s. 527.

DIVISION IV

REPORTING AND INSPECTION

2008, c. 7, s. 64.

528. The fund shall, within three months following the end of the fiscal year, prepare and send to the Authority a statement of operations for the fiscal year just ended, prepared in the form prescribed by the Authority.

2000, c. 29, s. 528; 2002, c. 45, s. 323; 2004, c. 37, s. 90.

529. The statement must show the financial position of the fund and set out the information and documents required by section 525 and the information required by the Authority.

2000, c. 29, s. 529; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

530. The statement must be signed by at least two members of the board of directors of the fund.

2000, c. 29, s. 530; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2021, c. 34, s. 49.

531. The affairs of the fund must be inspected once each year or whenever the Authority considers it advisable. The inspection must be carried out by a person appointed by the Authority.

2000, c. 29, s. 531; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

532. The person carrying out the inspection has access at any reasonable time to the books, registers, accounts and other records of the fund, and every person having custody of them must facilitate their examination by the person carrying out the inspection. The person carrying out the inspection may also require from the members of the board of directors and the officers of the fund the information and explanations useful for the carrying out of the person's duties.

The person carrying out the inspection shall, on request, identify himself or herself and produce a certificate of capacity signed by the president and director general of the Authority or by any staff member so authorized.

2000, c. 29, s. 532; 2002, c. 45, s. 324; 2004, c. 37, s. 90; 2018, c. 23, s. 314.

533. *(Repealed).*

2000, c. 29, s. 533; 2002, c. 45, s. 325.

534. *(Repealed).*

2000, c. 29, s. 534; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2008, c. 7, s. 65.

535. *(Repealed).*

2000, c. 29, s. 535; 2008, c. 7, s. 65.

536. *(Repealed).*

2000, c. 29, s. 536; 2008, c. 7, s. 65.

537. *(Repealed).*

2000, c. 29, s. 537; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2008, c. 7, s. 65.

538. *(Repealed).*

2000, c. 29, s. 538; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2008, c. 7, s. 65.

539. *(Repealed).*

2000, c. 29, s. 539; 2008, c. 7, s. 65.

540. *(Repealed).*

2000, c. 29, s. 540; 2008, c. 7, s. 65.

541. *(Repealed).*

2000, c. 29, s. 541; 2008, c. 7, s. 65.

542. *(Repealed).*

2000, c. 29, s. 542; 2008, c. 7, s. 65.

543. *(Repealed).*

2000, c. 29, s. 543; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2008, c. 7, s. 65.

544. *(Repealed).*

2000, c. 29, s. 544; 2008, c. 7, s. 65.

545. *(Repealed).*

2000, c. 29, s. 545; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2008, c. 7, s. 65.

546. *(Repealed).*

2000, c. 29, s. 546; 2008, c. 7, s. 65.

547. *(Repealed).*

2000, c. 29, s. 547; 2008, c. 7, s. 65.

CHAPTER XIII.1

GROUPE COOPÉRATIF DESJARDINS

2018, c. 23, s. 315.

DIVISION I

BY-LAWS OF THE GROUPE COOPÉRATIF DESJARDINS

2018, c. 23, s. 315.

547.1. The by-laws of the Groupe coopératif Desjardins (in this chapter referred to as “the Group”) are made by the board of directors of the Fédération des caisses Desjardins du Québec (in this chapter referred to as “the Federation”) and must be submitted to the general meeting of the latter for approval, which may, by special resolution, ratify, amend or reject them; the by-laws have effect from the time of their approval by the general meeting or from any later date of coming into force they may specify.

The rules of this section apply, with the necessary modifications and subject to the by-laws of the Group, to any amendment or repeal of by-laws.

2018, c. 23, s. 315.

547.2. The by-laws of the Group, in addition to the provisions they may contain under this Act, must contain provisions to ensure the Group's cohesion and operation, except rules governing relations between the financial services cooperatives and the Fonds de sécurité (in this chapter referred to as "the Fund") that form the Group.

The by-laws of the Group may, as regards the financial services cooperatives that belong to it,

(1) in matters referred to in sections 94, 95, 98, 211 to 214, 216, 216.1, 217 and 217.1, the first paragraph of section 220, sections 223 and 224, subparagraphs 1 to 6 of the second paragraph of section 227, sections 229, 234 to 236, 237, 239, 244 to 247, 249 to 256 and 294.1 to 299, the first paragraph of section 302 and sections 304, 305, 306, 309 to 312, 317, 318, 320, 323, 329, 334, 337 and 341 to 344, contain any provision departing from those sections or provide that all or some of those sections do not apply and substitute other provisions for those sections;

(2) contain any useful provision to complement the provisions of this Act for the purpose of creating any organ within a cooperative and seeing to the exercise of its functions and powers; and

(3) restrict or withdraw the powers conferred on the general meeting of the Federation by this Act so that they may be exercised by another organ of the Federation.

The by-laws of the Group may also contain any provision aimed at allowing transfers of members between credit unions belonging to the Group or at allowing any member of such a credit union to receive, in any establishment of any other credit union belonging to the Group, the services and other prestations offered at that establishment on the same conditions as if it were the establishment of the credit union of which that member is a member.

The by-laws of the Group may also contain any provision that, under this Act, may be contained in the by-laws of a financial services cooperative.

2018, c. 23, s. 315.

547.3. The by-laws of the Group apply to all the financial services cooperatives belonging to it.

However, the by-laws may establish classes of financial services cooperatives, corporations and persons, and prescribe conditions, terms and restrictions applicable to each class.

2018, c. 23, s. 315.

547.4. A financial services cooperative that belongs to the Group may make by-laws only to the extent and only with regard to matters expressly provided for in the by-laws of the Group.

The provisions of the by-laws of the Group prevail over any conflicting provisions in the by-laws of the cooperative.

In this Act, a reference to the by-laws of a financial services cooperative belonging to the Group is a reference to the by-laws of the Group and, if the by-laws of the Group allow the cooperative to make its own by-laws, a reference to the latter by-laws.

2018, c. 23, s. 315.

DIVISION II

WITHDRAWAL

2018, c. 23, s. 315.

547.5. The financial services cooperatives that form the Group may not withdraw from the Group otherwise than by their dissolution.

Consequently, a credit union belonging to the Group may not, despite sections 189 to 191, 291 and 292, be excluded from or apply for its withdrawal from the Federation.

2018, c. 23, s. 315.

DIVISION III

ISSUE OF SHARES AND OTHER SECURITIES

2018, c. 23, s. 315.

§ 1. — *Shares*

2018, c. 23, s. 315.

547.6. A financial services cooperative that belongs to the Group may, if the by-laws of the Group so provide, issue capital shares and investment shares to third persons, which means that such shares may be issued not only to acquirers referred to in the second paragraph of section 55, but also to any other acquirer.

Despite section 59 and the second paragraph of section 420, shares that may be issued to third persons may also subsequently be transferred to third persons, unless the by-laws of the Group restrict their transfer. In addition, a separate fund established to purchase capital shares may be used to purchase any capital share issued by a financial services cooperative belonging to the Group, despite the second paragraph of section 420.

2018, c. 23, s. 315.

547.7. Despite section 56, if the by-laws of the Group provide for the issue of capital shares or investment shares to third persons, they must also provide for the rights, privileges, conditions and restrictions attaching to such shares.

2018, c. 23, s. 315.

547.8. Any amendment to the by-laws of the Group that adversely affects the rights, privileges, conditions or restrictions attaching to capital shares or investment shares can only have effect if it is approved by the meeting of the holders of the shares so affected.

The meeting approves the amendment by a resolution passed by a 2/3 majority of the votes cast; unless the by-laws of the Group provide otherwise, each holder of such shares has one vote only, regardless of the number of shares held.

2018, c. 23, s. 315.

547.9. The meeting of the shareholders must be called and conducted in accordance with the rules applicable to special meetings of the Federation.

A shareholder, including a natural person, may be represented at the meeting in accordance with the second paragraph of section 298.

2018, c. 23, s. 315.

§ 2. — *Other securities*

2018, c. 23, s. 315.

547.10. The Federation and, if the by-laws of the Group so provide, a member credit union of the Federation, may issue any security which is not a share of its capital stock or share capital and the characteristics of which are designed to maintain adequate capital to ensure the sustainability of the Group.

Provided that the terms of such a security so provide, interest will be payable on it at the sole discretion of the Federation, despite article 1500 of the Civil Code. The rules relating to the interest payable on capital shares set out in sections 62, 62.1, 63, 63.1, 84, 85, 90 and 325 apply, with the necessary modifications, to the interest payable on the security.

2018, c. 23, s. 315.

DIVISION IV

OFFICERS, MANAGERS, BOARD OF SUPERVISION AND BOARD OF ETHICS AND PROFESSIONAL CONDUCT

2018, c. 23, s. 315.

§ 1. — *Officers and managers*

2018, c. 23, s. 315.

547.11. The officers of a financial services cooperative that belongs to the Group are bound by the obligations referred to in section 102 not only toward and in the interest of their own cooperative, but also toward the cooperatives and the Fund that form the Group and in the interest of the Group; consequently, in the exercise of their functions, the officers are duty-bound toward the cooperatives and the Fund to act with prudence and diligence, honesty and loyalty and in the interest of the Group. They must, if the cooperative's interest does not correspond with the Group's interest, favour the latter.

The managers of such a financial services cooperative, in their capacity as mandataries of the cooperative, are bound by, among other obligations, the same ones as are binding on officers under the first paragraph.

In determining whether something is in the interest of the Group, the latter must be considered as a single legal person comprising the cooperatives and Fund that form it, even though the Group is not a legal person.

2018, c. 23, s. 315.

547.12. For the purpose of applying section 103 to a financial services cooperative belonging to the Group, a reference to a member of a network becomes a reference to a financial services cooperative or to the Fund belonging to the Group.

2018, c. 23, s. 315.

§ 2. — *Board of supervision and board of ethics and professional conduct*

2018, c. 23, s. 315.

547.13. The by-laws of the Group may, with regard to the board of supervision of a credit union or the board of ethics and professional conduct of the Federation, contain any provision departing from sections 260 to 262 or 359 to 363, as applicable, or provide that all or some of those sections do not apply and substitute other provisions for those sections.

In addition, the by-laws of the Group may, despite sections 226 and 308, provide that a credit union not establish a board of supervision or that the Federation not establish a board of ethics and professional conduct, as applicable, or, if such boards have been established, that the Federation may order their dissolution in accordance with the terms and conditions specified in those by-laws.

2018, c. 23, s. 315.

547.14. If a credit union does not establish a board of supervision or its board has been dissolved, the functions and powers of that board are assumed by the board of directors of the credit union unless the by-laws of the Group provide that they are to be assumed by the Federation or by another organ of the credit union.

Likewise, if the Federation dissolves its board of ethics and professional conduct, the functions and powers of that board are assumed by the board of directors of the Federation, unless they are assumed by another organ of the Federation specified in those by-laws.

2018, c. 23, s. 315.

547.15. The rules of ethics and professional conduct that must be adopted under section 346 relate to the protection of the interests of the Group, the financial services cooperatives belonging to it and the members of those cooperatives.

2018, c. 23, s. 315.

DIVISION V

CAPITAL

2018, c. 23, s. 315.

547.16. For the purpose of applying sections 61.1 and 63.1 and Division I of Chapter X to legal persons belonging to the Group, “Group” must be substituted for “network”.

2018, c. 23, s. 315.

DIVISION VI

PROVISIONS SPECIFIC TO THE FÉDÉRATION DES CAISSES DESJARDINS DU QUÉBEC

2018, c. 23, s. 315.

§ 1. — *Mission*

2018, c. 23, s. 315.

547.17. The mission of the Federation, in addition to what is provided for in sections 5 and 6, is to

- (1) look after the risk management of the Mouvement Desjardins; and
- (2) see to the financial health of the Group and its sustainability.

2018, c. 23, s. 315.

§ 2. — *Forced exchange or transfer of shares*

2018, c. 23, s. 315.

547.18. The Federation may exchange capital shares and investment shares of a class or series issued by one or more credit unions belonging to the Group for shares issued by the same credit unions or by another cooperative belonging to the Group.

