

Special Report

Women in Action

—

March 2019



Define the future we want

Let us seize the
moment to define
the future we want:
equal, inclusive
and diverse.

On this International Women's Day, let us celebrate the social, economic, entrepreneurial, cultural and political achievements of all the extraordinary women around us and highlight their major contributions to our society.

One of our greatest strengths at BCF is undeniably the team of intelligent, talented, ambitious and determined women who are our lawyers, notaries, patent and trademark agents, translators, paralegals, assistants and, finally, all our inspiring employees.

Fostering the retention, advancement and success of women is a priority for BCF. We believe that the greater the diversity among our members, the better the decision-making for our clients and our firm. In the past year, BCF has made significant progress and a concerted commitment to parity by implementing concrete measures and developing promising initiatives that encourage the success and advancement of the firm's women, regardless of their aspirations.

Although we are aware we still have a long way to go, as a law firm, and more broadly as a society, we are proud of our commitment and the steps we have taken this year towards parity.

This is why today, on this March 8, 2019, we want to highlight the seasoned expertise of our women professionals by compiling this «Women in Action» report, which includes a sampling of articles written by some of our experts on topics as relevant as they are diverse.

Co-Leaders of the Parity and Inclusion Committee:

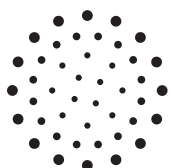


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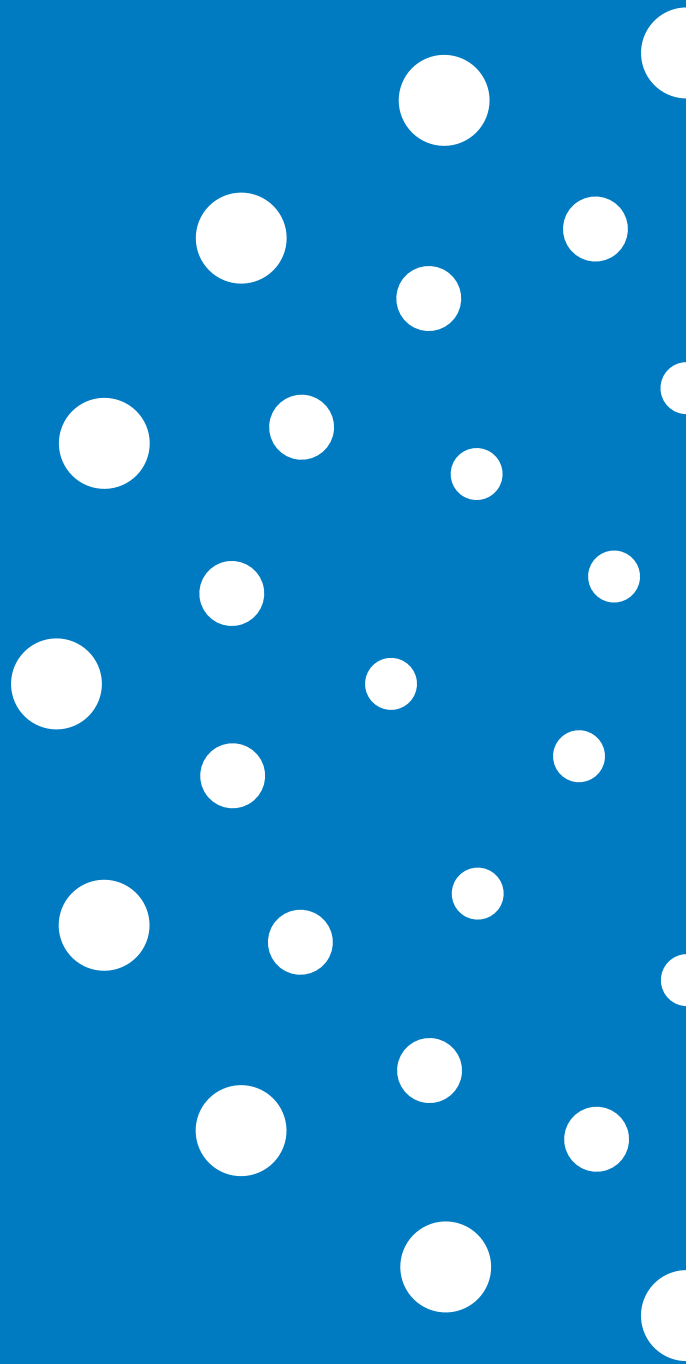
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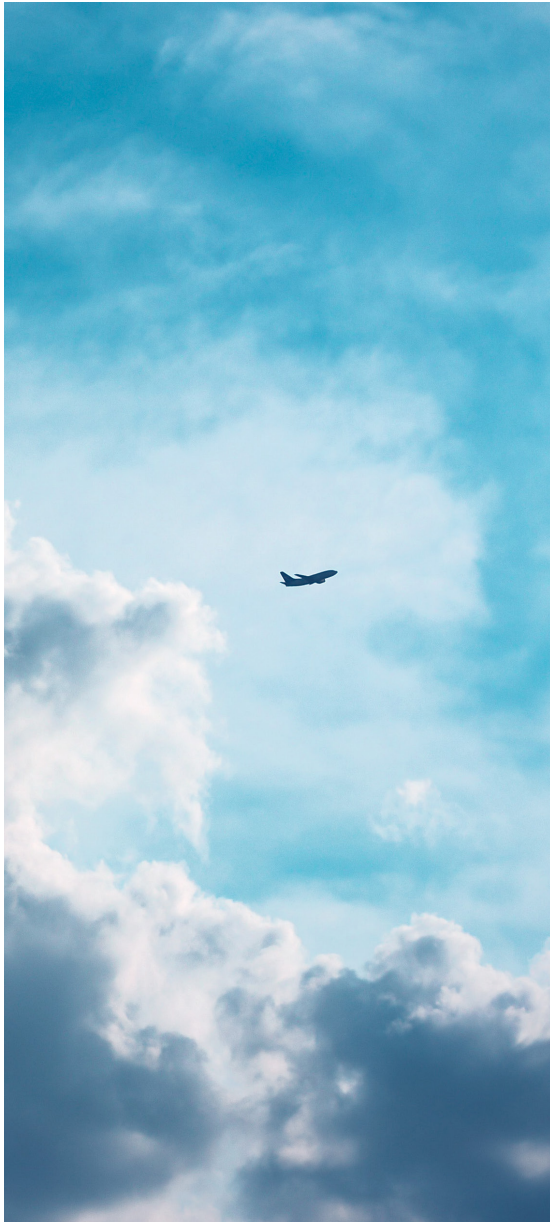
Getting the Best Global Talent to Work for You

The Globe and Mail's article
featuring our
Partner and Lawyer
Julie Lessard

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Getting the Best Global Talent to Work for You



When Ashira Gobrin was recruiting a chief technology officer at Toronto-based fintech firm Wave Financial Inc., she knew it would be tricky to find a candidate with the specialized skills and experience the global financial services platform required.

Then she remembered Ideshini Naidoo, a woman from Johannesburg, South Africa, she had met at a business leadership and development conference in Los Angeles a few years prior, who ran corporate e-banking across Africa for Barclays and was the former chief information officer at Rand Merchant Bank. When Gobrin got in touch the stars were aligned — Naidoo was at a point in her career where she was interested in making a change and she found what Wave was doing very compelling. But wooing Naidoo to the company was only half the battle.

