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Announcement of a Consultation on the Reform of the Companies Act of Québec

Québec, December 19, 2007 – The Minister of Finance, Minister for Government Services, Minister responsible for Government Administration and Chair of the Conseil du trésor, Monique Jérôme-Forget, today announce that a consultation will be held on the reform of portions of the Companies Act that apply to for-profit companies.

“The Companies Act has not been updated in a significant way since 1981. Given the importance of this statute, which defines the framework within which Québec-chartered companies are created and operate, there is a pressing need to reform it. The competitiveness, attraction and modernization of Québec’s legislation, as well as rules of governance, are issues that will be considered as part of this consultation,” the Minister said.

“We want to offer an efficient, modern and simple legislative framework for companies that can leverage their development. I am convinced that this consultation will help us achieve this objective. I want to thank in advance all those who will contribute to it,” Minister Jérôme-Forget stated.

The Minister therefore invites the public and experts in the field to submit their views by March 14, 2008. A discussion paper setting out the issues is available on the website of the ministère des Finances du Québec at: www.finances.gouv.qc.ca. Another consultation, this time on association law including Part III of the Act applicable to non-profit associations, will also be held in 2008.

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CONSULTATION ON THE REFORM OF THE COMPANIES ACT

Primary objectives of the reform

Objectives	Examples of measures taken up by the consultation
Modernize the structure	<ul style="list-style-type: none"> - merge Part I and Part IA of the Act - stipulate a mechanism for periodic review of the Act
Adapt the Act to new information technologies	<ul style="list-style-type: none"> - allow online transactions - ease requirements regarding meetings in particular by allowing electronic voting
Strengthen protection of minority shareholders if appropriate	<ul style="list-style-type: none"> - allow right to dissent - stipulate an oppression remedy
Improve the rules of company governance stipulated in the Act	<ul style="list-style-type: none"> - stipulate more rigorous internal control and risk management mechanisms
Adopt measures to increase the Act's competitiveness and its attraction and retention power.	<ul style="list-style-type: none"> - facilitate financial assistance for shareholders - allow the reasonable care defence for directors in case of civil lawsuits

Steps of the reform

- This discussion paper is being published to generate comments from interested persons, including university professors, the Barreau du Québec and business federations with a view to the formulation of a bill that, taking as balanced an approach as possible, will take into consideration the various interests of majority and minority shareholders.
- The reform process will unfold according to the following steps:
 - consultation (to conclude March 14, 2008);
 - analysis of comments received;
 - drafting and tabling of a Bill amending the Companies Act in 2008.