2018, c. 23, s. 315.

547.19. Unless it proceeds on a consent basis with each of the holders of shares of the class or series concerned, the Federation may compel the latter to exchange the shares, provided the exchange is approved by a meeting of the holders of those shares in the same manner as if it were an amendment to the by-laws of the Group that adversely affected the rights, privileges, conditions or restrictions attaching to the shares.

2018, c. 23, s. 315.

547.20. The passing, by the meeting of the holders of the shares, of the resolution approving the exchange confers on the Federation the right to proceed with the exchange with holders of shares who did not vote against the resolution, and the right to compel holders of shares who voted against the resolution to transfer their shares to the Federation.

The shares are purchased at par value.

2018, c. 23, s. 315.

§ 3. — *Special powers of the Federation*

2018, c. 23, s. 315.

547.21. The Federation may, if it considers that the financial position of the Group so warrants, exercise the powers conferred on it under section 402.1 against any financial services cooperative belonging to the Group, even in the absence of the facts referred to in that section and giving rise to its application.

2018, c. 23, s. 315.

547.22. Each time the Federation may exercise the powers provided for in section 407.1, it may also ask the Fund to intervene under section 547.34.

2018, c. 23, s. 315.

§ 4. — *Recovery operations and plan of the Group*

2018, c. 23, s. 315.

547.23. The objective of the recovery operations of the Group is to ensure continuity of the activities of the cooperatives belonging to the Group in the event of a deterioration in its financial position.

The Federation shall establish the recovery plan of the Group in which it shall specify, among other things, the operations it intends to carry out to meet that objective.

2018, c. 23, s. 315.

547.24. The recovery plan of the Group must be revised at the intervals determined by the Authority and each time the Authority requires it.

The plan, and any amendment to it, must be submitted to the Authority.

2018, c. 23, s. 315.

547.25. If the Authority considers that the recovery plan of the Group does not ensure continuity of the activities of the financial services cooperatives belonging to the Group or that there are potential problems concerning the plan's implementation, the Authority shall, after giving the Federation an opportunity to present its written observations within the time determined by the Authority, give the Federation the written instructions it considers appropriate.

2018, c. 23, s. 315.

547.26. The Federation shall notify the Authority without delay of any deterioration in the financial position of the financial services cooperatives belonging to the Group.

2018, c. 23, s. 315.

547.27. If the Authority considers it is in the public interest to do so, it shall order the Federation to implement the recovery operations.

Unless it makes such an order at the Federation's request, the Authority may not order the Federation to implement those operations without first giving it an opportunity to present its observations with all dispatch considering the circumstances. The time granted to present such observations cannot be considered unreasonable for the sole reason that it is shorter than one day.

2018, c. 23, s. 315.

547.28. The Authority's order is final in all regards and may not be questioned or reviewed in any court. It is recorded in writing and the Authority publishes it in its bulletin.

2018, c. 23, s. 315.

547.29. By the sole effect of the Authority's order, and for the duration of recovery operations, the Federation is invested with all the powers that this Act confers on the Fund; it may exercise them without the consent, authorization or approval of any organ, member or officer of the legal persons belonging to the Group or of their managers or other employees. In addition, the Federation may, for the purposes of the recovery operations, dispose of the sums and other assets of the Fund.

During this period, the powers of the board of directors of the Fund are suspended.

2018, c. 23, s. 315.

547.30. Recovery operations end when the Authority orders their closure after ascertaining that the financial position of the financial services cooperatives belonging to the Group has been rectified, or when the resolution board orders the implementation of resolution operations under section 40.12 of the Deposit Institutions and Deposit Protection Act (chapter I-13.2.2).

2018, c. 23, s. 315.

DIVISION VII

PROVISIONS SPECIFIC TO THE FUND

2018, c. 23, s. 315.

§ 1. — *Mission and special powers*

2018, c. 23, s. 315.

547.31. The Fund must ensure that the distribution of capital and other assets between the legal persons belonging to the Group allows each of those legal persons to perform its obligations to its depositors and other creditors in full, correctly and without delay; to that end, the Fund has the powers conferred on it under this subdivision, in addition to those conferred on it under Chapter XIII.

2018, c. 23, s. 315.

547.32. The Fund shall mutualize, between the financial services cooperatives belonging to the Group, the cost of its interventions.

2018, c. 23, s. 315.

547.33. The Fund shall intervene with regard to a financial services cooperative each time it appears necessary to do so in order to protect the cooperative's creditors.

2018, c. 23, s. 315.

547.34. In its interventions with regard to a credit union, the Fund may,

(1) order the assignment of any part of the enterprise of a credit union belonging to the Group or order the transfer of any such part between such credit unions;

(2) order the amalgamation or dissolution of credit unions; and

(3) establish a legal person to facilitate the liquidation of a credit union's bad assets.

If it orders the transfer of part of the enterprise of a credit union to another credit union, the Fund must absorb any related deficit and pay the compensation it determines for the detriment caused to the credit union. This also applies in cases where it orders an amalgamation.

The Fund may not order the dissolution of a credit union without first transferring the deposits the credit union has received to another deposit institution authorized under the Deposit Institutions and Deposit Protection Act (chapter I-13.2.2).

2018, c. 23, s. 315.

547.35. The Fund may, as regards the Federation, exercise the powers conferred on it by paragraphs 1 to 3 of section 510 and section 511, as if the Federation were a credit union.

2018, c. 23, s. 315.

547.36. Despite section 499, the board of directors of the Fund may not delegate the powers conferred on the Fund by sections 547.34 and 547.35.

2018, c. 23, s. 315.

547.37. In its interventions with regard to a financial services cooperative, the Fund may act on behalf of the credit union.

2018, c. 23, s. 315.

547.38. The Fund must, before intervening with regard to the Federation, give at least 24 hours' notice to the Authority.

2018, c. 23, s. 315.

547.39. The financial resources of the Fund must be at least adequate for, but not disproportionate to, the pursuit of its mission.

If the Fund considers that its financial resources are inadequate for the purposes of the first paragraph, it may set and require from any financial services cooperative belonging to the Group a special assessment for each fiscal year the Fund determines.

2018, c. 23, s. 315.

547.40. The amount of an assessment set by the Fund may vary and may be collected in accordance with the terms and conditions it determines.

A cooperative that belongs to the Group is required to send the Group any information it requests for the purpose of setting the amount of the assessment to be paid by the cooperative.

2018, c. 23, s. 315.

§ 2. — *Amalgamation ordered by the Fund*

2018, c. 23, s. 315.

547.41. An amalgamation of credit unions ordered by the Fund under subparagraph 2 of the first paragraph of section 547.34 does not require a resolution of the general meeting, a resolution of the board of directors of the amalgamating credit unions or an amalgamation agreement; the articles of amalgamation are prepared by the Federation.

Despite section 282, the amalgamation may be by absorption even if the absorbed credit union's liabilities consisting of members' deposits exceed 25% of the absorbing credit union's liabilities consisting of members' deposits.

2018, c. 23, s. 315.

547.42. In addition to the articles of amalgamation, the Federation shall prepare the following documents with regard to an amalgamated credit union:

(1) a notice of the names and addresses of the first officers of the amalgamated credit union, unless, in the case of an amalgamation by absorption, those officers are the same as the ones of the absorbing credit union before the amalgamation; and

(2) a document stating the number of shares issued by each amalgamating credit union, or stating

(a) that all such shares will be converted into shares of the amalgamated credit union;

(b) the price of each share; and

(c) the manner in which such shares will be converted into shares of the amalgamated credit union.

The Federation must also provide the details of any arrangements necessary to complete the amalgamation and to provide for the subsequent management and operation of the amalgamated credit union.

2018, c. 23, s. 315.

547.43. The articles of amalgamation, prepared in duplicate and signed by the person authorized for that purpose by the Federation, must be transmitted to the Authority.

The documents referred to in paragraphs 5, 6 and 9 of section 278, prepared by the Federation and signed by the person it authorizes for that purpose, must be attached to the articles.

2018, c. 23, s. 315.

547.44. Sections 279 to 281 apply, with the necessary modifications, to an amalgamation of credit unions ordered by the Fund.

Despite the first paragraph of section 280, the Authority is bound to authorize the amalgamation.

2018, c. 23, s. 315.

§ 3. — Dissolution ordered by the Fund

2018, c. 23, s. 315.

547.45. In addition to being dissolvable following a decision by the Minister in accordance with Division II of Chapter VII like any other financial services cooperative, a financial services cooperative belonging to the Group may, except if it is the Federation, be dissolved by order of the Fund under subparagraph 2 of the first paragraph of section 547.34 or, in all cases, by the Authority if, under section 40.14 of the Deposit Institutions and Deposit Protection Act (chapter I-13.2.2), it is vested with the powers set out in paragraphs 1 to 9 of section 19.2 of the Act respecting the regulation of the financial sector (chapter E-6.1).

A financial services cooperative belonging to the Group may not be dissolved in any other manner.

2018, c. 23, s. 315.

547.46. The Authority shall carry out any dissolution of a credit union that is ordered by the Fund under subparagraph 2 of the first paragraph of section 547.34.

Despite section 184, the Fund, rather than the Minister of Revenue, shall act as liquidator and have the seizin of property in the case of a dissolution ordered by the Fund.

2018, c. 23, s. 315.

§ 4. — Winding-up of the Group

2018, c. 23, s. 315.

547.47. All the financial services cooperatives belonging to the Group, together with the Fund, may be amalgamated into a single legal person to be wound up.

Such an amalgamation/winding-up requires a joint declaration of amalgamation/winding-up by the Federation and the Fund, approved by a resolution passed by a 3/4 majority of the votes cast by the credit unions that belong to the Group and whose members make up at least 3/4 of all the members of those credit unions.

A credit union belonging to the Group may not be wound up in any other manner. The same applies to the Federation and the Fund.

2018, c. 23, s. 315.

547.48. The declaration of amalgamation/winding-up must include

- (1) the names of one or more of the liquidators and their remuneration;
- (2) the effective date of the amalgamation/winding-up; and
- (3) the name of the legal person being wound up.

2018, c. 23, s. 315.

547.49. The Federation must send the Authority a certified copy of the declaration of amalgamation/winding-up. It must also notify the enterprise registrar by filing a declaration to that effect, in accordance with the Act respecting the legal publicity of enterprises (chapter P-44.1), not later than 10 days after the resolution is passed.

The Federation must publish a notice to that effect stating the name and address of the liquidator and the address to which claims may be sent by interested persons.

2018, c. 23, s. 315.

547.50. Upon receipt of the declaration of amalgamation/winding-up and the fees prescribed by government regulation, the Authority shall prepare in duplicate a certificate attesting the amalgamation and stating its effective date as given in the declaration, which may be subsequent to the date on which the certificate is made.

The Authority shall send a copy of the certificate attesting the amalgamation to the enterprise registrar, who shall deposit it in the enterprise register.

2018, c. 23, s. 315.

547.51. As of the effective date shown on the certificate,

- (1) all the financial services cooperatives belonging to the Group, together with the Fund, are continued as a legal person to be wound up and their patrimonies are joined together to form the patrimony of the legal person; and
- (2) the rights and obligations of the cooperatives and the Fund become rights and obligations of the legal person to be wound up and the latter becomes a party to any judicial or administrative proceeding to which the cooperatives and the Fund were parties.

The legal person to be wound up is without organs or members; it has neither articles nor by-laws. It is dissolved immediately following the amalgamation provided for in the first paragraph and, as provided for in article 357 of the Civil Code, its legal personality subsists for the purposes of the winding-up.

2018, c. 23, s. 315.

547.52. The liquidator shall exercise the rights and perform the obligations of the legal person to be wound up under the name of the financial services cooperative or Fund that, before the amalgamation referred to in the first paragraph of section 547.51, held those rights and owed those obligations.

The liquidator shall exercise the rights the legal person has acquired and perform the obligations to which it is bound after the amalgamation under the name that must be assigned to it in the declaration of amalgamation/ winding-up.

Creditors of a financial services cooperative or of the Fund before the amalgamation referred to in the first paragraph of section 547.51 may file any judicial application against the legal person to be wound up, whether under the latter's name or the cooperative's or Fund's name.