“We previously brought in two people who required visas, and the approval process took a year for one and nine months for the other,” says Gobrin, Wave’s senior vice-president of people and culture. That meant she wasn’t sure how quickly her coveted hire could start working — or, more importantly, whether she would wait that long.

Innovative Canadian companies of all sizes are looking internationally to build their teams, as demand for highly skilled workers in the STEM fields — science, technology, engineering and math — outpaces the domestic talent supply. Nearly 179,000 tech jobs were created between 2012 and 2017, with more than 57,000 added in 2017 alone, according to the 2018 Scoring Canadian Tech Talent Report developed by global real estate and investment firm CBRE. And demand is sharply rising: a labour market outlook report by the Information and Communications Technology Council predicts Canada will struggle to fill approximately 216,000 technology-related positions by 2021.

Navigating the System

Hiring someone from another country is more complicated than hiring locally, but thankfully there are government programs that can facilitate the immigration process and help fill the talent gaps that exist, says Julie Lessard, partner and immigration and global mobility expert at BCF Business Law.

The Global Talent Stream, for example, is a pilot within the Temporary Foreign Worker Program that can help employers hire specific highly skilled professionals, including engineers, data analysts, video game developers, digital media designers and computer programmers.

“With U.S. rules now being more restrictive, Canada is becoming a very attractive country for talent, entrepreneurs and investment. We need to take advantage of that.”

The program reduces the amount of paperwork companies must submit and processes work permits within two weeks – a huge improvement over the pre-existing program that required companies must first post the job for at least four weeks and prove that no Canadians are willing and able to take the job, says Lessard.

Gobrin used this program to hire Naidoo, who was up and running in the Toronto offices within six weeks of a job offer.

Beyond the Global Talent Stream program, free trade agreements, including NAFTA and the new Trans-Pacific Partnership, can be used to hire either in specific professional baccalaureate positions, or in managerial roles or trade and service jobs, depending on the agreement and country of origin, says Lessard.

Her advice: find a lawyer who can help you navigate these programs and the system. “We can use our immigration system to be competitive,” says Lessard. “With U.S. rules now being more restrictive, Canada is becoming a very attractive country for talent, entrepreneurs and investment. We need to take advantage of that.”

Attracting the Best

Canada is a desirable destination, and companies here often have the advantage of potential job candidates finding them. “Wave is a software company with global customers, so we get applications from all over,” says Gobrin.

For employers that aren’t so lucky, recruiting through digital tools such as LinkedIn can be a good way to locate talent. But Gobrin advises being proactive by continually developing global networks, not just posting jobs when they become available.

After she met Naidoo, for example, she kept in touch with periodic emails and seasonal greetings. “We built a relationship,” she says. “But you can do the same thing by reaching out to people through LinkedIn. Location should not be a limiting factor.”

Holding On to Your Hire

Successfully hiring foreign workers requires more than permits and paperwork. It’s critical to prepare newcomers for what their new life will be like in Canada and help them adapt. “What neighbourhood should they live in? Where will the kids go to school? You need to find out their needs and expectations,” says Lessard.

Rouel Hidalgo, talent acquisition specialist at video game maker Ubisoft Montreal, believes in being as open as possible with their foreign recruits, which include programmers, designers and animators. “Be transparent about the entire process, what life is like at the company and, just as importantly, the city and culture,” he says. “The last thing we want is for candidates to be shocked about something that could have been explained in the initial conversations.”



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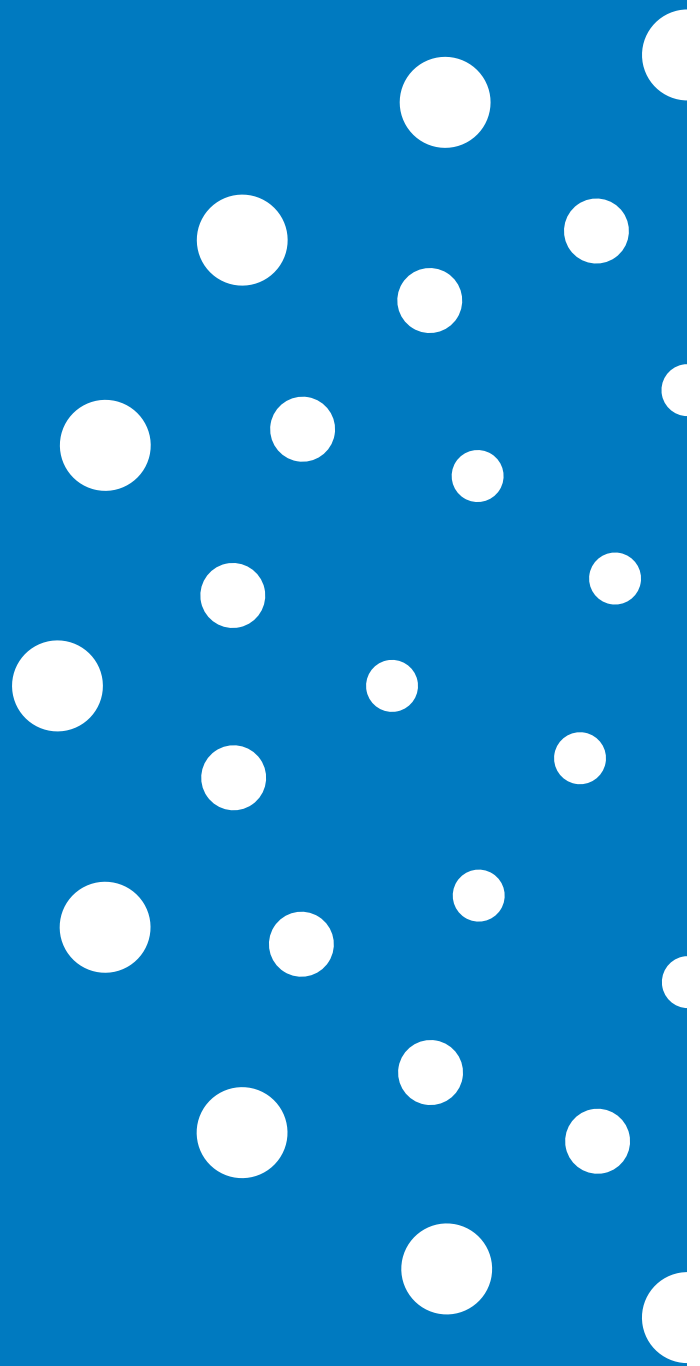
Finally, be sure to provide learning and career growth opportunities, as you would with any staff. If you help employees integrate fully and give them work they want to do, they're more likely to stay, says Gobrin.

As for Naidoo, who was greeted in Toronto in Nov. 2017 with a winter coat courtesy of her new employer, she is successfully meeting her goals at Wave and recently applied for permanent residency in Canada. It's proof that with the right supports, newcomers can become quickly acclimated not only to Canadian winters, but also the work that awaits them.

Export: New Controls Planned Between Now and July

By Dominique Babin,
Partner and Lawyer

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Export: New Controls Planned Between Now and July

Canada is preparing to strengthen its export controls, with further measures expected by July.

