



Reminder of the principles Sale of alcoholic beverages

To all agents

Following the changes to the private order policy at the Société des alcools du Québec (hereinafter referred to as the « SAQ »), it was judged appropriate to revise the reminder of certain principles concerning the sales of alcoholic beverages in Québec which was issued in summer 2007. Here is text in its new version (Fall 2009).

In order to avoid any misunderstandings with regard to the role and powers of a promotional agent (hereinafter referred to as « agent ») involved in the sale of alcoholic beverages, the SAQ would like to offer this reminder of the basic principles concerning the sale of bottled alcoholic beverages in Québec. These principles are included in Québec laws and covered by a detailed penal plan that is managed by stakeholders other than the SAQ.

Notwithstanding exceptional cases involving certain producers that hold home-made or industrial production permits as well as cases involving the holders of grocery permits, the SAQ is the only entity to be permitted to sell bottled alcoholic beverages in Québec. The sale of alcoholic beverages, which are available in the SAQ catalogue or by means of the private order procedure, must directly intervene with the SAQ and the buyer. This means that the SAQ must receive orders, invoice clients, deposit the retail selling price, and deliver products to clients.

Accordingly, the agent may not acquire alcoholic beverages and resell them to anyone whomsoever. The agent who purchases the inventory to achieve sales quotas, or who buys private order products because they can no longer be stored at the SAQ, cannot resell them without violating Québec laws.

The agent may receive an authorization from the SAQ to carry out some activities on behalf of the latter. In order to benefit from such authorization an individual must represent at least one product sold in the SAQ network in Québec or, if he does not meet the previously mentioned condition, satisfy the following three requirements:

- a) Submits a private order request;
- b) When placing his first private order request, sends a letter to the SAQ in which the supplier of the ordered product notifies the SAQ that the agent represents its product in Québec;
- c) His company is listed in the *Régistre des entreprises individuelles, des sociétés et des personnes morales du gouvernement du Québec*, and the registration documents indicate that the business operates in Québec in the field of promoting the sale of alcoholic beverages.



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An individual who wishes to receive this authorization from the SAQ must send an email to fournisseur.amm@saq.qc.ca and indicate the name and number of the agency.

This authorization applies only to soliciting and receiving client orders, buying on their account and directly from the SAQ products ordered, and delivering these products or having them delivered. The agent who would like to be compensated for his services must charge the client for his compensation. The value of the compensation is the one agreed upon with the client and, as a result, not limited by the terms of the authorization. Only the agent who holds an authorization from the SAQ may execute these activities and collect compensation.

Even in this authorization context, there are significant restrictions. The only alcoholic beverages that an agent who holds an authorization can acquire are those that were previously covered in a specific client order. An agent cannot store products at his place of business or elsewhere. This person should deliver them or have them delivered to the client immediately. This agent, and more importantly an agent who does not hold any authorization, may not acquire products and store them while waiting for them to be sold to an individual.

In light of this reminder of certain basic principles, we believe that you would be well advised to eventually review these business methods if it turns out that these practices exceed the constrictive legal framework in the realm of alcoholic beverages sales in Québec.

For more information, please contact the

Service d'Assistance aux Relations d'Affaires

(Business Relations Assistance Service)

by email, at sara@saq.qc.ca or by phone, at 514 254-2711.