

# Corporate Financing

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## Highlights

### INCOME TRUSTS

#### key steps required to effect a conversion

The December 31, 2010 cut-off date for tax-free income distributions by income trusts is approaching quickly and approximately 150 publicly-traded trusts remain. Typically an income trust's operations are held in a limited partnership or corporation, with the trust owning the equity in the operating entity either directly, or indirectly, through one or more flow-through entities. Conversion will result in shares of a newly listed corporation being substituted on a tax-deferred basis for outstanding units of the income trust. Kathleen Keller-Hobson discusses the key steps required to effect a conversion of an income trust to a corporation. 970

### ANNUAL MEETINGS

#### OBCA requirements for annual meetings

Section 154 of the Ontario *Business Corporations Act* ("OBCA") requires the directors of a corporation to "place before each annual meeting," within six months of the corporation's year-end, "the financial statements required to be filed under the *Securities Act*." Essentially, this provision indirectly mandates that an annual meeting be held within six months of the year-end. A failure to comply with section 154 of the OBCA can have draconian consequences for both the corporation and for directors. Jonathan Feldman and Chat Ortved examine the OBCA requirements for annual meetings. 974

### PARTNERSHIPS

#### recent amendments to the SIFT rules

Under the SIFT rules, partnerships are subject to tax at the partnership level if they are "SIFT partnerships." Generally, this would only be a concern if units of the partnership are publicly listed or traded. In certain cases, however, unlisted private partnerships may be considered to be SIFT partnerships. Edward Miller examines a recent amendment to the SIFT rules that raises concerns for private partnerships where one of the partners is a listed corporation and one or more other partners are either tax-exempt persons, individuals or non-residents. 977

### TAKEOVER BIDS AND MERGERS

#### new securityholder approval requirements

The TSX recently announced that it would amend its rules to eliminate an important exemption from its securityholder approval requirements generally applicable to acquisitions involving the issuance by a listed issuer of securities from treasury. Philippe Tardif reviews the new TSX securityholder approval requirements for takeover bids and mergers involving share exchanges. 979

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