2018, c. 23, s. 315.

547.53. The legal person to be wound up shall have its head office at the place where the Federation had its head office before the amalgamation referred to in the first paragraph of section 547.51.

For the purpose of determining the court having territorial jurisdiction in Québec to hear a judicial application based on a right held or obligation owed by a financial services cooperative or the Fund before the amalgamation referred to in the first paragraph of section 547.51, the court of the cooperative's or Fund's domicile before the amalgamation also has jurisdiction, at the plaintiff's option.

2018, c. 23, s. 315.

547.54. Any natural person fully capable of exercising his or her civil rights may be appointed liquidator.

A legal person authorized by law to administer the property of others may also be appointed liquidator.

The liquidator is entitled to the reimbursement of the expenses incurred in the performance of the duties of office.

2018, c. 23, s. 315.

547.55. A liquidator is obliged to take out insurance or to provide security for the performance of the liquidator's obligations; a liquidator who refuses or neglects to do so forfeits the office unless relieved from the default by the Authority.

2018, c. 23, s. 315.

547.56. The Authority may dismiss and replace a liquidator, and is bound to fill any vacancy in the office of liquidator without delay.

The Authority may modify the remuneration set in the declaration of amalgamation/winding-up if it considers that it is insufficient to retain the services of a liquidator.

2018, c. 23, s. 315.

547.57. Winding-up consists in determining the assets of the legal person, recovering its claims, performing or obtaining forgiveness of its obligations or otherwise making provision for them, paying the winding-up expenses, redeeming shares and subsequently giving a final account to the Authority and distributing the legal person's remaining property to the deposit insurance fund.

2018, c. 23, s. 315.

547.58. As of the dissolution under the second paragraph of section 547.51 of the legal person to be wound up and for the time required for the winding-up, the liquidator has the seizin of the legal person's property.

The liquidator shall act as administrator of the property of others charged with full administration.

The officers and managers of a financial services cooperative or of the Fund must, at the request of the liquidator, provide the liquidator with any document in their possession or explanation concerning the rights held and obligations owed by the cooperative or by the Fund before the amalgamation referred to in the first paragraph of section 547.51.

2018, c. 23, s. 315.

547.59. The liquidator shall send a notice of the legal person's winding-up without delay to the enterprise registrar, who shall deposit it in the enterprise register.

The notice must be filed with a certified copy of the declaration of amalgamation/winding-up, along with the resolution approving the declaration by the credit unions.

2018, c. 23, s. 315.

547.60. If the winding-up continues for more than one year, the liquidator must, at the end of the first year and at least once a year after that, render a summary account of his or her management to the Authority.

2018, c. 23, s. 315.

547.61. The liquidator may demand payment of any amount outstanding on shares issued by a financial services cooperative before the amalgamation referred to in the first paragraph of section 547.51, even if they are not yet due.

2018, c. 23, s. 315.

547.62. The liquidator shall perform the obligations of the legal person to be wound up of which forgiveness has not been obtained, as and when the creditors come forward or in accordance with terms agreed on with the legal person's creditors. However, the liquidator may constitute adequate provision for the performance of those obligations and make any arrangement with an authorized financial institution or a bank to assume the deposit liabilities of the legal person to be wound up.

2018, c. 23, s. 315.

547.63. After performing or obtaining forgiveness of the obligations of the legal person to be wound up or otherwise making provision for them, the liquidator shall redeem the shares in accordance with the order referred to in subparagraph 2 of the second paragraph of section 60 as if the shares had been issued by one and the same financial services cooperative.

2018, c. 23, s. 315.

547.64. After redeeming the shares, the liquidator shall produce a final account.

2018, c. 23, s. 315.

547.65. The purpose of the final account is to determine the assets of the legal person to be wound up at the time the liquidator is appointed and its remaining property.

In the final account, the liquidator shall report on the disposal of the property of the legal person to be wound up, the sums realized, the obligations of the legal person that were performed, those of which the liquidator obtained forgiveness and those for which the liquidator otherwise made provision, and the overall manner in which the winding-up was conducted.

2018, c. 23, s. 315.

547.66. The final account must be approved by the Authority. If such approval cannot be given, the winding-up continues under the supervision of the court.

2018, c. 23, s. 315.

547.67. The winding-up of the legal person to be wound up is terminated by sending the enterprise registrar a notice of closure of the winding-up.

In the notice, the liquidator shall state that the final account has been approved, describe the conduct of the winding-up in accordance, if applicable, with the orders of the court, and sign the notice.

2018, c. 23, s. 315.

547.68. The liquidator must preserve the books of the legal person for five years after the closure of the winding-up, or for a longer period if they are required as evidence in a judicial or administrative proceeding.

2018, c. 23, s. 315.

547.69. The liquidator, the Authority or another interested person may ask the court to order that the legal person to be wound up be so under court supervision.

The application to that effect must be notified to the Authority and the liquidator, unless they are applicants.

2018, c. 23, s. 315.

547.70. As soon as the judgment ordering that the legal person be wound up under court supervision is rendered, the clerk of the court shall send a copy of the judgment to the enterprise registrar, who shall deposit it in the enterprise register.

If the judgment is appealed, the clerk shall send notice of the appeal without delay to the enterprise registrar, who shall deposit it in the enterprise register.

2018, c. 23, s. 315.

547.71. When ruling on an application, the court may make any order concerning the winding-up of the legal person. It may, among other things,

(1) suspend any judicial or administrative proceeding against the legal person, on the conditions the court considers appropriate;

(2) prescribe any measure to identify and perform the obligations of the legal person or make provision for them;

(3) give instructions to the liquidator;

(4) approve the performance of any obligation or the execution of any arrangement made with an authorized financial institution or a bank to assume the deposit liabilities of the legal person to be wound up;

(5) order that provision be made for the performance of any obligation of the legal person to be wound up;

(6) fix, on the conditions it determines, a time after which no person may, without the authorization of the court, make a claim against the legal person;

(7) specify the order in which the shares of the different classes and series issued before the amalgamation referred to in the first paragraph of section 547.51 will be redeemed by the financial services cooperatives; and

(8) approve the liquidator's final account.

2018, c. 23, s. 315.

CHAPTER XIV

SUPERVISION AND CONTROL

DIVISION I

SUPERVISION

548. Where the Authority is of the opinion that the value of an immovable securing a claim of a financial services cooperative is less than the amount of the loan granted, including accrued interest, or where the Authority considers the immovable to be insufficient security, the Authority may require the cooperative to cause an appraisal of the immovable to be made by an appraiser who must receive the approval of the Authority, or the Authority may itself cause the appraisal to be made.

The Authority may, following such appraisal, reduce the value of the loan entered in the books of the cooperative.

2000, c. 29, s. 548; 2002, c. 45, s. 326; 2004, c. 37, s. 90.

549. Where the Authority is of the opinion that the market value of the assets of a financial services cooperative is less than the recorded book value, it may require that such cooperative cause an appraisal of the immovable to be made by an appraiser who must receive the approval of the Authority, or the Authority may itself cause the appraisal to be made.

The Authority may, following such appraisal, reduce the value of the loan entered in the books of the cooperative.

2000, c. 29, s. 549; 2002, c. 45, s. 327; 2004, c. 37, s. 90.

550. Before requiring an appraisal of any immovable or asset to be made or before causing such appraisal to be made, the Authority shall notify the financial services cooperative concerned and, in the case of a credit union, the federation, and give them an opportunity to present observations. The Authority must do the same before assigning to any asset a value different from that determined by the appraiser.

The Authority shall notify, in writing, the cooperative and, if applicable, its auditor of the reduction made to the book value of one of its assets.

2000, c. 29, s. 550; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2016, c. 7, s. 218.

551. Unless the Authority decides otherwise, the appraisal shall be charged to the financial services cooperative concerned.

2000, c. 29, s. 551; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

552. The Authority shall ensure that the activities and operations of a financial services cooperative are audited in accordance with the provisions of this Act.

2000, c. 29, s. 552; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

553. The Authority shall also ensure that the internal affairs and the activities of a credit union are inspected.

The Authority shall, at least once a year, inspect or commission the inspection of the internal affairs and the activities of a federation.

2000, c. 29, s. 553; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

554. The Authority shall, at least once a year, inspect or commission the inspection of the internal affairs and the activities of every credit union that is not a member of a federation.

2000, c. 29, s. 554; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

555. The purpose of the annual inspection is to evaluate the financial policies and practices and the internal control systems of a financial services cooperative, to verify the accuracy of its financial statements and to ensure that it is complying with this Act, the regulations, the by-laws, the standards and the written instructions applicable to it under this Act.

2000, c. 29, s. 555.

556. The Authority may, on the Authority's own initiative, conduct or commission any examination and any investigation the Authority considers expedient for the purposes of this Act, into the internal affairs and the activities of any financial services cooperative, issuing corporation referred to in section 475 or holding company of which the cooperative is the holder of control.

In addition, the Authority may order the person in charge of inspections in a federation to conduct such examinations and investigations into the internal affairs and the activities of credit unions as the Authority considers expedient.

2000, c. 29, s. 556; 2002, c. 45, s. 328; 2004, c. 37, s. 90; 2016, c. 7, s. 219; 2018, c. 23, s. 316.

557. The Authority shall, in addition, at the request of a credit union's board of directors or board of supervision, of 100 of its members or of 1/3 of its members, or at the request of the federation, conduct or commission any examination and any investigation the Authority considers expedient into the internal affairs and the activities of the credit union.

The Authority shall render an account of any examination and any investigation to any member of the credit union who so requests, to the board of supervision of the credit union and to the federation.

The expenses incurred for any examination or investigation conducted under this section by the Authority shall be charged to the credit union.

2000, c. 29, s. 557; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 35.

558. For the purposes of this Act, any person conducting an inspection or examinations and investigations under this division may

(1) enter, at any reasonable time, the establishment of any legal person under inspection or examination and investigation;

(2) examine and make copies of the books, registers, accounts, records and other documents relating to the activities of the legal person;

(3) require any information or document relating to the carrying out of this Act.

Every person having custody, possession or control of the books, registers, accounts, records and other documents shall grant access to them to the person conducting the inspection, or the examinations and investigations, at that person's request, and facilitate their examination by that person.

2000, c. 29, s. 558.

559. The documents, books, registers, accounts and records that the Authority may require must be provided to the Authority, whatever the medium in which they are stored and whatever the means of accessing them.

2000, c. 29, s. 559; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

560. The person making an inspection or examinations and investigations shall, on request, identify himself or herself and produce a certificate of capacity signed by the president and director general of the Authority or by any staff member so authorized by by-law.

2000, c. 29, s. 560; 2002, c. 45, s. 329; 2004, c. 37, s. 90.

561. No person may hinder the work of any person conducting an inspection or examinations and investigations, in particular by misleading that person.

2000, c. 29, s. 561.

562. The Authority or the Authority's representative, in exercising the Authority's powers of inspection, may, if the Authority or the representative has reasonable grounds to believe an offence has been committed under this Act or another Act under the administration of the Authority or a regulation made thereunder or a by-law approved by the Government, seize any relevant document provided the Authority or the representative leaves a copy with the person from whom it is seized; the Authority shall have custody of the seized document.

2000, c. 29, s. 562; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

563. The Authority shall not keep the document seized under section 562 for over 90 days unless proceedings are brought within that time. A judge of the Court of Québec may order the period during which the seized documents are kept reduced or extended for a further 90 days.

2000, c. 29, s. 563; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

564. The Authority may order an inquiry into any matter within the Authority's jurisdiction, if the Authority is of the opinion that the public interest requires it.

2000, c. 29, s. 564; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

564.1. Such information as is determined by the Minister by regulation that is held by a financial services cooperative in relation to the Authority's supervision of the cooperative is confidential. It may not be used as evidence in any civil or administrative proceedings and is privileged for that purpose.

No person may be compelled, in any civil or administrative proceedings, to testify or to produce a document relating to that information.

2018, c. 23, s. 317.

