quarterly briefing · issue 1

The cost of doing business in Quebec is rising.

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FOR MEMBERS OF AVRIO ADVOCATI

editor's note

Welcome to the Update

This is the first issue of the **Quebec Business Law Update**, a quarterly briefing we prepare for our Avrio Advocati colleagues and their clients. The premise is simple: you should not need to follow Quebec's National Assembly, its regulators and its Court of Appeal to advise a client with Quebec operations. We do that here, and we keep only what changes practice.

The theme of this first quarter is cost. Language compliance now reaches companies with 25 employees, privacy penalties under Loi 25 have real teeth, transparency filings expose ultimate beneficiaries to public search, and workplace-harassment prevention programs come due in October. None of these is individually dramatic. Together, they reset the budget for operating in Quebec.

block 1

Legislative and Regulatory Update

Francization deadline 1 June 2026: companies with 25 to 49 employees

FACTS

Bill 96 lowered the francization threshold from 50 to 25 employees. Companies in the 25-to-49 band must be registered with the OQLF and have documented their linguistic situation by 1 June 2026. Fines run from CA$3,000 to CA$30,000 per offence, doubled or tripled on recidivism, and the OQLF publishes the list of non-compliant firms.

PRACTICAL IMPACT FOR FOREIGN COUNSEL

Many Quebec subsidiaries of foreign groups sit exactly in this band. Verify OQLF registration now, and add it to your due-diligence and subsidiary-audit checklists: from June, the question is enforcement, not preparation.

Source: OQLF.

2026 merger-review thresholds: Competition Act flat, Investment Canada up

FACTS

The Competition Act transaction-size threshold stays at CA$93 million for a fifth consecutive year. The Investment Canada Act review threshold rises to CA$2.179 billion in enterprise value for trade-agreement investors (US, UK, EU, Japan), with lower tiers for other WTO investors and state-owned enterprises.

PRACTICAL IMPACT FOR FOREIGN COUNSEL

A frozen Competition Act threshold in an inflationary market means more deals are notifiable each year in real terms. Run the thresholds early in every Quebec acquisition, and remember the new structural presumption changes the substantive analysis too.

Source: Competition Bureau (ISED).

PL 111: the Cooperatives Act, modernized

FACTS

Sanctioned 24 February 2026, the reform modernizes cooperative governance, including fair-market-value rules for asset acquisitions by members and directors, and requires cooperatives to adopt dispute-resolution by-laws.

PRACTICAL IMPACT FOR FOREIGN COUNSEL

Relevant wherever your client transacts with Quebec's large cooperative sector: agriculture, finance and distribution. Counterparty governance assumptions from ordinary corporate law will not always hold.

Source: Publications du Québec, 2026, c. 1.

Loi 42: harassment-prevention programs due by October 2026

FACTS

Employers with 20 or more workers in Quebec must adopt a full psychological-harassment and sexual-violence prevention program by October 2026; smaller employers need a simplified action plan. Fines reach CA$50,000 for legal persons.

PRACTICAL IMPACT FOR FOREIGN COUNSEL

A head-office policy rarely satisfies the Quebec requirements as written. Local adaptation, in French, should be on the HR calendar this summer.

Source: CNESST.

block 2

Case Law Spotlight

2177 23rd Avenue Holdings c. Pival International inc., 2025 QCCA 19

The Court of Appeal clarified the rules of engagement when negotiating commercial lease renewals: freedom of contract prevails, and a tenant who fails to secure agreement on renewal rent cannot ask the court to fix a better outcome than its lease provides.

WHY IT MATTERS FOR CROSS-BORDER DEALS

For foreign tenants building Quebec real-estate portfolios, the renewal clause is the deal. Provide a mechanism, arbitration, expert determination or a formula, for the rent the parties fail to agree on. Silence is a landlord's clause.

Quebec Court of Appeal: no documentary discovery before authorization in secondary-market securities actions

Under art. 225.4 of the Quebec Securities Act, a plaintiff cannot compel an issuer's documentary disclosure before the action is authorized. The court confirmed the rigorous gatekeeping role of the authorization stage.

WHY IT MATTERS FOR CROSS-BORDER DEALS

Public issuers with Quebec exposure keep a meaningful procedural shield: plaintiffs must build their case from the public record first. Factor this into disclosure-risk assessments for dual-listed and cross-border issuers.

block 3 · quebec quirk of the quarter

Good faith is not a gap-filler here. It is the law of the deal.

Articles 6, 7 and 1375 of the Civil Code of Québec impose a duty of good faith that is wider than anything in the common law of contract, and nowhere does it bite harder than in franchising. The duty applies to the precontractual phase: a franchisor negotiating with a prospective Quebec franchisee already owes duties of loyalty, information and cooperation, before any agreement is signed. Damages are available for bad-faith conduct in negotiations even where no contract ever forms.

Quebec has no franchise-disclosure statute, and common-law counsel sometimes read that as a lighter regime. It is the opposite: the codified duty of good faith does the work of a disclosure statute, without the safe harbours. A franchisor that withholds material information about the network, the territory or the unit economics is exposed, whatever the franchise agreement says, and abusive exercise of contractual rights during the relationship is policed on the same standard.

> **PRACTICAL TAKEAWAY**
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> Treat every Quebec franchise negotiation as if a disclosure obligation applied: document what was provided to the candidate and when, keep projections defensible, and train the development team that puffery has a price in Quebec. In the agreement, entire-agreement and no-reliance clauses help but do not exclude the codified duty. It cannot be contracted out.

block 4

Deal and Litigation Trends

Quebec M&A pivots to domestic capital

Cabinet observations converge: foreign strategic buyers are stepping back from the Quebec market while local private equity and pension funds step up. Sale processes should be built with domestic buyers in mind from the outset.

Foreign investors prefer minority and co-investment structures

Where foreign money does enter, it increasingly takes minority stakes, co-investments and strategic partnerships rather than control positions, trading regulatory friction for flexibility. Governance and exit rights carry the economics; draft them accordingly.

Loi 25 enforcement is maturing

With every phase of Quebec's privacy reform now in force, penalties reach the greater of CA$25 million or 4% of worldwide turnover, and private rights of action are open. The exposure is no longer theoretical; privacy diligence belongs in every Quebec transaction.

Transparency is now searchable

The REQ ultimate-beneficiary register has been searchable by individual name since July 2024. Assume that ownership structures of Quebec entities are effectively public, for diligence and for reputational planning alike.

block 5

Practical Checklist: Bill 96 compliance, the short audit

- ✓ **Headcount check.**
  Confirm whether the Quebec entity has 25 or more employees; if so, verify OQLF registration and the francization file.
- ✓ **Contracts of adhesion.**
  Ensure standard-form contracts and their related documents are presented in French first.
- ✓ **Exterior signage.**
  Test storefronts against the marked-predominance rule, including non-French trademarks.
- ✓ **Web and commerce.**
  Review websites, product documentation and packaging serving the Quebec market.
- ✓ **HR communications.**
  Offer letters, policies and training materials for Quebec employees must be available in French.

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