Cassels

Getting Down to Business: Changes to Ontario's Business Corporations Act Came into Effect This Summer

Luke Woolford

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In what is welcome news to Ontario corporate law practitioners and many of their clients, long-anticipated amendments to the *Business Corporations Act* (Ontario) (OBCA) took effect this summer. Specifically, key amendments to the OBCA that were provided for in *Bill 213, Better for People, Smarter for Business Act, 2020* (Bill 213), came into force on July 5, 2021. See our previous article on the OBCA amendments here.

As discussed in our prior article, under the OBCA, at least 25 percent of the directors of a corporation must be resident Canadians, a requirement that has often presented challenges to foreign businesses seeking to incorporate in Ontario. Bill 213 amended the OBCA to eliminate that requirement as of July 5, 2021. For foreign franchisors that have or require a subsidiary in Canada, the removal of the residency requirement may streamline the governance process.

Another key amendment that came into force is the lowering of the approval threshold for private corporation shareholder resolutions passed in writing in lieu of a meeting, from a requirement for unanimous approval to the approval of a majority of voting shares.

For the time being, notwithstanding the elimination of the Canadian residency requirement, Ontario corporations will still be required to include data regarding Canadian resident directors in their articles of incorporation and in mandatory corporate information filings. This ongoing requirement is intended to facilitate data collection in connection with the upcoming launch of a new online Ontario Business Registry, slated for later this year.

This publication is a general summary of the law. It does not replace legal advice tailored to your specific circumstances.