564.2. Despite section 564.1,

(1) the Attorney General, the Minister or the Authority may use the information made confidential by that section as evidence;

(2) the financial services cooperative concerned may, in accordance with the regulation made by the Minister, use that information as evidence in any proceedings concerning the administration or enforcement of this Act that are brought by the cooperative, the Minister, the Authority or the Attorney General; and

(3) anyone who may be compelled to testify or to produce a document relating to that information in any proceedings regarding the application of this Act or any other Act administered by the Authority to the cooperative may use that information provided the proceedings are brought by the cooperative concerned, the Attorney General, the Minister or the Authority.

2018, c. 23, s. 317; 2021, c. 34, s. 50.

564.3. The communication of information referred to in sections 564.1 and 564.2 otherwise than in the cases provided for by their provisions does not entail a waiver of the confidentiality conferred by those provisions.

Likewise, the communication to the Authority of information protected by professional secrecy, by litigation privilege or by another communication restriction under the rules of evidence does not entail a waiver of the protection conferred on that information.

2018, c. 23, s. 317; 2021, c. 34, s. 51.

564.4. The provisions of sections 564.1 to 564.3 do not apply to information that must be made public by law. Nor do they apply to information held by a financial services cooperative if the information is contained in a document that was sent in accordance with the provisions of another Act.

2018, c. 23, s. 317.

DIVISION II

CONTROL

564.5. The Authority may require a financial services cooperative to establish a legal person of which the cooperative will be the holder of control to carry on an activity other than the activities of a financial services cooperative,

(1) if the activity constitutes the operation of an enterprise, regardless of the cooperative's other activities; and

(2) if, in the Authority's opinion, the activity renders the application of this Act difficult or ineffective.

For the purposes of the first paragraph, an activity is deemed not to constitute the operation of an enterprise if it generates less than 2% of the gross income of a financial services cooperative.

2018, c. 23, s. 318.

565. The Authority may establish instructions for a financial services cooperative or a security fund.

Instructions must be in writing and must be specific to the addressee, but need not be published.

The Authority must, before sending instructions, notify the addressee and give it an opportunity to present observations.

2000, c. 29, s. 565; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2008, c. 7, s. 66; 2018, c. 23, s. 318.

565.1. The Authority may establish guidelines for all financial services cooperatives or a single class of such cooperatives, or for credit unions or a federation of which such credit unions are members.

The federation may also establish a guideline concerning all legal persons belonging to a cooperative group; such a guideline may be addressed to the federation belonging to that group.

Guidelines must be general and impersonal; the Authority publishes them in its bulletin after sending a copy of them to the Minister.

2018, c. 23, s. 318.

566. A guideline informs its addressees of measures that, in the Authority's opinion, they may establish to satisfy their obligations under this Act.

Instructions, on the other hand, inform their addressee of the obligations that, in the Authority's opinion, are incumbent on it under that Act.

2000, c. 29, s. 566; 2008, c. 7, s. 67; 2018, c. 23, s. 318.

567. The Authority may order a financial services cooperative or a security fund to cease a course of action or to implement specified measures if the Authority is of the opinion that the cooperative or fund is failing to perform its obligations under this Act in full, properly and without delay.

An order concerning two or more legal persons belonging to a cooperative group may be issued against the federation that belongs to the group.

The Authority may, for the same reasons, issue an order against a third person that, on behalf of a financial services cooperative or a security fund, carries on its activities or performs its obligations.

2000, c. 29, s. 567; 2002, c. 45, s. 330; 2004, c. 37, s. 90; 2008, c. 7, s. 68; 2018, c. 23, s. 319; 2021, c. 34, s. 52.

568. *(Repealed).*

2000, c. 29, s. 568; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2008, c. 7, s. 69; 2018, c. 23, s. 320.

569. Where, in the opinion of the Authority, the board of supervision of a credit union or the board of ethics and professional conduct of a federation is not exercising its functions in accordance with the provisions of this Act, the Authority may order the board to take the measures indicated by the Authority to remedy the situation.

2000, c. 29, s. 569; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 35, s. 36; 2018, c. 23, s. 321.

569.1. At least 15 days before issuing an order under this division, the Authority shall notify the prior notice prescribed by section 5 of the Act respecting administrative justice (chapter J-3) to the contravener in writing and, if applicable, to the federation of which the contravener is a member as well as, if the contravener is a third person who acts on behalf of a financial services cooperative or a security fund, to that cooperative or fund, stating the reasons which appear to justify the order, the date on which the order is to take effect and the right of the contravener or, if applicable, the federation, to present observations.

Where the contravener belongs to a cooperative group, the notice must also be notified to the federation belonging to that group.

2018, c. 23, s. 322; 2021, c. 34, s. 53.

570. The order of the Authority must state the reasons on which the order is based. The Authority shall send the order to each director of the legal person concerned or, as the case may be, to each member of the board of supervision of the credit union or, as the case may be, of the board of ethics and professional conduct

of the federation. The order shall become effective on the day it is served or on any later date indicated therein.

2000, c. 29, s. 570; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2005, c. 35, s. 35, s. 36; 2018, c. 23, s. 323.

571. However, the Authority may, without prior notice, issue a provisional order, valid for a period not exceeding 15 days, if the Authority is of the opinion that the granting of time to whoever the order concerns to present observations could be prejudicial.

The order must state the reasons on which it is based and shall become effective on the day it is served on whoever it concerns. The latter may, within six days of receiving such an order, present observations to the Authority.

2000, c. 29, s. 571; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 324; 2021, c. 34, s. 54.

572. The Authority may revoke or amend an order it has issued under this division.

2000, c. 29, s. 572; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 325.

573. The Authority may, by an application, apply to a judge of the Superior Court for an injunction in respect of any matter relating to this Act.

The application for an injunction constitutes an action.

The procedure prescribed in the Code of Civil Procedure (chapter C-25.01) applies, except that the Authority cannot be required to give security.

2000, c. 29, s. 573; 2002, c. 45, s. 338; 2004, c. 37, s. 90; I.N. 2016-01-01 (NCCP); 2018, c. 23, s. 326.

573.1. The Authority may, on its own initiative and without notice, intervene in any proceeding relating to a provision of this Act.

2018, c. 23, s. 327.

573.2. The Authority may apply to a court to cancel or suspend the performance of a contract entered into by a financial services cooperative in contravention of this Act if the Authority shows that the cancellation or suspension is in the interest of depositors and that, under the circumstances, that interest must prevail over the legal security of parties to the contract and of other persons whose rights and obligations would be affected by the cancellation or suspension.

The cancellation or suspension may not be applied for after the end of the 10th year after the contract concerned came into effect.

The court may also order that the officers who are party to such a contract, who have authorized it or who have otherwise facilitated its entering into, be solidarily required to pay the cooperative the amount of damages awarded as compensation for the injury suffered or the amount paid by the cooperative because of the contract.

2018, c. 23, s. 327.

574. *(Repealed).*

2000, c. 29, s. 574; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2008, c. 7, s. 70.

575. *(Repealed).*

2000, c. 29, s. 575; 2008, c. 7, s. 70.

576. *(Repealed).*

2000, c. 29, s. 576; 2008, c. 7, s. 70.

577. *(Repealed).*

2000, c. 29, s. 577; 2008, c. 7, s. 70.

578. *(Repealed).*

2000, c. 29, s. 578; 2008, c. 7, s. 70.

579. *(Repealed).*

2000, c. 29, s. 579; 2008, c. 7, s. 70.

580. *(Repealed).*

2000, c. 29, s. 580; 2008, c. 7, s. 70.

581. *(Repealed).*

2000, c. 29, s. 581; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2008, c. 7, s. 70.

582. *(Repealed).*

2000, c. 29, s. 582; 2008, c. 7, s. 70.

583. *(Repealed).*

2000, c. 29, s. 583; 2008, c. 7, s. 70.

DIVISION III

MISCELLANEOUS PROVISIONS AND REPORTS

2000, c. 29, s. 584.

584. The Authority has the custody of all registers and records required for the administration of this Act.

2000, c. 29, s. 584; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

585. The certificates issued by the Authority, the copies of articles attached thereto and all documents issued by the Authority under this Act are authentic.

The signature of the president and director general of the Authority, or any staff member authorized by by-law, on copies of documents, registers or archives is proof of the fact that such documents exist and are in the lawful possession of the Authority.

Any copy signed by one of the persons referred to in the second paragraph is equivalent to the original itself in any court of justice, and any document or copy purporting to bear the signature of the such person is presumed to do so until proof to the contrary.

2000, c. 29, s. 585; 2002, c. 45, s. 331; 2004, c. 37, s. 90.

586. The Authority may correct an incomplete certificate or a certificate containing an error.

The completed or corrected certificate is deemed to have been issued on the date shown on the certificate that it replaces or on the date that should have been shown on it, where such is the case.

The Authority shall transmit a certified copy of the completed or corrected certificate to the enterprise registrar who shall deposit it in the enterprise register.

2000, c. 29, s. 586; 2002, c. 45, s. 332; 2004, c. 37, s. 90; 2010, c. 40, s. 92.

587. If a completed or corrected certificate materially amends the incomplete certificate or the certificate containing an error, the Authority shall give a copy thereof to the financial services cooperative.

2000, c. 29, s. 587; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

588. It shall not be necessary in any proceedings to produce the original of any book, document, order or register in the possession of the Authority or the enterprise registrar; a copy or extract certified by the president and director general of the Authority or by any staff member so authorized by by-law or, as the case may be, by the enterprise registrar shall be sufficient proof of the original.

2000, c. 29, s. 588; 2002, c. 45, s. 333; 2004, c. 37, s. 90.

589. The production of the affidavit of a member of the staff of the Authority constitutes proof before the court of the signature and quality of the signatory.

2000, c. 29, s. 589; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

589.1. No person may be prosecuted on the basis of information given in good faith to the Authority in accordance with this Act.

2004, c. 37, s. 51.

590. *(Repealed).*

2000, c. 29, s. 590; 2002, c. 45, s. 338; 2004, c. 37, s. 90; I.N. 2016-01-01 (NCCP); 2018, c. 23, s. 328.

591. The costs that must be incurred by the Authority for the administration of this Act are to be borne by the federations and the credit unions that are not members of a federation; they are determined annually by the Government based on the forecasts provided to it by the Authority.

The difference noted between the forecast of the costs that must be incurred for the administration of this Act for a year and those actually incurred for the same year must be carried over to the similar costs determined by the Government for the year after the difference is noted.

2000, c. 29, s. 591; 2018, c. 23, s. 329.

592. The amount exigible from each credit union that is not a member of a federation shall correspond to the sum of the following amounts:

(1) a minimum amount fixed each year by the Government for each credit union;

(2) an amount corresponding to the product obtained by multiplying the sum of the average assets of all the credit unions at the end of the preceding year by the fraction corresponding to the average assets of the credit union at the end of the same year over the said sum.

2000, c. 29, s. 592.

593. The amount exigible from a federation shall correspond to the sum of the following amounts:

(1) a minimum amount fixed each year by the Government for each member credit union;

(2) an amount corresponding to the product obtained by multiplying the sum of the average assets of all the credit unions at the end of the preceding year by the fraction corresponding to the sum of the average assets of all the member credit unions at the end of the same year over the sum of the average assets of all the credit unions at the end of the same year.

2000, c. 29, s. 593.

594. For the purposes of sections 592 and 593, the average assets are considered equal to the amount represented by the sum of the assets at the beginning and at the end of the preceding year, divided by two.

2000, c. 29, s. 594.

595. To determine the amount exigible for the purposes of this Act, the federations and the credit unions that are not members of a federation must furnish to the Authority such report or information as the latter may require.

2000, c. 29, s. 595; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

596. Every credit union that is a member of a federation must, at the request of the federation, pay to it an amount calculated in accordance with section 592.

2000, c. 29, s. 596.

597. The Authority shall each year submit a report to the Minister on the financial position of the financial services cooperatives. The report shall include any other information considered appropriate by the Authority or required by the Minister.

2000, c. 29, s. 597; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

598. The Minister shall table the report of the Authority in the National Assembly within 30 days of receiving it or, if the Assembly is not in session, within 15 days of resumption.

2000, c. 29, s. 598; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

CHAPTER XV

REGULATIONS

2000, c. 29, s. 599.

