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New "Transparency Register" Public Filing Requirements for Federal Corporations

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Since June 13, 2019, most private corporations incorporated federally under the *Canada Business Corporations Act* (CBCA) have been required to maintain a register (an ISC Register) of individuals with "significant control" over the corporation (ISC), part of a broader effort to assist law enforcement and other agencies target money laundering and tax evasion. (See our previous article here.) A number of provinces have followed suit in enacting similar ISC Register requirements, including Ontario as of January 1, 2023. (See our previous article here.)

Currently CBCA corporations are not required to file their ISC Register with Corporations Canada or otherwise make the registers public, although law enforcement agencies and other governmental authorities may make requests for copies of the ISC Register, as may shareholders and creditors of the Corporation in certain circumstances.

However, under new legislation,[1] as of **January 22, 2024**, CBCA corporations will be required to file online with Corporations Canada certain information relating to ISCs.

Under the new requirements, corporations will now have to include additional information regarding ISCs, including their residential address, address for service, and countries of citizenship.

Perhaps most significantly, Corporations Canada will be permitted to make the following information on ISCs public through the Corporations Canada website:

- full legal name;
- date the individual became an ISC;
- date they ceased to be an ISC, as applicable;
- description of the ISC's significant control (for example, owns 25% of shares);
- address for service, if one is provided; and
- residential address, if no address for service is provided.

However, the date of birth and the countries of citizenship and tax residence of ISCs will **not** be publicized.

CBCA corporations will be required to file the information relating to ISC at the time of incorporation (or following an amalgamation or continuance), with their annual return, and within 15 days of any change

made to their ISC register.

Along with the new filing requirements, the new legislation will increase and expand penalties for non-compliance, including a fine of up to $1 milion and imprisonment for terms up to five years.

An exemption process will be established for ISCs to request that personal information be kept private, such as cases where the ISC lacks capacity, or the release of information could present a safety threat to the ISC.

Other provinces have already set in motion steps to enhance corporate transparency measures, including public access to certain ISC information. It remains to be seen whether these requirements will be more broadly adopted by other provincial legislatures.

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[1] Bill C-42, *An Act to amend the Canada Business Corporations Act and to make consequential and related amendments to other Acts*

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