These new measures will include:

- the introduction of new brokerage controls applicable to Canadians who «make arrangements» for the movement of military goods or those related to the production of weapons of mass destruction, from one foreign country to another;
- the modification of the evaluation criteria for granting export licences. The criteria should be assessed by taking into consideration «serious risks» that could lead to any negative consequence mentioned in the evaluation criteria for the Arms Trade Treaty, to which Canada should adhere by the next election. Export companies will, therefore, have to adjust their licence applications accordingly. End-user certificates will, therefore, continue to be strongly encouraged;
- increasing penalties from \$25,000 to \$250,000 for violations of the Export and Import Permits Act.

The amendments may also include new licensing requirements for arms exports to the United States. At this time, Global Affairs Canada is considering applying these requirements to entire platforms (helicopters, ships, aircraft, vehicles), and not their component parts. However, the exact scope of the requirements should be closely monitored.

Delays are expected for processing licence applications and companies will have to take this into account when planning their transactions.

Global Affairs Canada is currently in consultation with the community to shape policies, procedures and regulations. Exporting companies were encouraged to participate in this process by submitting their responses, comments and suggestions before 31 January 2019.

If you have any questions about the proposed changes and their impact on your operations, please do not hesitate to contact our specialised international trade team.



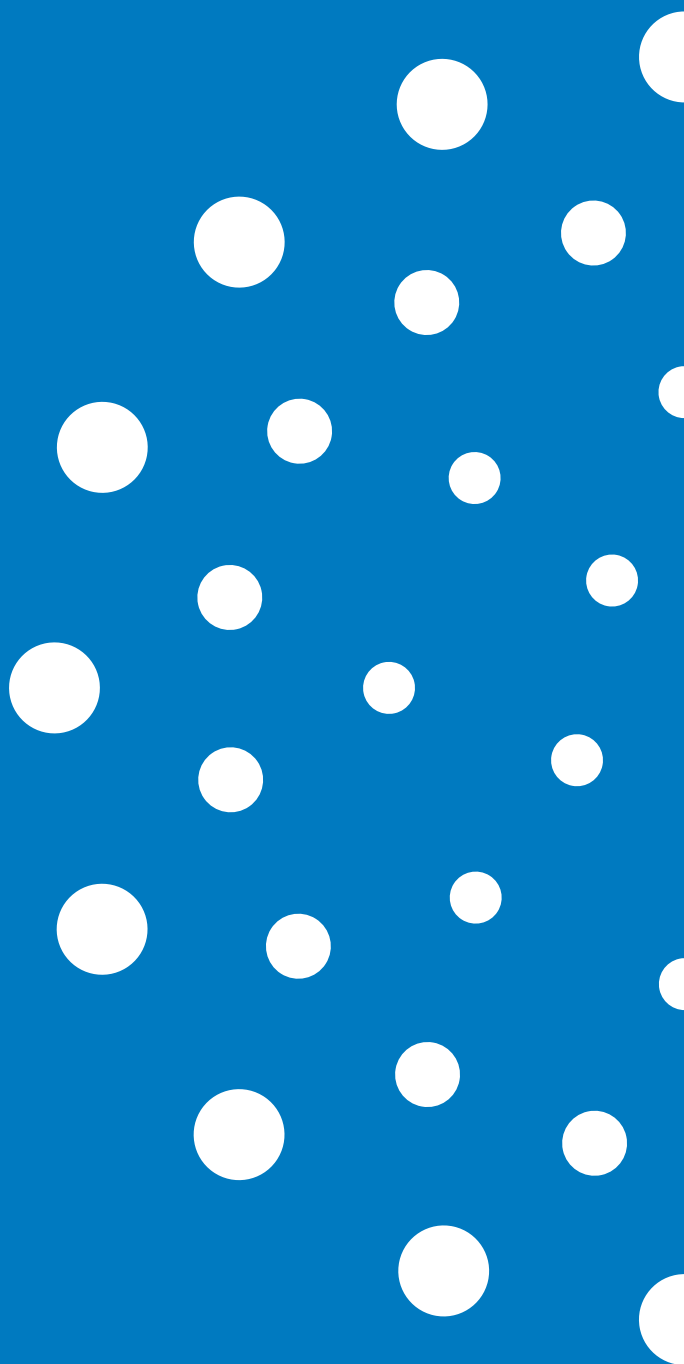
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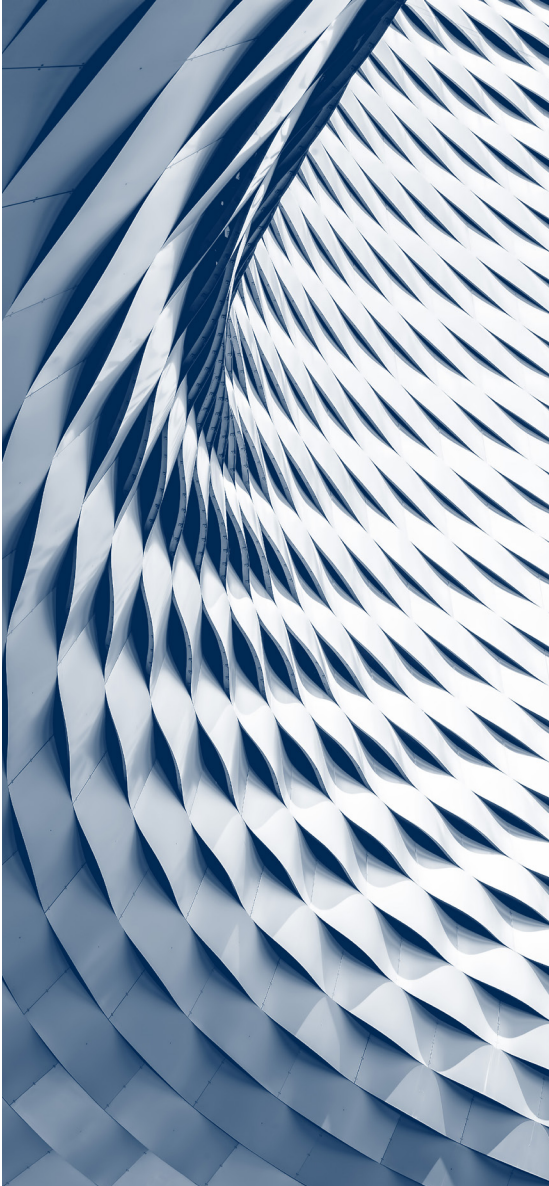
Partnership of Acquests for People in Business

By Julie Loranger, Notary,
and Natasha Girouard,
Partner and Notary

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Partnership of Acquests for People in Business



An entrepreneur tends to spend most of his time working on projects rather than protecting his assets. However, most entrepreneurs are aware of the importance of preparing a shareholders' agreement setting out the consequences of a breakdown of the relationship between business partners. Nonetheless, many people are unaware of the impact that a separation or divorce could have on their business.