599. The Government may, by regulation,

(1) prescribe the fees exigible for any formality or measure provided for in this Act or a government regulation thereunder or for the examination or reproduction of documents, and prescribe the terms and conditions applicable to the payment of such fees;

(2) identify the public authorities referred to in subparagraph 6 of the first paragraph of section 17;

(3) determine, for the purposes of subparagraph 7 of the first paragraph of section 17, the cases where the name of a credit union may falsely suggest that it is related to another person, partnership or group;

(4) determine the criteria to be taken into account for the purposes of subparagraphs 7 and 8 of the first paragraph of section 17;

(5) determine, for the purposes of section 19, any word or expression that may not be included in the name of a credit union unless the federation determined by the Government in the regulation consents by resolution to the use of the name and undertakes by resolution to admit the credit union as a member;

(6) *(subparagraph repealed)*;

(7) *(subparagraph repealed)*;

(7.0.1) determine the limits applicable to the reserve for future dividends;

(7.1) determine the policy the caisses must adopt in accordance with section 131.1 or elements of such a policy;

(7.2) determine the policy that a federation must adopt in accordance with section 131.1 or elements of such a policy;

(8) determine the additional information that must be stated by the auditor in a report under section 151 or 159;

(8.1) determine, for the purposes of section 288.1, the limits to the voting rights that participating auxiliary members may exercise together at a general meeting of the federation;

(9) determine the subjects that must be examined by the audit and inspection commission in accordance with section 389;

(10) determine the cases where, despite section 473, a financial services cooperative may acquire and hold up to all the contributed capital securities issued by a legal person or a partnership, up to all the participations in a trust or a share of a right of ownership;

(11) *(subparagraph repealed)*;

(11.1) *(subparagraph repealed)*;

(12) *(subparagraph repealed)*;

(13) *(subparagraph repealed)*;

(14) *(subparagraph repealed)*;

(15) determine from among the regulatory provisions made under this section those the violation of which constitutes an offence;

(16) prescribe the cases in which an advertisement may be made with respect to a security fund and the manner and form of the advertisement, for the purposes of section 516;

(17) *(subparagraph repealed)*;

(18) determine the maximum value or maximum number of the shares, other than qualifying shares, which auxiliary members of a financial services cooperative may hold and the maximum proportion of such shares in relation to the total number of shares held by all members.

The value, number and proportion of shares prescribed in a regulation adopted under subparagraph 18 of the first paragraph may vary according to the rights, privileges or restrictions attaching to them.

2000, c. 29, s. 599; 2002, c. 45, s. 334; 2003, c. 20, s. 30; 2008, c. 7, s. 71; 2018, c. 23, s. 330.

Not in force

599.1. *(Not in force).*

2009, c. 27, s. 8.

600. The Government may, 60 days after transmitting a formal notice to a federation requiring it to adopt the standards it must adopt under the second paragraph of section 369, exercise that power itself, by regulation.

Any government regulation made pursuant to the first paragraph is deemed to be a standard of the federation, and the federation may, with the authorization of the Government, amend, replace or repeal it.

2000, c. 29, s. 600; 2018, c. 23, s. 331.

601. In exercising its regulatory powers, the Government may establish various classes of persons, partnerships, activities or operations and prescribe appropriate rules for each class.

2000, c. 29, s. 601.

601.1. The Authority may, by regulation, determine the standards applicable to financial services cooperatives in relation to their business and management practices.

2018, c. 23, s. 332.

601.2. A regulation made under section 601.1 by the Authority is approved by the Minister with or without amendment.

The Minister may make such a regulation if the Authority fails to do so within the time specified by the Minister.

A draft of a regulation must be published in the Authority's bulletin with the notice required under section 10 of the Regulations Act (chapter R-18.1).

The draft of the regulation may not be submitted for approval and the regulation may not be made before 30 days have elapsed since the publication of the draft.

A regulation under this section comes into force on the date of its publication in the *Gazette officielle du Québec* or on any later date specified in it. It must also be published in the Authority's bulletin. If the regulation published in the Authority's bulletin differs from the one published in the *Gazette officielle du Québec*, the latter prevails.

Sections 4 to 8, 11 and 17 to 19 of the Regulations Act do not apply to a regulation of the Authority under this Act.

2018, c. 23, s. 332.

601.3. The fees payable for the formalities prescribed by regulation of the Authority are prescribed by government regulation.

2018, c. 23, s. 332.

CHAPTER XV.1

MONETARY ADMINISTRATIVE PENALTIES

2018, c. 23, s. 332.

DIVISION I

FAILURES TO COMPLY

2018, c. 23, s. 332.

601.4. A monetary administrative penalty of \$250 in the case of a natural person and \$1,000 in any other case may be imposed on

(1) a financial services cooperative

(a) that, in contravention of section 37, fails to send the required documents to the Authority within 30 days following its organization meeting,

(b) that, in contravention of section 131.7, fails to send a report on its complaint processing policy to the Authority,

(c) that, in contravention of section 147, fails to inform the Authority of the resignation of the auditor,

(d) that, in contravention of section 165, fails to send a copy of its annual report to a member who requests it, or

(e) that, in contravention of section 166, fails to send a copy of its annual report to the Authority;

(2) a credit union

(a) that, in contravention of section 218, fails to send the amendments made to its by-laws to the Authority,

(b) that, in contravention of section 221, fails to hold its annual meeting within four months from the end of its fiscal year, or

(c) that, not being a member of a federation, in contravention of section 426, fails to send a report to the Authority;

(3) a federation

(a) that, in contravention of section 303, fails to hold its annual meeting within four months from the end of its fiscal year,

(b) whose by-laws, in contravention of section 330, do not set out the number of times that a board member's term of office may be renewed, whether consecutively or otherwise,

(c) that, in contravention of section 333, fails to give notice to the Authority of a change made among the directors of the board of directors,

(d) whose board of ethics and professional conduct, in contravention of section 353, fails to transmit a yearly report of its activities in matters of ethics and professional conduct to the Authority,

(e) that, in contravention of section 376, fails to transmit its by-laws and the standards it has adopted to the Authority,

(f) that, in contravention of section 385.6, fails to report to the Authority on the number of complaint records it has registered in the register of complaint records submitted for its examination and their nature,

(g) whose audit and inspection commission, in contravention of section 390, fails to send the Authority a report on its activities up to the closing date of its last fiscal year,

(h) that, in contravention of section 425, fails to send a copy of its annual report to a member who requests it,

(i) that, in contravention of section 426, fails to send a report to the Authority, or

(j) that, in contravention of section 427 or 463, fails to send its financial statements to the Authority;

(4) a security fund that, in contravention of section 528, fails to send a statement of operations for the fiscal year just ended to the Authority, prepared in the form prescribed by the Authority and in compliance with the requirements set out in sections 529 and 530;

(5) an auditor, other than the auditor referred to in the fifth paragraph of section 152, who, in contravention of that section, fails to send the required report to the Authority; or

(6) a financial services cooperative, a member of its financial group or its auditor if it or he or she refuses to communicate or provide access to a document or information required by the Authority for the purposes of this Act.

The penalties prescribed by the first paragraph also apply if the information or documents concerned are incomplete, or are not sent before the specified time limit.

2018, c. 23, s. 332.

601.5. A monetary administrative penalty of \$500 in the case of a natural person and \$2,500 in any other case may be imposed on

(1) a financial services cooperative

(a) that, in contravention of section 66.1, fails to adopt a complaint processing policy,

(b) that, in contravention of section 66.1, fails to keep the complaints register prescribed by that section, or

(c) that, in contravention of section 470, fails to adopt an investment policy;

(2) a credit union

(a) that has not, in contravention of section 253.1, established an audit committee or that has established one whose composition contravenes that section, unless otherwise provided in the by-laws of the Group made under section 547.2, or

(b) whose board of supervision, in contravention of section 259, fails to adopt rules of ethics and professional conduct;

(3) a federation

(a) that fails to perform its obligations under an undertaking given to the Authority under section 81,

(b) whose board of ethics and professional conduct, in contravention of sections 346 and 347, fails to adopt rules of ethics and professional conduct,

(c) whose board of ethics and professional conduct, in contravention of section 355, fails to notify the Authority in writing within five days of its decision to suspend a director or a manager,

(d) that, in contravention of section 385.1, fails to adopt a policy on the examination of complaint records,

(e) that, in contravention of section 385.2, fails to keep the register of complaint records submitted for its examination prescribed by that section,

(f) whose board of directors, in contravention of section 388, fails to establish an audit and inspection commission formed in accordance with that section,

(g) that, in contravention of section 469, fails to establish the investment policy to be followed by its member credit unions, or

(h) that, belonging to the Group, fails to revise the recovery plan of the Group, in contravention of section 547.24;

(4) a security fund that, in contravention of section 517, fails to adopt an investment policy approved by the Authority; or

(5) the chief manager of a credit union who, in contravention of section 96, does not resign from that position if he or she becomes president or vice-president of the credit union's board of directors.

2018, c. 23, s. 332.

601.6. A monetary administrative penalty of \$5,000 may be imposed on

(1) a financial services cooperative

(a) whose shares, in contravention of section 60, entitle its holder, in the event of the winding-up, insolvency or dissolution of the cooperative, to be reimbursed before the deposits and the other debts of the cooperative have been repaid,

(b) that, in contravention of section 61, purchases, repurchases or redeems shares without the authorization of the Authority,

(c) that, in contravention of section 82, hypothecates or gives property as security before obtaining the authorization of the Authority or the federation it is a member of, as the case may be, or

(d) that, in contravention of section 139, fails to cause its books and accounts to be audited every year by an auditor or whose auditor does not meet the qualification criteria set out in sections 143 and 144;

(e) that holds contributed capital securities issued by a legal person or partnership, participations in a trust or a share in a co-ownership acquired in contravention of the limits prescribed by section 473 without such holdings being authorized by section 474;

(2) a credit union

(a) that, not being a member of a federation, in contravention of section 88, does not comply with the government regulations referred to in that section,

(b) whose board of directors includes a member who is a disqualified person in contravention of section 227, or a number of directors that contravenes section 244, unless otherwise provided for in the by-laws of the Group made under section 547.2, or

(c) whose board of supervision includes a member who is a disqualified person, in contravention of section 227, or whose board of supervision, in contravention of section 260, is composed of fewer than three members, unless otherwise provided for in the by-laws of the Group made under section 547.2 or section 547.13;

(3) a federation

(a) whose movable property, in contravention of section 81, is charged with a hypothec or other security given,

(b) that, in contravention of section 87, allocates to a reserve any asset or liability not contemplated in that section,

(c) that permits, in contravention of section 288.1, its auxiliary members to exercise together more than 30% of the voting rights at a general meeting of the federation,

(d) whose board of directors, in contravention of section 326, is composed of fewer than five members or, in contravention of section 328, includes a member who is a disqualified person,

(e) whose board of ethics and professional conduct, in contravention of section 359, is composed of fewer than five members or, in contravention of section 361, includes a member who is a disqualified person, unless otherwise provided for in the by-laws of the Group made under section 547.2 or section 547.13,

(f) that, in contravention of section 391, fails to inspect the internal affairs and the activities of a credit union or the activities carried on on its behalf or, in contravention of section 399, fails to transmit a copy of its inspection report to the Authority,

(g) that, in contravention of section 413, entrusts all or part of the management of the funds it has established to any other person, without the authorization of the Authority, or

(h) that, in contravention of section 480, does not hold directly all the shares carrying voting rights of the issuing corporation referred to in section 475; or

(4) an issuing corporation that, in contravention of section 481, makes a public issue of securities without the amount and terms and conditions of such issue having received the prior approval of the federation that is the holder of control of the corporation.

2018, c. 23, s. 332.

601.7. A monetary administrative penalty of \$2,000 in the case of a natural person and \$10,000 in any other case may be imposed on anyone who fails to comply with an order or a decision of the Authority.

2018, c. 23, s. 332.

601.8. If a failure to comply for which a monetary administrative penalty may be imposed continues for more than one day, it constitutes a new failure for each day it continues.

2018, c. 23, s. 332.

601.9. The Minister or the Authority may, in a regulation made under this Act, specify that a failure to comply with the regulation may give rise to a monetary administrative penalty.

