

Goodmans^{LLP} Update

Removal of Director Residency Requirements Among Proposed Legislative Amendments Designed to Give Ontario Businesses More Flexibility

This week, the Government of Ontario introduced the *Better for People, Smarter for Business Act, 2020*, which contains proposed legislative amendments to the *Business Corporations Act* (OBCA) and the *Personal Property Security Act* (PPSA), among other statutes. The proposed amendments are intended to provide more flexibility for Ontario businesses and re-position Ontario as an attractive jurisdiction to conduct business.

The Ontario government also recently extended temporary legislative amendments related to virtual meetings. The extension allows corporations to continue to call and hold meetings virtually until May 31, 2021.

Proposed OBCA Amendments

If passed, the proposed OBCA amendments would:

- eliminate the existing requirement that at least 25% of directors of an OBCA corporation's board be resident Canadians; and
- lower the approval threshold for written shareholder resolutions in lieu of a meeting, to at least a majority of shares entitled to vote on that resolution instead of the current requirement for a unanimous vote of such shares. The lowered threshold would only apply for privately-held corporations and only to certain types of decisions (i.e., only those requiring ordinary resolutions). However, a corporation would be able to opt for a higher threshold for decisions by including a provision in its articles or unanimous shareholder agreement requiring a greater number of votes.

These proposed amendments would remove the incentive for businesses to incorporate in another jurisdiction without residency requirements. They would also enable privately-held corporations to make decisions that require shareholder approval by ordinary resolution faster and more cost efficient.

Proposed PPSA Amendments

If passed, the proposed PPSA amendments would enable the Registrar of the PPSA to discharge PPSA registrations made for an improper purpose, without the need for a court-ordered discharge. This would reduce the administrative burden and costs to businesses and individuals dealing with these vexatious registrations.

Extensions Related to Virtual Meetings

The Ontario government recently made regulatory amendments under the OBCA, *Corporations Act*, *Co-operative Corporations Act* and *Condominium Act, 1998*. These extend the temporary legislative amendments passed earlier this year permitting corporations governed under these acts to call and hold meetings virtually. These temporary legislative amendments have been extended to end on May 31, 2021.

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As a reminder, the previously implemented extension for annual meeting timelines is coming to an end as the declared emergency was terminated on July 24, 2020.

- If the last day on which a meeting was required to be held was a day that fell within the period of the declared emergency, the last day on which the meeting is required to be held is no later than the 90th day after the day the emergency is terminated.
- If the last day on which a meeting was required to be held was a day that fell within the 30-day period that began on the day after the day the emergency is terminated, the last day on which the meeting is required to be held is no later than the 120th day after the day the emergency is terminated.

For further information concerning these developments, please contact any member of our [Corporate Finance and Securities Group](#).

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