To better understand the impact a matrimonial regime can have on a business, imagine the following scenario: after several years of hard work, two partners have accumulated significant financial assets, which will allow them to develop new projects. Before the projects begin, one of the partners leaves his wife. The wife asks for a divorce, claiming 50% of the value of her husband's interest in the business created during their marriage. The partners find themselves in a cash crunch because the partner who is divorcing may be required to withdraw certain assets from the company in order to satisfy his wife's claim for half of his assets.

What happened? This businessman married after July 1, 1970 when he had just finished university, without signing a marriage contract before a notary. Therefore, the spouses are governed by the legal regime of partnership of acquests. Before examining this regime, it would be useful to discuss the primary regime applicable to all spouses regardless of their matrimonial regime.

Family Patrimony—The Primary Matrimonial Regime

Spouses domiciled in Quebec are subject to the “family patrimony” which is a matrimonial regime of public order and spouses may not renounce to their rights under the law prior to a separation or divorce. The regime requires the spouses to divide the value of assets used by the family during the marriage including the family residences, the furniture, the automobiles and the rights accumulated in the pension plans of the spouses.

The assets which are not included in the family patrimony could be subject to another matrimonial regime, being the “partnership of acquests” unless the spouses enter into a marriage contract prior to the marriage. The partnership of acquests could include other assets such as shares in a corporation, non-registered investments, commercial real estate, businesses, cash in a bank account, an interest in a trust, etc.

Partnership of Acquests—The Default Regime

The partnership of acquests applies to all spouses married since July 1, 1970 who did not sign a marriage contract before a notary prior to their marriage. It is important to note that this regime does not apply to common law couples who simply co-habitate and who are not married.

The partnership of acquests is made up of two types of property—non-partitionable property, called “private property”, and partitionable property, called “acquests”. Private property is essentially the assets owned by the spouses before the marriage, property which the spouses received by succession or gift (including the fruits and income from it if the bequest or donation so provides) and property acquired to replace private property. All other property is acquests, including property which a spouse is unable to prove to be private property.

In this regime, each spouse retains the right to freely administer his property, with one important exception: neither spouse may, without the consent of the other, donate an acquest except if it is of small value or is a token gift.

If the entrepreneur had acquired shares in his company prior to his marriage, they would be considered private property. In theory therefore, the value of the shares would not be partitionable. However, the fruits and income from private property and acquests, such as cash dividends declared on shares, are acquests. The fruits and income can only remain private property if they were given or bequeathed with the explicit condition that they remain private property. That said, in the absence of the shares being acquired prior to the marriage, the shares will be deemed to be acquests, and their value will be partitionable.

As discussed, the value of business property can be divided between spouses upon divorce depending on the matrimonial regime. In our example, the entrepreneur started his business after he was married. Therefore the shares in the company are acquests and the value of such shares will be divided between the spouses. Thus, upon divorce his wife is entitled to half the value of the husband’s shares in the company.

In an ideal world, business people should establish the impact of divorce with respect to their business assets prior to marriage. However, even if the future spouses discuss this sensitive topic before their wedding day, there is no guarantee that either spouse will agree to be married under the regime of separation of property. Nevertheless, the spouses may agree to enter into a matrimonial regime specially designed for them. The Civil Code of Québec offers spouses this option, subject to certain legal requirements.

“In theory,
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provided they do
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contract.”

Amended Partnership of Acquests Regime

As mentioned above, the family patrimony is mandatory, therefore a special regime could only apply to assets outside of the family patrimony such as income-producing real estate, investments outside retirement plans, shares of a company or an interest in a partnership or trust.

To avoid reinventing the wheel, spouses who want a more generous regime than separation as to property generally adopt a variation of the partnership of acquests. The differences often involve the definition of “acquests” and “private property”, and the contract stipulates the value of which assets will be shared or not shared. For business people, it could be relevant to determine, depending on the circumstances, whether or not only the shares of the company or also the income from the business should be excluded. Thus, in addition to the assets included in the family patrimony, the spouses could agree to share bank accounts, non-registered investments, income-producing properties and the salaries drawn from the business, but not to share the value of the shares in the company or the dividends, bonuses and stock options. However, it should be noted that this type of regime requires more complicated record-keeping.

Alternatively, the contract could be governed by the regime of separation as to property with a specific donation to be calculated based on certain criteria, such as the number of years the spouses lived together prior to the breakdown of marriage, and the amount may vary if children are born of the marriage. However, the right to claim support cannot be waived.

Change of Matrimonial Regime During the Marriage

Spouses married under the regime of partnership of acquests often realize, many years after their wedding day, the impact this regime could have on their assets and business. In theory, the spouses can change their matrimonial regime as often as they like during their marriage provided they do so by marriage contract. A change in matrimonial regime gives rise to the right to partition. That is, the partitionable value of the partnership of acquests since the day the spouses were married must be liquidated or renounced. The new matrimonial regime comes into effect upon the signing of a new marriage contract before a notary. As a result, in most cases, the longer the spouses wait to change the matrimonial regime, the greater the partitionable value.

For example, if the value of the partnership of acquests is \$2 million and the spouses change their regime to separation as to property, the spouses each have one year to renounce to their \$1 million and such renunciation must be published in the appropriate registry. If such renunciation is not done within such time, the spouses are deemed to have accepted the partition. The husband and wife would therefore have a vested right to an amount of \$1 million each, which they could claim at any time.

Certain conditions should also be met to ensure that the change of matrimonial regime or the renunciation to the partnership of acquests will not be invalidated later. The spouses must disclose the value of their acquests and be fully informed of the consequences of their actions.



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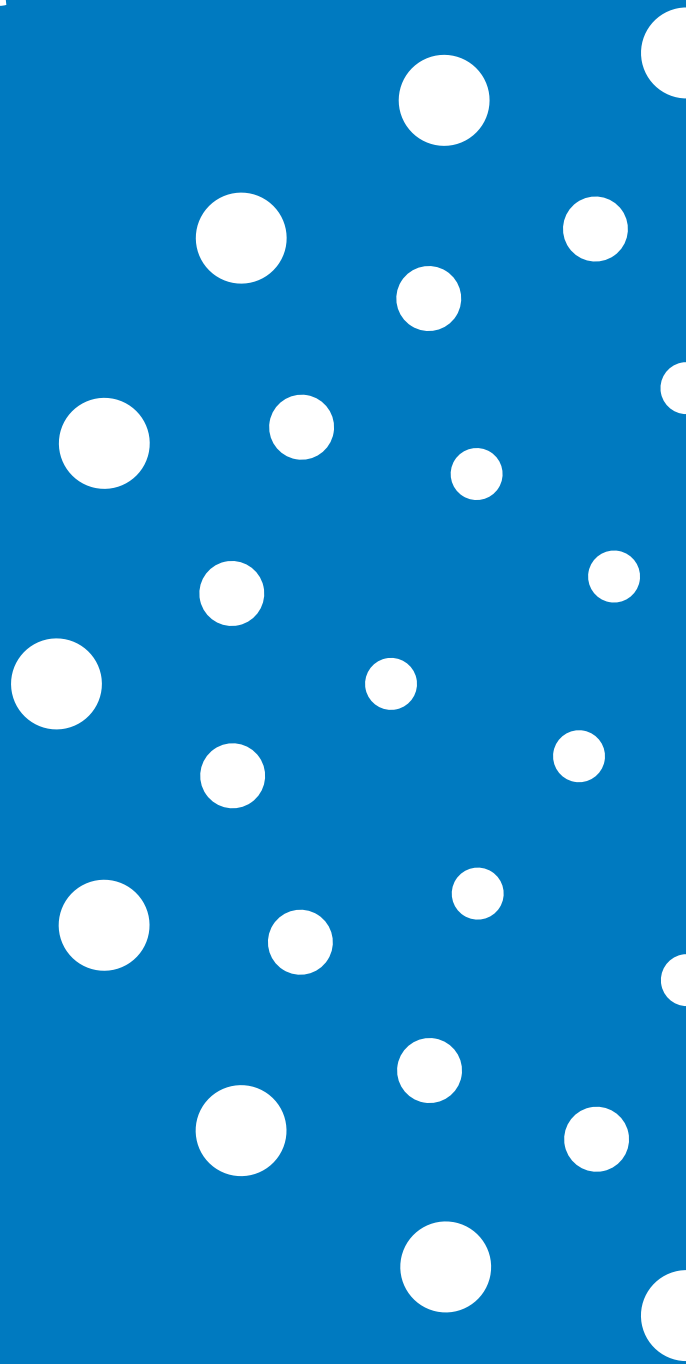
Partners in Life, Partners in Business