The regulation may define the conditions for applying the penalty and set forth the amounts or the methods for determining them. The amounts may vary according to the seriousness of the failure to comply, without exceeding the maximum amounts provided for in section 601.7.

2018, c. 23, s. 332.

DIVISION II

NOTICE OF NON-COMPLIANCE AND IMPOSITION

2018, c. 23, s. 332.

601.10. In the event of a failure to comply referred to in Division I, a notice of non-compliance may be notified to the party responsible for the failure urging that the necessary measures be taken immediately to remedy it.

Such a notice must mention that the failure may give rise to a monetary administrative penalty.

2018, c. 23, s. 332.

601.11. The imposition of a monetary administrative penalty is prescribed by two years from the date of the failure to comply.

2018, c. 23, s. 332.

601.12. The monetary administrative penalty for a failure to comply with a provision of this Act may not be imposed on the party responsible for the failure to comply after the commencement of penal proceedings against that party for a failure to comply with the same provision on the same day, based on the same facts.

For the purposes of this chapter, “party responsible for a failure to comply” means the person or group on whom or which a monetary administrative penalty is imposed or may be imposed, as the case may be, for a failure to comply referred to in Division I of this chapter.

2018, c. 23, s. 332.

601.13. A monetary administrative penalty is imposed on the party responsible for a failure to comply by the notification of a notice of claim.

The notice must state

- (1) the amount of the claim;
- (2) the reasons for it;
- (3) the time from which it bears interest;
- (4) the right, under section 601.14, to obtain a review of the imposition of the penalty and the time limit for exercising that right; and
- (5) the right to contest the review decision before the Financial Markets Administrative Tribunal and the time limit for bringing such a proceeding.

The notice must also include information on the procedure for recovery of the amount claimed. The party responsible for the failure to comply must also be informed that failure to pay the amount owing may give rise to the amendment, suspension or revocation of any authorization granted under this Act or to a refusal to grant such an authorization, and, if applicable, that the facts on which the claim is founded may result in penal proceedings.

Unless otherwise provided, the amount owing bears interest at the rate determined under the first paragraph of section 28 of the Tax Administration Act (chapter A-6.002), from the 31st day after notification of the notice.

2018, c. 23, s. 332.

DIVISION III

REVIEW

2018, c. 23, s. 332.

601.14. The party responsible for a failure to comply may apply in writing to the Authority for a review of the decision to impose a monetary administrative penalty within 30 days after notification of the notice of claim.

The persons responsible for the review are designated by the Authority; they must not come under the same administrative authority as the persons responsible for imposing such penalties.

2018, c. 23, s. 332.

601.15. The application for review must be dealt with promptly. After giving the applicant an opportunity to present observations and produce any documents to complete the record, the person responsible for the review shall render a decision on the basis of the record, unless the person deems it necessary to proceed in some other manner.

2018, c. 23, s. 332.

601.16. The review decision must be written in clear and concise terms, with reasons given, must be notified to the applicant and must state the applicant's right to contest the decision before the Financial Markets Administrative Tribunal and the time limit for bringing such a proceeding.

If the review decision is not rendered within 30 days after receipt of the application or, if applicable, within the time granted to the applicant to present observations or documents, the interest provided for in the fourth paragraph of section 601.13 on the amount owing ceases to accrue until the decision is rendered.

2018, c. 23, s. 332.

601.17. A review decision that confirms the imposition of a monetary administrative penalty may be contested before the Financial Markets Administrative Tribunal by the party responsible for the failure to comply to which the decision pertains, within 60 days after notification of the review decision.

The Tribunal may only confirm or quash a contested decision.

When rendering its decision, the Tribunal may make a ruling with respect to interest accrued on the penalty while the matter was pending before it.

2018, c. 23, s. 332.

DIVISION IV

RECOVERY

2018, c. 23, s. 332.

601.18. If the party responsible for a failure to comply has defaulted on payment of a monetary administrative penalty, its officers and managers, in the case of a financial services cooperative, or its directors and officers, in any other case, are solidarily liable with that party for the payment of the penalty, unless they establish that they exercised due care and diligence to prevent the failure.

2018, c. 23, s. 332.

601.19. The payment of a monetary administrative penalty is secured by a legal hypothec on the debtor's movable and immovable property.

For the purposes of this division, "debtor" means the party responsible for a failure to comply that is required to pay a monetary administrative penalty and, if applicable, each of its officers and managers, in the case of a financial services cooperative, or each of its directors and officers, in any other case, who are solidarily liable with that party for the payment of the penalty.

2018, c. 23, s. 332.

601.20. The debtor and the Authority may enter into a payment agreement with regard to a monetary administrative penalty owing. Such an agreement, or the payment of the amount owing, does not constitute, for the purposes of any other administrative penalty under this Act, an acknowledgement of the facts giving rise to it.

2018, c. 23, s. 332.

601.21. If the monetary administrative penalty owing is not paid in its entirety or the payment agreement is not adhered to, the Authority may issue a recovery certificate on the expiry of the time for applying for a review of the decision to impose the penalty, on the expiry of the time for contesting the review decision before the Financial Markets Administrative Tribunal or on the expiry of 30 days after the final decision of the Tribunal confirming all or part of the decision to impose the penalty or the review decision, as applicable.

However, a recovery certificate may be issued before the expiry of the time referred to in the first paragraph if the Authority is of the opinion that the debtor is attempting to evade payment.

A recovery certificate must state the debtor's name and address and the amount of the debt.

2018, c. 23, s. 332.

601.22. Once a recovery certificate has been issued, any refund owed to a debtor by the Minister of Revenue may, in accordance with section 31 of the Tax Administration Act (chapter A-6.002), be withheld for payment of the amount due referred to in the certificate.

Such withholding interrupts the prescription provided for in the Civil Code with regard to the recovery of an amount owing.

2018, c. 23, s. 332.

601.23. On the filing of the recovery certificate at the office of the competent court, together with a copy of the final decision stating the amount of the debt, the decision becomes enforceable as if it were a final judgment of that court not subject to appeal, and has all the effects of such a judgment.

2018, c. 23, s. 332.

601.24. The debtor is required to pay a recovery charge in the cases, under the conditions and in the amount determined by regulation of the Minister.

2018, c. 23, s. 332.

DIVISION V

REGISTER

2018, c. 23, s. 332.

601.25. The Authority shall keep a register relating to monetary administrative penalties.

The register must contain at least the following information:

- (1) the date the penalty was imposed;
- (2) the date and nature of the failure, and the legislative provisions under which the penalty was imposed;
- (3) if the penalty was imposed on a legal person, its name and the address of its head office or that of one of its establishments;
- (4) if the penalty was imposed on a natural person, the person's name, the name of the municipality in whose territory the person resides and, if the failure occurred during the ordinary course of business of the person's enterprise, the enterprise's name and address;
- (5) the amount of the penalty imposed;
- (6) the date of receipt of an application for review and the date and conclusions of the decision;
- (7) the date a proceeding is brought before the Financial Markets Administrative Tribunal and the date and conclusions of the decision rendered by the Tribunal, as soon as the Authority is made aware of the information;
- (8) the date a proceeding is brought against the decision rendered by the Financial Markets Administrative Tribunal, the nature of the proceeding and the date and conclusions of the decision rendered by the court concerned, as soon as the Authority is made aware of the information; and
- (9) any other information the Authority considers of public interest.

The information contained in the register is public information as of the time the decision imposing the penalty becomes final.

2018, c. 23, s. 332.

CHAPTER XVI

PENAL PROVISIONS

2000, c. 29, s. 602.

602. Every person who contravenes a provision of the second paragraph of section 18, section 21, the first or second paragraph of section 28, or section 51, 52, the first and second paragraphs of section 135 or section 136 or 144 is guilty of an offence.

2000, c. 29, s. 602; 2016, c. 7, s. 220; 2018, c. 23, s. 333.

603. Every legal person which, by means of a name or designation or otherwise, falsely represents itself as an institution governed by this Act is guilty of an offence.

2000, c. 29, s. 603.

604. Every person who omits or refuses to furnish any information, report or other document that is required to be furnished under this Act is guilty of an offence.

2000, c. 29, s. 604.

605. Every person who furnishes to the Minister, the Authority or any other person information, reports or other documents that are required under this Act, which the person knows to be false or misleading, is guilty of an offence.

2000, c. 29, s. 605; 2002, c. 45, s. 338; 2004, c. 37, s. 90.

606. Every person who omits or refuses to keep a book or register required under this Act or to make a required entry therein is guilty of an offence.

2000, c. 29, s. 606.

607. Every person who makes an entry required under this Act in a book or register, which the person knows to be false or misleading, is guilty of an offence.

2000, c. 29, s. 607.

608. Every person who hinders a person who, as part of the person's duties, is making an inspection, an audit, an examination or an investigation under this Act is guilty of an offence.

2000, c. 29, s. 608.

609. Every person who fails to comply with an order issued by the Authority under section 23, 443, 453, 567, 569 or 571 is guilty of an offence.

2000, c. 29, s. 609; 2002, c. 45, s. 338; 2004, c. 37, s. 90; 2018, c. 23, s. 334.

610. A financial services cooperative that, in contravention of section 130, extends credit to any of the following is guilty of an offence:

(1) a person it knows to be one of its officers or one of its managers;

(2) a natural person or a group it knows to have economic ties with an officer or manager referred to in paragraph 1; and

(3) a person it knows to be an officer of a legal person belonging to the financial group to which it belongs.

2000, c. 29, s. 610; 2018, c. 23, s. 334.

611. Every person who aids, abets, counsels, allows, authorizes or commands another person to commit an offence under this Act is guilty of an offence.

2000, c. 29, s. 611.

612. A person convicted of an offence under section 602, 604, 606, 607, 610 or 611 or under a provision of a regulation the violation of which constitutes an offence under subparagraph 15 of the first paragraph of section 599 is liable to a fine of not less than \$1,000 nor more than \$25,000 in the case of a natural person and not less than \$3,000 nor more than \$200,000 in the case of a legal person.

In the case of an offence under section 603, 605, 608 or 609, the minimum fine is \$5,000 and the maximum fine is \$200,000.

2000, c. 29, s. 612; 2008, c. 7, s. 72.

613. In the case of a second or subsequent conviction, the minimum and maximum fines provided for in section 612 shall be doubled.

2000, c. 29, s. 613.

613.1. Penal proceedings may be instituted by the Authority for an offence under any of sections 602 to 611.

2008, c. 7, s. 73.

613.2. The fine imposed by the court is remitted to the Authority if it has taken charge of the prosecution.

2008, c. 7, s. 73.

613.3. Penal proceedings for an offence under any of sections 602 to 611 or under a provision of a regulation the violation of which constitutes an offence under subparagraph 15 of the first paragraph of section 599 are prescribed three years from the date the investigation record relating to the offence was opened. However, no proceedings may be instituted if more than five years have elapsed since the date of the offence.

The certificate of the secretary of the Authority indicating the date on which the investigation record was opened constitutes conclusive proof of the date, in the absence of any evidence to the contrary.

2008, c. 7, s. 73.

CHAPTER XVII

AMENDING PROVISIONS

2000, c. 29, s. 614.

614. *(Amendment integrated into c. A-3.001, s. 130).*

2000, c. 29, s. 614.

615. *(Amendment integrated into c. A-3.001, s. 287).*

2000, c. 29, s. 615.

616. *(Amendment integrated into c. A-6.1, Schedule).*

2000, c. 29, s. 616.

617. *(Amendment integrated into c. A-13.1, s. 1).*

2000, c. 29, s. 617.

618. *(Amendment integrated into c. A-26, s. 1).*

2000, c. 29, s. 618.

619. *(Amendment integrated into c. A-26, s. 40.3.1).*

2000, c. 29, s. 619.

620. *(Amendment integrated into c. A-26, s. 40.3.3).*

2000, c. 29, s. 620.

621. *(Amendment integrated into c. A-26, s. 43).*

2000, c. 29, s. 621.

622. *(Amendment integrated into c. A-26, s. 56).*

2000, c. 29, s. 622.

623. *(Inoperative, 2000, c. 53, s. 68).*

2000, c. 29, s. 623.