The survival of a business can be jeopardized not only by a person's matrimonial regime, but also by the matrimonial regime of his or her business partners. Taking steps to avoid difficult situations before they arise may turn out to be a wise thing to do.

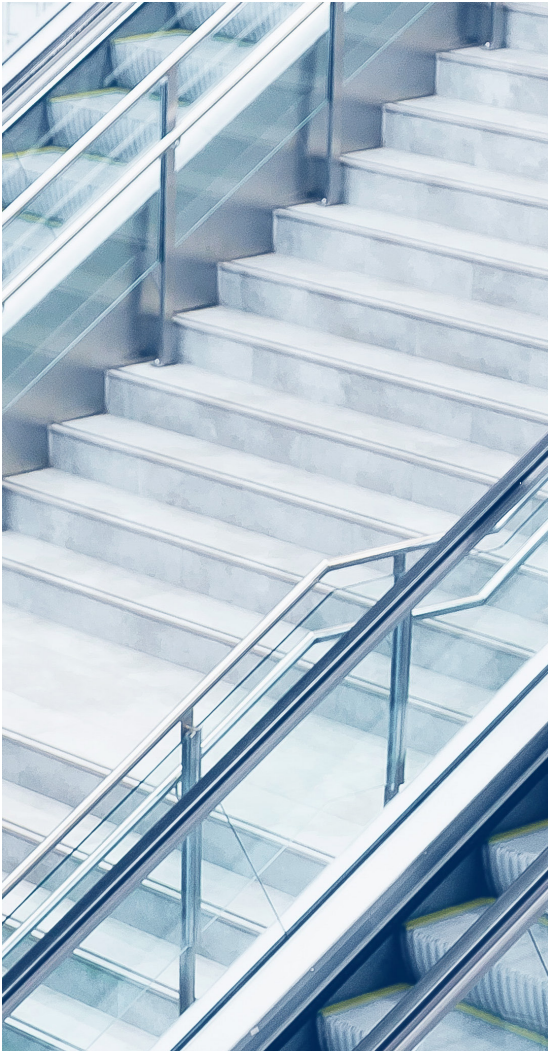
Targeting an IPO in 2019? What Unicorns Should Expect

By Valérie Charpentier,
Lawyer

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Targeting an IPO in 2019? What Unicorns Should Expect



An initial public offering (“IPO”) can represent a significant opportunity for a company. It can attract significant funding, liquidity and public exposure.

While there has been a decline in broader follow-on equity financing activity in Canada, the US equity market’s performance stands out in 2018 by being the strongest market since 2014¹. Part of the reason why Canadian IPO volumes were muted in 2018 is due to the underperformance of resource-related sectors and, consequently, the lack of new names in such sectors entering public markets². Aftermarket performance of recent issuers serves as evidence of investor appetite for newcomers as both institutional and individual investors look for quality companies that exhibit strong growth prospects³.

2019: a Record-breaking Year for IPOs?

On the other hand, concerns that more market declines lie ahead and that the economic cycle may have turned could actually encourage and revive IPO activity by putting pressure on firms considering listings to finally take the plunge. Many anticipate 2019 could be a record-breaking year for IPOs in terms of money raised. The fact that investors have an eye out for shares in fast-growing companies is one of many factors that may encourage startups and other private companies to go public in 2019.

It is expected that Uber, Lyft, Slack, Palantir, Pinterest and Airbnb, all of which are unicorns, will likely transition to public markets in the first half of 2019. Uber, Lyft, Slack and Palantir are considering IPOs that, according to recent reports, could reach a combined valuation of over \$200 billion⁴.

2018 marked an historic year for the cannabis industry and marketplace with TerrAscend Corp. (CSE:TER), Canopy Growth Corp. (TSX:WEED), Neptune Wellness Solutions Inc. (TSX:NEPT), Aphria Inc. (TSX:APHA) and Aurora Cannabis Inc. (TSX:ACB). These Canadian cannabis stocks demonstrate Canada’s competitive advantage regarding the continued and future relevance of this sector in Canadian capital markets. Canadian companies can benefit from the industrial, information technology and health care sectors in order to be more competitive on Canadian capital markets.

What You Should Consider Before Going Public

Going public and offering stock in an IPO represents a milestone for certain ambitious privately-owned companies. We will hereunder describe the main benefits of going public and the criteria that CEOs of outstanding startups and other private companies should consider when thinking about eventually going public.

A successful IPO by a company offering its securities to the public can generate substantial proceeds and can render the company's shares more marketable as there is a regulated and liquid market on which the company's shares are traded. One of the main reasons companies decide to go public is to raise money and spread the risk of ownership among a larger group of shareholders⁵. In addition to raising funds, going public creates currency for acquisitions in order for the company to complete mergers and acquisitions by using its publicly traded shares as "currency" for an acquisition . Moreover, the IPO process can be an opportunity to improve the company's ability to attract and retain top talent personnel through tax-efficient employee stock option plans.

A significant advantage of public listing is to provide investors an opportunity to realize appreciation in value of their investment. An IPO would also facilitate future financing and increase access to a broader range of financial markets and vehicles to raise additional cash more easily in the future in subsequent offerings. When a company goes public, it enhances the perception of a company's financial stability and transparency. In addition, as the going-public process is quite rigorous, it tends to reassure customers and suppliers.

It is often argued that an IPO is an expensive and time-consuming process, with numerous regulatory requirements. We believe that with the appropriate team of advisors (including legal counsel, investment bankers and auditors as well as an experienced CFO that could be attracted to join the venture in due time), it is possible for companies to successfully prepare for an IPO within reasonable fees by adopting an efficient and practical approach.

As the above points sum up, it is important to underline the fact that investors always like to invest when it is a buyer's market. 2019 is going to be a big year for IPOs, and it could be a big year for you!

BCF's securities team offers effective, practical and thorough advice to companies wishing to complete IPOs, RTOs, as well as to CPCs or SPACs. Our team is also renowned for its unique expertise in exempt market securities, and we regularly represent issuers and brokers on the public and exempt markets.