624. *(Inoperative, 2000, c. 53, s. 68).*

2000, c. 29, s. 624.

625. *(Amendment integrated into c. A-32, s. 29).*

2000, c. 29, s. 625.

626. *(Amendment integrated into c. C-19, s. 99).*

2000, c. 29, s. 626.

627. *(Amendment integrated into c. C-27.1, a. 203).*

2000, c. 29, s. 627.

628. *(Amendment integrated into c. C-67.2, s. 81).*

2000, c. 29, s. 628.

629. *(Amendment integrated into c. C-67.2, s. 83).*

2000, c. 29, s. 629.

630. *(Amendment integrated into c. C-67.2, s. 239).*

2000, c. 29, s. 630.

631. *(Amendment integrated into c. C-76, s. 1).*

2000, c. 29, s. 631.

632. *(Inoperative, 2000, c. 61, s. 3).*

2000, c. 29, s. 632.

633. *(Amendment integrated into c. C-78, s. 1).*

2000, c. 29, s. 633.

634. *(Amendment integrated into c. C-78.1, s. 1).*

2000, c. 29, s. 634.

635. *(Amendment integrated into c. C-81, s. 24.1).*

2000, c. 29, s. 635.

636. *(Amendment integrated into c. D-9.2, s. 54).*

2000, c. 29, s. 636.

637. *(Amendment integrated into c. D-9.2, s. 72).*

2000, c. 29, s. 637.

638. *(Amendment integrated into c. D-9.2, s. 100).*

2000, c. 29, s. 638.

639. *(Amendment integrated into c. D-9.2, s. 147).*

2000, c. 29, s. 639.

640. *(Amendment integrated into c. D-9.2, s. 214).*

2000, c. 29, s. 640.

641. *(Amendment integrated into c. D-9.2, s. 568).*

2000, c. 29, s. 641.

642. *(Amendment integrated into c. D-9.2, s. 568.1).*

2000, c. 29, s. 642.

643. *(Amendment integrated into c. E-2.2, s. 364).*

2000, c. 29, s. 643.

644. *(Amendment integrated into c. E-2.2, s. 512.14).*

2000, c. 29, s. 644.

645. *(Amendment integrated into c. E-3.3, s. 80).*

2000, c. 29, s. 645.

646. *(Amendment integrated into c. E-3.3, s. 88).*

2000, c. 29, s. 646.

647. *(Amendment integrated into c. E-3.3, s. 95).*

2000, c. 29, s. 647.

648. *(Amendment integrated into c. E-3.3, s. 99).*

2000, c. 29, s. 648.

649. *(Amendment integrated into c. E-3.3, s. 414).*

2000, c. 29, s. 649.

650. *(Amendment integrated into c. E-3.3, s. 457.15).*

2000, c. 29, s. 650.

651. *(Amendment integrated into c. E-12.001, s. 5).*

2000, c. 29, s. 651.

652. *(Amendment integrated into c. F-1, s. 18).*

2000, c. 29, s. 652.

653. *(Amendment integrated into c. F-2.1, s. 263.2).*

2000, c. 29, s. 653.

654. *(Amendment integrated into c. F-3.1.2, s. 32).*

2000, c. 29, s. 654.

655. *(Amendment integrated into c. H-1, s. 1).*

2000, c. 29, s. 655.

656. *(Amendment integrated into c. I-3, s. 797).*

2000, c. 29, s. 656.

657. *(Amendment integrated into c. I-3, s. 1141.2.2).*

2000, c. 29, s. 657.

658. *(Amendment integrated into c. I-3, s. 1143).*

2000, c. 29, s. 658.

659. *(Amendment integrated into c. I-8.01, s. 2).*

2000, c. 29, s. 659.

660. *(Amendment integrated into c. I-13.011, s. 39).*

2000, c. 29, s. 660.

661. *(Amendment integrated into c. I-14, s. 321).*

2000, c. 29, s. 661.

662. *(Amendment integrated into c. P-39.1, s. 97).*

2000, c. 29, s. 662.

663. *(Amendment integrated into c. P-40.1, s. 3).*

2000, c. 29, s. 663.

664. *(Amendment integrated into c. P-40.1, s. 257).*

2000, c. 29, s. 664.

665. *(Amendment integrated into c. R-2.2, s. 6).*

2000, c. 29, s. 665.

666. *(Amendment integrated into c. R-2.2, s. 27).*

2000, c. 29, s. 666.

667. *(Amendment integrated into c. R-5, s. 40.8).*

2000, c. 29, s. 667.

668. *(Amendment integrated into c. R-6.01, s. 105).*

2000, c. 29, s. 668.

669. *(Amendment integrated into c. R-10, s. 158.11).*

2000, c. 29, s. 669.

670. *(Amendment integrated into c. S-10.1, Schedule).*

2000, c. 29, s. 670.

671. *(Amendment integrated into c. S-17.1, s. 21).*

2000, c. 29, s. 671.

672. *(Amendment integrated into c. S-18.1, s. 37).*

2000, c. 29, s. 672.

673. *(Amendment integrated into c. S-18.1, Schedule).*

2000, c. 29, s. 673.

674. *(Amendment integrated into c. V-1.1, s. 3).*

2000, c. 29, s. 674.

675. *(Amendment integrated into c. V-1.1, s. 44).*

2000, c. 29, s. 675.

676. *(Amendment integrated into c. V-1.1, s. 52).*

2000, c. 29, s. 676.

677. *(Amendment integrated into c. V-1.1, s. 154).*

2000, c. 29, s. 677.

678. *(Amendment integrated into c. V-1.1, s. 156).*

2000, c. 29, s. 678.

679. *(Amendment integrated into c. V-1.1, s. 330.5).*

2000, c. 29, s. 679.

680. *(Amendment integrated into c. V-6.1, s. 56).*

2000, c. 29, s. 680.

681. *(Amendment integrated into c. V-6.1, s. 213).*

2000, c. 29, s. 681.

682. *(Amendment integrated into c. V-6.1, s. 310).*

2000, c. 29, s. 682.

683. *(Amendment integrated into c. V-6.1, s. 395).*

2000, c. 29, s. 683.

CHAPTER XVIII

TRANSITIONAL AND FINAL PROVISIONS

2000, c. 29, s. 684.

684. The constitution or amalgamation of credit unions under the Savings and Credit Unions Act (chapter C-4.1), the Savings and Credit Unions Act (chapter C-4), the Savings and Credit Unions Act (Revised Statutes, 1964, chapter 293) and the Savings and Credit Unions Act (1963, 1st session, chapter 57) and the amendments thereto may not be invalidated on the ground that the credit unions recruit their members within a territory, within a group or within a territory and a group.

This section is declaratory.

2000, c. 29, s. 684.

685. The name of a financial services cooperative may include the word “Desjardins” only if la Fédération des caisses Desjardins du Québec has given its consent, by resolution of its board of directors, to the use of the word.

The name of a legal person may not include the words “caisse Desjardins” or any combination of those words unless the federation mentioned in the first paragraph has given its consent, by resolution of its board of directors, to their use.

2000, c. 29, s. 685; 2018, c. 23, s. 335.

686. The activities listed in paragraphs 1, 2 and 3 of section 214 of the Savings and Credit Unions Act (chapter C-4.1) are deemed to be activities authorized by an order made pursuant to section 67.

2000, c. 29, s. 686.

687. Section 80 does not apply to a renewal of credit granted before 15 March 1989 on the security of shares in a credit union or a federation or shares in another credit union or federation that entails no additional disbursement for the credit union or federation.

2000, c. 29, s. 687.

688. Notwithstanding the first paragraph of section 473, the Fédération des caisses Desjardins du Québec may acquire shares in a holding company which, by reason of such acquisition, becomes a legal person controlled by the federation resulting from the amalgamation referred to in section 689.

Such a holding company must be constituted under Québec law for the sole purpose of acquiring or holding all or some of the shares in another legal person that engages exclusively in commercial or industrial activities.

2000, c. 29, s. 688.

689. Notwithstanding sections 428 to 440, the Fédération des caisses populaires Desjardins de l’Abitibi, the Fédération des caisses populaires Desjardins du Bas St-Laurent, the Fédération des caisses populaires Desjardins du centre du Québec, the Fédération des caisses populaires Desjardins de l’Estrie, the Fédération des caisses populaires Desjardins de la Gaspésie et des Îles-de-la-Madeleine, the Fédération des caisses populaires Desjardins de Lanaudière, the Fédération des caisses populaires Desjardins de Montréal et de l’Ouest-du-Québec, the Fédération des caisses populaires Desjardins de Québec, the Fédération des caisses populaires Desjardins de Richelieu-Yamaska, the Fédération des caisses populaires Desjardins du Saguenay-Lac-Saint-Jean and La Confédération des caisses populaires et d’économie Desjardins du Québec are amalgamated into a single federation governed by this Act under the name “Fédération des caisses Desjardins du Québec”.

The Fédération des caisses d’économie Desjardins du Québec shall be included in the amalgamation if it gives its consent before 1 July 2001.

The Fédération des caisses Desjardins du Québec is deemed to be a federation within the meaning of this Act.

2000, c. 29, s. 689.

690. Notwithstanding the first and second paragraphs of section 18 and section 28, the Fédération des caisses Desjardins du Québec may identify itself using the name “Mouvement des caisses Desjardins”.

It may also identify itself under the name “Desjardins Financial Group” in English or under any other name in a language other than French when using that name outside Québec or on its instruments, invoices or goods or services purchase orders or in its contracts to be used outside Québec. It must also notify the Authority of each of the other names.

2000, c. 29, s. 690; 2005, c. 35, s. 34.

691. The head office of the Fédération des caisses Desjardins du Québec is located in the territory of Ville de Lévis, in the judicial district of Québec.

2000, c. 29, s. 691.

692. If the Fédération des caisses d’économie Desjardins du Québec is not included in the amalgamation referred to in section 689, it is deemed, from 1 July 2001, to be a federation within the meaning of this Act.

2000, c. 29, s. 692.

693. If the Fédération des caisses d’économie Desjardins du Québec is not included in the amalgamation under section 689, the federation and the credit unions that are members of the federation must change their names to comply with section 685. Sections 17 to 29 apply to such changes of name.

2000, c. 29, s. 693.

694. La Confédération des caisses populaires et d’économie Desjardins du Québec may, by by-law, establish the number and the mode of election or appointment of the first directors and first members of the board of ethics of the Fédération des caisses Desjardins du Québec. The election or appointment must take place before the date of the amalgamation referred to in section 689.

2000, c. 29, s. 694.

695. The president of La Confédération des caisses populaires et d’économie Desjardins du Québec in office immediately before the amalgamation shall become the president of the Fédération des caisses Desjardins du Québec and the president of the board of directors of that federation until the expiry of the relevant terms of office or until replaced or reappointed.

2000, c. 29, s. 695.

696. The officers of a credit union elected or appointed in accordance with the provisions of the Savings and Credit Unions Act (chapter C-4.1) in office on 30 June 2001 shall remain in office until the expiry of their term or until replaced or reappointed.

2000, c. 29, s. 696.

697. Until 9 March 2002, section 129 of this Act does not apply to the Fédération des caisses Desjardins du Québec as regards permanent, unionized employees employed before 16 June 1997 who benefit from special conditions by virtue of a letter of agreement.

2000, c. 29, s. 697.

698. If the Fédération des caisses d'économie Desjardins du Québec is not part of the amalgamation, its officers, elected or appointed in accordance with the provisions of the Savings and Credit Unions Act (chapter C-4.1), in office on 30 June 2001 shall remain in office until the expiry of their term or until replaced or reappointed.

2000, c. 29, s. 698.

699. The first by-laws and first standards of the Fédération des caisses Desjardins du Québec shall be those passed or adopted for it by the board of directors of La Confédération des caisses populaires et d'économie Desjardins du Québec before the date of the amalgamation referred to in section 689.

2000, c. 29, s. 699.

700. On 1 July 2001, the Fédération des caisses Desjardins du Québec acquires the rights and property and assumes the obligations of each of the amalgamating federations and confederation.

2000, c. 29, s. 700.

701. The credit unions governed by the Savings and Credit Unions Act (chapter C-4.1) are continued and shall henceforth be governed by this Act.