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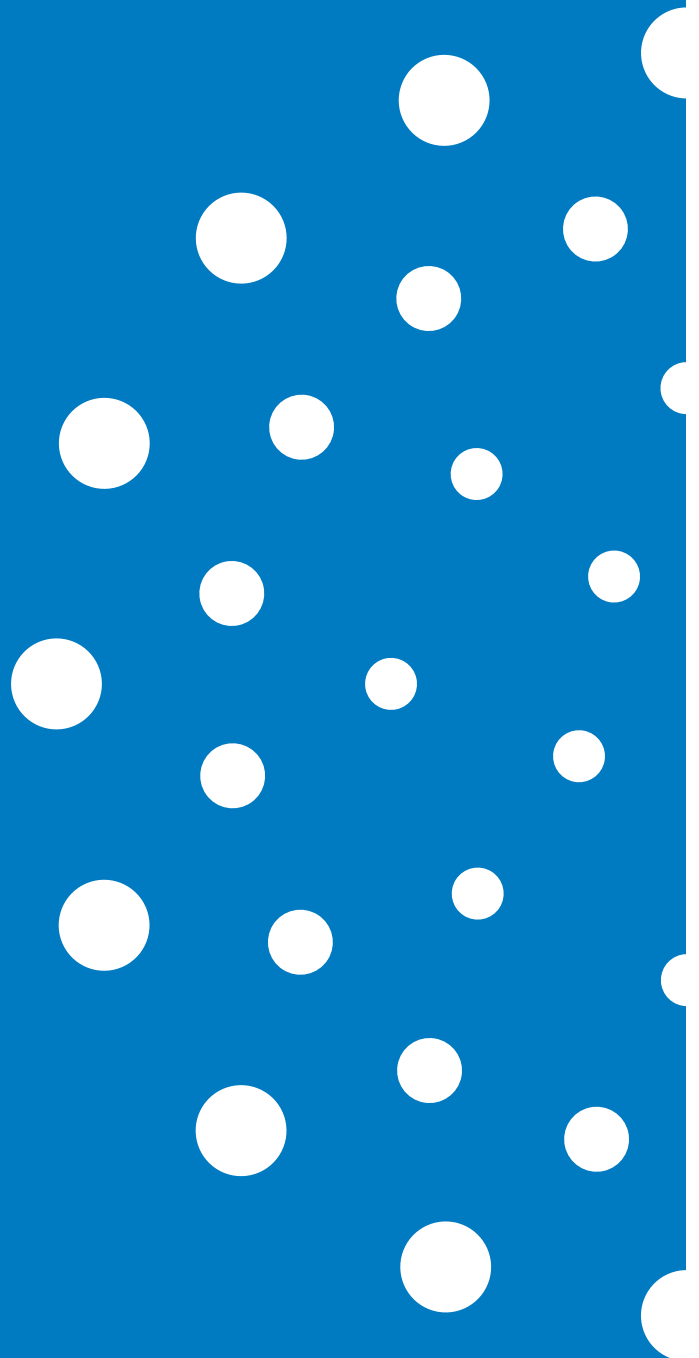
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Promoting Cannabis on Social media? Proceed With Caution

By Sarah Hébert-Tremblay,
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Promoting Cannabis on Social media?

Proceed With Caution



Commercial activities associated with cannabis, including its promotion, are highly regulated. Section 17 of the Cannabis Act provides that the use of testimonials and depictions of persons for promotional purposes is prohibited.

Numerous cannabis companies are now open for business in Canada since cannabis was legalized on October 17. As part of their promotional efforts, some of those companies will certainly want to use social media, now a virtually indispensable marketing tool.

However, commercial activities associated with cannabis, including its promotion, are highly regulated. Section 17 of the Cannabis Act provides that the use of testimonials and depictions of persons for promotional purposes is prohibited. It therefore seems that companies doing cannabis-related business will not be allowed to work with influencers. In addition, in a very broad way, ads evoking a way of life as one that includes glamour, recreation, excitement, vitality, risk or daring and any advertisement that could be appealing to younger persons in any other ways are prohibited. What can be published on social networks is therefore limited.

Moreover, all informational promotion must be done in a way that minors do not have access to it. Although these techniques are not foolproof, it is relatively easy to limit access to minors to a physical place by requiring identification and to verify the age of the visitors of a website. However, access to social networks is more difficult to manage. Web content creators can rapidly lose control over their material given that it can be shared by all users who have access to it. Therefore, companies in the cannabis industry will have to remain vigilant when it comes to ensuring that all material published on their social media is compliant.

Furthermore, most social network platforms state in their terms of use that the platforms may not be used for illegal purposes. Even more restrictively, Instagram specifies that: "Offering sexual services, buying or selling firearms and illegal or prescription drugs (even if it's legal in your region) is also not allowed." Any content not complying with those policies would, as a result, take the risk of being removed.

Finally, caution will have to be the watchword of organizations that want to exploit the potential of social media and special attention will have to be paid to each publication before it is published online.



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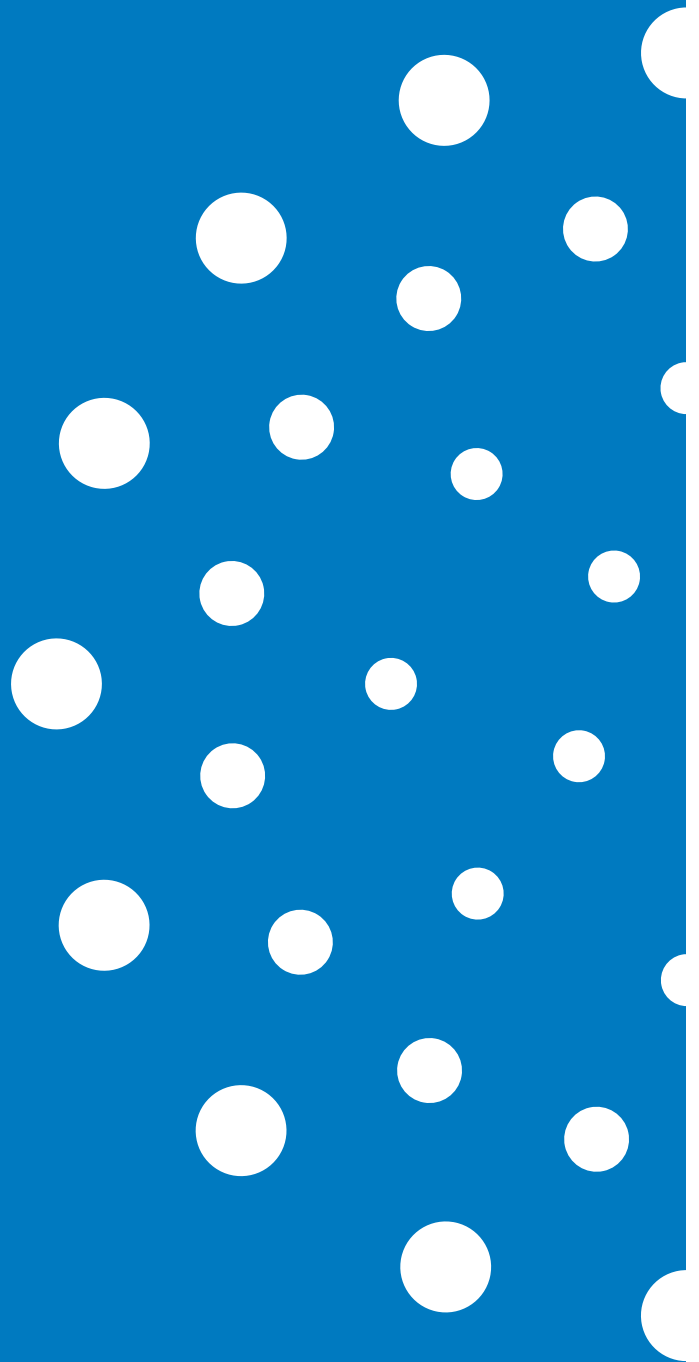
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BCF's strategic Web team, of which Sarah Hébert-Tremblay is a member, can advise you on the many legal issues that are relevant to your business's presence on the Internet, including its presence on social media.