Their articles and by-laws are deemed to have been issued and adopted under this Act.

The same applies to the Fédération des caisses d'économie Desjardins du Québec if it is not included in the amalgamation under section 689.

2000, c. 29, s. 701.

702. La Confédération des caisses populaires et d'économie Desjardins du Québec shall by by-law, before 1 July 2001,

(1) determine the capital stock of the Fédération des caisses Desjardins du Québec;

(2) provide for the cancellation, without repayment of capital, of the shares of La Confédération des caisses populaires et d'économie Desjardins du Québec or their conversion into shares of the Fédération des caisses Desjardins du Québec; and

(3) provide for the cancellation, without repayment of capital, of the shares of the amalgamating federations or their conversion into shares of the Fédération des caisses Desjardins du Québec.

The Confédération may also, in the by-law, provide for the reimbursement, subdivision or exchange of all or part of the investment deposits with, into or for capital shares in relation to an investment fund.

2000, c. 29, s. 702.

703. After the adoption of a by-law under section 702, La Confédération des caisses populaires et d'économie Desjardins du Québec shall draft the articles of constitution of the federation to result from the amalgamation under section 689 containing, in addition to the provisions that may be included in articles of constitution pursuant to this Act, the provisions of that by-law.

La Confédération des caisses populaires et d'économie Desjardins du Québec shall forward the articles to the Inspector General. The Inspector General shall deposit a copy of the articles in the register instituted under the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons (chapter P-45). The Inspector General shall also deposit in the register a copy of the certificate attesting the constitution of the Fédération des caisses Desjardins du Québec, that shall take effect from 1 July 2001.

2000, c. 29, s. 703.

704. The Savings and Credit Unions Act (chapter C-4.1) applies to applications for the constitution, amalgamation or winding-up of credit unions filed with the Inspector General on or before 1 July 2001.

2000, c. 29, s. 704.

705. In every Act, statutory instrument, contract and other document, the name "Fédération des caisses Desjardins du Québec" shall replace the name of each of the federations and confederation amalgamated pursuant to section 689.

2000, c. 29, s. 705.

706. All proceedings for an offence under the Savings and Credit Unions Act (chapter C-4.1) shall be instituted or continued pursuant to that Act.

2000, c. 29, s. 706.

707. The Fédération des caisses Desjardins du Québec shall replace each of the federations and confederation amalgamated pursuant to section 689 in all proceedings to which they are a party, without continuance of suit.

2000, c. 29, s. 707.

708. The conversion of the investment deposits of an amalgamating federation into investment deposits of the corresponding class of the Fédération des caisses Desjardins du Québec, having the same rights and attributes, shall be made on the basis of their book value on the date of amalgamation, and the proportion of the investment deposits of that class of the Fédération des caisses Desjardins du Québec to be attributed to each holder, as of 1 July 2001, shall be established on the basis of the proportion that the book value of the investment deposits held by the holder before the amalgamation is of the total book value of the investment deposits held before the amalgamation by all the holders.

2000, c. 29, s. 708.

709. In the year that follows 1 July 2001, a federation may, by by-law,

(1) exchange all or part of the investment deposits of a given class for capital shares in relation to an investment fund;

(2) reimburse all or part of such investment deposits;

(3) subdivide all or part of such investment deposits.

2000, c. 29, s. 709.

710. When capital shares in an investment fund are issued by the Fédération des caisses Desjardins du Québec in exchange for the investment deposits of an amalgamating federation in accordance with section

702 or of the Fédération des caisses Desjardins du Québec in accordance with section 709, the board of directors of the Fédération des caisses Desjardins du Québec may, without otherwise affecting the value of the shares or the rights of the holders, consider that only a part of the consideration paid or received, as the case may be, for the shares in the exchange has been received by the Fédération des caisses Desjardins du Québec.

2000, c. 29, s. 710.

711. In the year that follows the date of the amalgamation under section 689, a federation may, by by-law, exchange all or part of the capital shares and the investment shares of a given class for capital shares or investment shares of another class.

2000, c. 29, s. 711.

712. The qualifying shares issued by a credit union, a federation or a confederation before 1 July 2001, other than those cancelled in the context of the amalgamation under section 689, are deemed to be qualifying shares issued by a credit union or a federation in accordance with the provisions of this Act.

Notwithstanding section 53, qualifying shares issued before 16 June 2000 may be reimbursed by a federation that is included in the amalgamation under section 689.

2000, c. 29, s. 712.

713. The cooperative shares issued by a federation or confederation under the Savings and Credit Unions Act (chapter C-4.1), other than those cancelled in the context of the amalgamation under section 689, shall remain cooperative shares to which the provisions of the Savings and Credit Unions Act apply, as regards redemption and the payment of interest on the sums paid in relation to those shares. The interest determined as interest payable on the shares before 1 July 2001 shall remain payable.

However, a federation may, by by-law, without prejudice to the rights and privileges of the holders, convert such cooperative shares into capital shares or investment shares to which this Act applies.

For the purposes of a winding-up or dissolution, according to the provisions of this Act, cooperative shares rank equally with qualifying shares.

2000, c. 29, s. 713.

714. The cooperative shares issued under the Savings and Credit Unions Act (chapter C-4) by a credit union, federation or confederation, other than those cancelled in the context of the amalgamation under section 689, shall remain cooperative shares to which the provisions of that Act apply, as regards redemption and the payment of interest on the sums paid for those shares. The interest determined as interest payable on the shares before 1 July 2001 shall remain payable.

However, a federation may, by by-law, without prejudice to the rights and privileges of the holders, convert such cooperative shares into capital shares or investment shares to which this Act applies.

For the purposes of a winding-up or dissolution, according to the provisions of this Act, cooperative shares rank equally with qualifying shares.

2000, c. 29, s. 714.

715. The preferred shares issued by a credit union, federation or confederation, other than those cancelled in the context of the amalgamation under section 689, shall remain preferred shares to which the provisions of the Savings and Credit Unions Act (chapter C-4.1) apply. The rights, preferences, conditions and restrictions attached to those shares before 1 July 2001 are applicable.

However, a federation or a credit union may, by by-law, without prejudice to the rights and privileges of the holders, convert such preferred shares into capital shares or investment shares to which this Act applies.

For the purposes of a winding-up or dissolution, according to the provisions of this Act, preferred shares have priority over capital shares and qualifying shares.

2000, c. 29, s. 715.

716. The provisions of the Savings and Credit Unions Act (chapter C-4.1) continue to apply to permanent shares and the rights, preferences, conditions and restrictions attached to those shares before 1 July 2001 are applicable.

Permanent shares may be purchased at the option of the credit union and the holder.

Section 61 of this Act applies to permanent shares.

However, a credit union may, by by-law, without prejudice to the rights and privileges of the holders, convert such preferred shares into capital shares to which this Act applies.

For the purposes of a winding-up or dissolution, according to the provisions of this Act, preferred shares have priority over qualifying shares. Permanent shares and capital shares rank equally, but rank below preferred shares.

2000, c. 29, s. 716.

717. Loans, investments and commitments made according to law before 1 July 2001 by a credit union, federation or confederation or by a legal person or partnership belonging to their group are deemed to be made in accordance with this Act.

Legal persons controlled by La Confédération des caisses populaires et d'économie Desjardins du Québec before 1 July 2001 are deemed to be legal persons controlled by the Fédération des caisses Desjardins du Québec pursuant to a regulation under subparagraph 13 of the first paragraph of section 599.

2000, c. 29, s. 717.

718. La Confédération des caisses populaires et d'économie Desjardins du Québec may exercise, from 16 June 2000, at the request of a federation and with regard to the credit unions affiliated with that federation, the powers determined by the federation that it holds under the Savings and Credit Unions Act (chapter C-4.1).

2000, c. 29, s. 718.

719. A security fund established under the Act respecting security funds (chapter F-3.2.0.4) is deemed to be a security fund constituted under sections 487 to 496 of this Act.

The by-laws of a security fund made under the Act respecting security funds are deemed to be by-laws made under this Act.

2000, c. 29, s. 719.

720. The administrators of a security fund established under the Act respecting security funds (chapter F-3.2.0.4) are deemed to be the administrators of a security fund established under sections 487 to 496 of this Act, until the expiry of their terms or until replaced or reappointed.

2000, c. 29, s. 720.

721. The provisions of sections 34 to 37 and 38 to 43 of the Act respecting security funds (chapter F-3.2.0.4) continue to apply until the coming into force of a regulation made under subparagraph 17 of the first paragraph of section 599.

2000, c. 29, s. 721; 2002, c. 45, s. 335; 2002, c. 70, s. 174.

722. Unless otherwise indicated by the context, in any other Act, statutory instrument under an Act and other document, a reference to the Savings and Credit Unions Act (chapter C-4.1) and a reference to the Act respecting security fund corporations (chapter F-3.2.0.4), or to one of their provisions, is a reference to the Act respecting financial services cooperatives (chapter C-67.3) or to the corresponding provision of that Act.

2000, c. 29, s. 722.

723. A regulation, rule, order in council or order in force on 1 July 2001, adopted under a provision repealed by this Act, remains in force until replaced or repealed to the extent that it is consistent with the provisions enacted or amended by this Act.

2000, c. 29, s. 723.

724. The Government may, by regulation, prescribe any other transitional provisions or other measures required for the purposes of this Act.

Such a regulation made before 1 July 2001 may prescribe that a provision of this Act applies to a credit union, a federation or a confederation governed by the Savings and Credit Unions Act (chapter C-4.1) and may determine necessary modifications for that purpose.

A regulation made under this section comes into force on the date of its publication in the *Gazette officielle du Québec* or on any later date fixed therein. The regulation may also, once published and where it so provides, apply from any date not prior to 16 June 2000.

2000, c. 29, s. 724.

725. The Minister must, not later than 1 July 2022, report to the Government on the implementation of this Act and, every five years thereafter, on the advisability of maintaining it in force or, where necessary, amending it.

The Minister's report shall be tabled within the ensuing 30 days in the National Assembly. If the Assembly is not in session on the date of tabling, the report shall be tabled within 30 days of resumption.

2000, c. 29, s. 725; 2018, c. 23, s. 336.

726. The sums required for the purposes of this Act shall be taken, for the fiscal year 2001-2002 and to the extent determined by the Government, out of the Consolidated Revenue Fund.

2000, c. 29, s. 726.

726.1. The costs incurred by the Government for the administration of this Act, as determined each year by the Government, shall be borne by the Authority.

2004, c. 37, s. 52.

727. The Autorité des marchés financiers is responsible for the administration of this Act.

2000, c. 29, s. 727; 2002, c. 45, s. 336; 2004, c. 37, s. 90.

728. The Minister of Finance is responsible for the administration of this Act.

2000, c. 29, s. 728.

729. The Savings and Credit Unions Act (chapter C-4.1) is replaced by this Act, to the extent indicated in the orders made under section 731, except for the purposes of the Act respecting the caisses d'entraide économique (chapter C-3), the Act respecting certain caisses d'entraide économique (chapter C-3.1), the Act

respecting the sociétés d'entraide économique (chapter S-25.1) and the Act to replace the Act respecting La Confédération des caisses populaires et d'économie Desjardins du Québec (1989, chapter 113).

2000, c. 29, s. 729.

730. *(Omitted).*

2000, c. 29, s. 730.

731. *(Omitted).*

2000, c. 29, s. 731; 2002, c. 45, s. 337.

REPEAL SCHEDULES

In accordance with section 9 of the Act respecting the consolidation of the statutes and regulations (chapter R-3), chapter 29 of the statutes of 2000, in force on 1 April 2001, is repealed, except section 731, effective from the coming into force of chapter C-67.3 of the Revised Statutes.

In accordance with section 9 of the Act respecting the consolidation of the statutes and regulations (chapter R-3), sections 1 to 640, 643 to 683, 685 to 693, 695 to 698, 700, 701, 704 to 711, the first paragraph of section 712, sections 713 to 717, 719 to 723, 725 to 728 and 730 of chapter 29 of the statutes of 2000, in force on 1 April 2002, are repealed effective from the coming into force of the updating to 1 April 2002 of chapter C-67.3 of the Revised Statutes.