Six Things to Do if You Get an Unsolicited Offer to Buy Your Company

The Globe and Mail's article featuring our Partner and Lawyer Mireille Fontaine



Six Things to Do if You Get an Unsolicited Offer to Buy Your Company



Nicholas Nickoletopoulos was surprised to receive an unsolicited bid for his company in 2016.

Even more shocking for the president and chief executive officer of Urecon, a pre-insulated pipe manufacturer based in Quebec and Alberta, was the fact that a second offer arrived less than a month later.

Both offers were from large public companies looking to add the mid-sized company to their operations.

Nickoletopoulos had always thought that he was the one that was going to be buying out other companies. “Our strategic plan was to be an industry consolidator,” he says. “We had the money, we had the manpower and we had the management team.”

Whether you’re caught off guard by a surprise bid, or you’ve let the market know you’re up for sale, your next steps are vitally important.

Assemble Your Team

Having the right professionals on board will help you get the most out of the potential transaction. “You’ll want a lawyer who specializes in mergers & acquisitions,” says Michael Hyatt, a Toronto-based entrepreneur and investor who sold BlueCat, a software company he founded with his brother, to Madison Dearborn Partners LLC for a reported \$400-million in 2017. In addition to a mergers and acquisitions (M&A) lawyer, you will need an investment banker familiar with your sector and an accountant to offer the best tax advice.

These professionals should act as guides, says Mireille Fontaine, a partner with BCF Business Law who specializes in mergers and acquisitions and who worked with Nickoletopoulos on his deal. Selling a company, especially one that you’ve built, can be an emotional process. “The good lawyers and the good bankers understand that and know how to run the deals seamlessly,” Fontaine says.

Do Your Research

Being approached by a buyer can put you at a disadvantage, since the buyer knows a lot more about you than you know about them. “If they are knocking at your door, it means they have done their homework,” Nickoletopoulos says. For him, travelling to the potential buyers’ locations to see how they ran their operations was key to deciding whether the company would be a good fit with Urecon’s existing operations.

Determine Your Worth

Look to your investment banker to help with valuation and to determine if there are other potential buyers, Fontaine advises. “If you have one person interested, that means there may be others,” Fontaine says. “Maybe the player you have in front of you is the only player, or maybe the investment banker can put a few interesting bidders in front of you to compete.”

Protect Yourself

The potential buyer will probably want a non-disclosure agreement immediately. This will protect both parties. “If you are going to start talking, you are going to sign the non-disclosure agreement because you are going to be giving them information,” Fontaine says. You might want to save certain sensitive information to disclose at a later stage, she adds.

Decide When to Get Exclusive

Be wary of entering an exclusivity agreement too soon, which limits you from seeking competing bids. You want a strong offer on the table first, Fontaine suggests. Most exclusivity agreements are for a short period, 45 days, and can be extended.

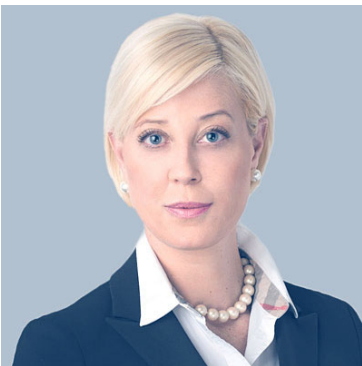
Consider asking for a break fee, usually one to two per cent of the price, which will prevent a buyer from walking away from the deal over something trivial. A superior proposal clause can also be advantageous. This gives the seller options if a higher offer comes in during the exclusivity period. “It means, I’m going to give you the choice to match it, so I don’t break exclusivity with you, or I am going to be able to walk away,” Fontaine says.

Keep Running the Company

Remember, deals don’t always close. “You have to act like the deal is not happening,” Hyatt says. “You could be in a process for six to 12 months, selling your company, and in the end, they say no, and you have just screwed up your revenue for a year.” Hyatt suggests delegating some business operations to a trusted executive, such as the chief financial officer, while you focus on the deal.

For Nickoletopoulos, the key to success was keeping his cards close to his chest, at least initially. He required confidentiality on his team during the seven-month negotiation, letting only his counsel, employee shareholders and key executives know.

The result was a “rewarding” deal with Swiss-based Georg Fischer for a 49 per cent stake in the company worth between \$20- and \$50-million (the exact terms aren’t public), which closed July 2017. “They had the resources to pay what we were asking and a product line that allowed us to vertically integrate,” Nickoletopoulos says. “The deal also gives us access a new selling force across the world.”

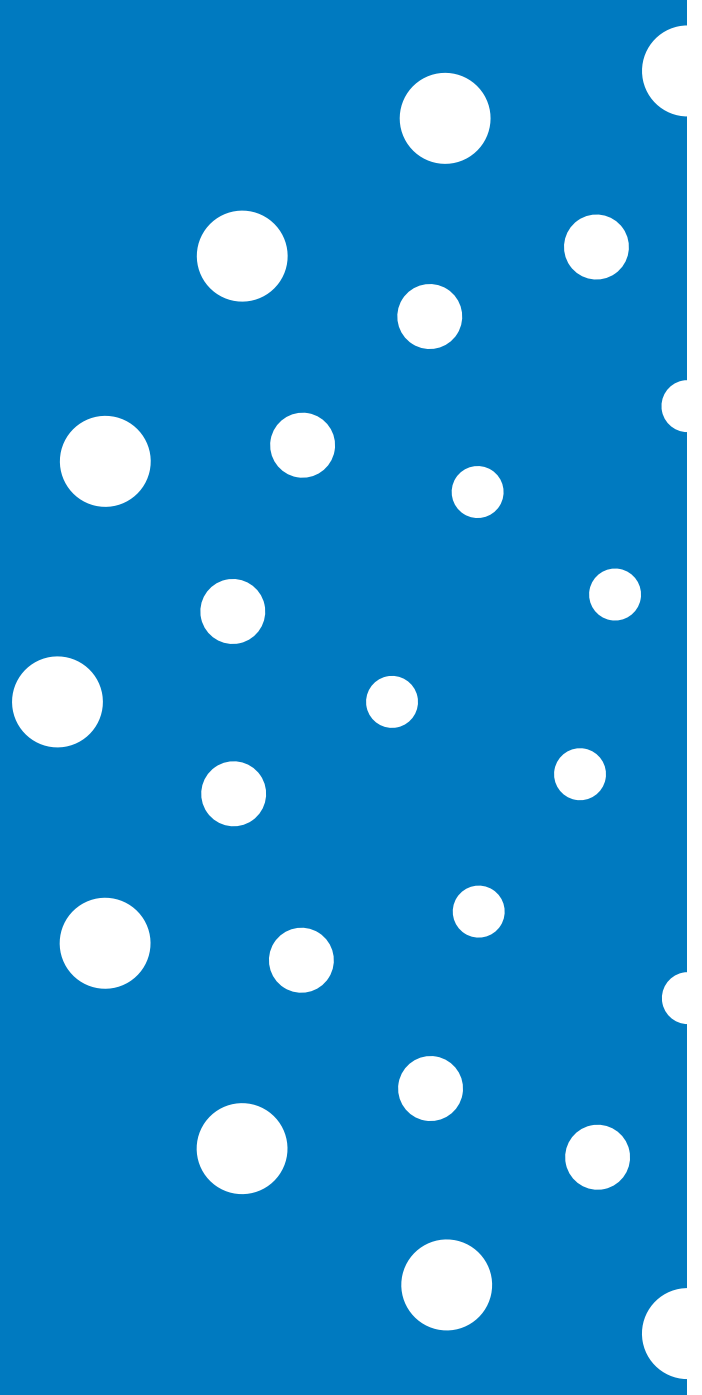


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Cannabis and Cryptocurrency Businesses Under the Gaze of the Quebec Lobbyists Commissioner

By Isabelle Landry,
Partner and Lawyer



Cannabis and Cryptocurrency Businesses Under the Gaze of the Quebec Lobbyists Commissioner



In the October 31, 2018 edition of the newsletter LobbyScope, the Quebec Lobbyists Commissioner announced that he was planning to pay special attention in the coming months to companies and organizations doing business in the cannabis or cryptocurrency industries in order to raise their awareness of the rules that govern lobbying and enforce those rules.

In Quebec, the Lobbying Transparency and Ethics Act¹ regulates lobbying activities. That Act provides that, constitutes lobbying, any communication with a public office holder in an attempt to influence a decision concerning:

1. the development, introduction, amendment or defeat of any legislative or regulatory proposal, resolution, policy, program or action plan,
2. the issue of any permit, licence, certificate or other authorization,
3. the awarding of any contract, otherwise than by way of a call for public tenders, or of any grant or other financial benefit or the granting of any other form of benefit determined by government regulation, or
4. the appointment of any public office holder within the meaning of the Act respecting the Ministère du Conseil exécutif or the appointment of any deputy minister or other holder of a position referred to in section 55 of the Public Service Act or any holder of a position referred to in section 57 of that Act.

In the Province of Quebec, public office holders include a broad range of professionals and elected representatives, taking in ministers, members of the National Assembly, persons appointed to a government agency or a government enterprise, mayors, municipal or borough councillors, wardens, members of the council of a metropolitan community, all political staff, government employees, and government agencies and enterprises (e.g., AMF, SRI, CCQ, Régie du bâtiment, Hydro-Québec, etc.) and employees of municipalities and municipal bodies (e.g. intermunicipal boards, RCMs, etc.)

That does not mean that it is prohibited to communicate with public office holders in order to influence their decisions; on the contrary, such lobbying is clearly recognized by the Act to be a legitimate activity. However, no one may carry on a lobbying activity without being registered in the registry. Lobbyists must be registered no later than within a time that varies between 30 and 60 days after the lobbying activity commences, depending on the situation. As a precaution, it is preferable to complete any registration by 30 days after the lobbying activity.

Examples of Lobbying Activities in Your Industry

The Commissioner gives several examples of acts that could constitute lobbying in the cannabis industry:

- lobbying municipal institutions for amendments to the zoning regulations to allow the growing or processing of cannabis;
- lobbying the Société québécoise du cannabis for authorization to import, distribute, deliver or store cannabis;
- lobbying the Autorité des marchés publics for the necessary authorization for cannabis producers to sell their products to the Société québécoise du cannabis;
- lobbying Hydro-Québec to negotiate a reduction of the energy bill associated with the cost of cannabis production.

Examples relating to cryptocurrency are also listed:

- lobbying Hydro-Québec to reserve a block of energy by special contract that is sufficient to support blockchain technology;
- lobbying the Minister of Energy and Natural Resources to expedite the adoption or lifting of a moratorium on processing electricity consumers' applications for cryptographic use applied to blockchains;
- lobbying the deputy minister of Government Digital Transformation for government support (grant, loan, etc.) for implementing a high technology server farm project;
- lobbying the government to have it adopt a favourable approach to the creation of other sites for operating cryptocurrency farms;
- lobbying the Minister of Energy and Natural Resources to demonstrate the quality of a project in order to obtain authorization to obtain electricity.



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Severe Sanctions

Since there may be significant consequences for enterprises in breach of the rules, it is important to comply with the registration obligations within the times allowed. Fines may vary between \$500 and \$25,000 for a first offence, and may double for a repeat offence.² You may also be prohibited from registering in the registry for a certain period; this amounts to a ban on acting as a lobbyist and so of obtaining changes, authorizations, assistance or otherwise that are often crucial for your enterprise³.

About BCF

With more than 500 employees and 275 professionals, BCF Business Law is the go-to firm for business leaders, growing companies, and well-established global enterprises that have chosen Quebec and Canada as a stepping stone to growth and success. Our entrepreneurship not only distinguishes us from the competition but has earned us the recognition of one of *Canada's Best Managed Companies* for the 12th year in a row.

BCF understands its clients' business which makes us the ideal partner for ambitious startups, well-established private and public companies, investment bankers, venture capital and private equity firms. BCF's pragmatic and forward-thinking solutions turn clients' dreams into viable and innovative businesses. Our relentless pursuit of excellence has earned BCF the trust of companies in all sectors of activity throughout Quebec, Canada and the world.

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Notes

Targeting an IPO in 2019? What Unicorns Should Expect

¹ Deloitte LLP, "Canadian IPO Market Review - Q3 2018: IPO market in a holding pattern", online (PDF): <https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/audit/ca-audit-ipo-quarterly-report-en-aoda.pdf>.

² Ibid.

³ Ibid.

⁴ Eric Rosenbaum, "Get Ready for the \$200 billion IPO shakeup in 2019" (December 17, 2018), online: <https://www.cnbc.com/2018/12/14/get-ready-for-the-200-billion-ipo-shakeup-in-2019.html>.

⁵ Practical Law Canada Corporate & Securities, "Deciding to Go Public: Initial Public Offering (IPO)", Thomson Reuters, Practice Note, <https://ca.practicallaw.thomsonreuters.com/6-571-8606>.

⁶ Ibid.

Cannabis and Cryptocurrency Businesses Under the Gaze of the Quebec Lobbyists Commissioner

¹ R.S.Q., c. T-11.011

² Section 60, Lobbying Transparency and Ethics Act.

³ Section 53, Lobbying Transparency and Ethics Act.





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