



PRINCE EDWARD ISLAND  
ÎLE-DU-PRINCE-ÉDOUARD

# **FINANCE PEI ACT REGULATIONS**

## PLEASE NOTE

This document, prepared by the *Legislative Counsel Office*, is an office consolidation of this regulation, current to October 22, 2016. It is intended for information and reference purposes only.

This document is *not* the official version of these regulations. The regulations and the amendments printed in the *Royal Gazette* should be consulted on the Prince Edward Island Government web site to determine the authoritative text of these regulations.

For more information concerning the history of these regulations, please see the *Table of Regulations* on the Prince Edward Island Government web site ([www.princeedwardisland.ca](http://www.princeedwardisland.ca)).

If you find any errors or omissions in this consolidation, please contact:

*Legislative Counsel Office*

*Tel: (902) 368-4292*

*Email: [legislation@gov.pe.ca](mailto:legislation@gov.pe.ca)*

**FINANCE PEI ACT****Chapter F-8.1****REGULATIONS**

Pursuant to section 13 of the *Finance PEI Act* R.S.P.E.I. 1988, Cap. F-8.1, Council made the following regulations:

**1. Definitions**

In these regulations

- (a) “**affiliate**” means any person
  - (i) directly or indirectly controlling, or controlled by, or
  - (ii) under direct, indirect, or common control witha person making an application pursuant to the Act and these regulations;
- (b) “**application**” means a request for a loan or credit by a person to the Corporation;
- (c) “**approved borrower**” means a person whose application has been approved by the Corporation;
- (d) “**person**” includes any partnership, corporation, cooperative, or syndicate formed or existing for the purpose of jointly acquiring or administering assets. (EC739/12)

**2. Maximum loan approved by board**

- (1) The Corporation may, with the approval of the board, advance any loan to any person where the total indebtedness of the person to the Corporation, including guarantees provided on behalf of that person or affiliate, does not exceed \$1,000,000 in the aggregate.

**Loans where indebtedness in excess of \$1,000,000 but does not exceed \$2,500,000**

- (2) The Corporation may, on the recommendation of the board and with the approval of Treasury Board, advance any loan to any person where the total indebtedness of the person to the Corporation, including guarantees provided on behalf of that person or affiliate, exceeds \$1,000,000 but does not exceed \$2,500,000 in the aggregate.

**Loans where indebtedness in excess of \$2,500,000**

- (3) The Corporation may, on the recommendation of the board and Treasury Board and with the approval of the Lieutenant Governor in Council, advance any loan to any person where the total indebtedness of the person to the Corporation, including guarantees provided on behalf of that person or affiliate, exceeds \$2,500,000 in the aggregate. (EC739/12)

**3. Guarantees**

Any guarantee being provided by the Corporation shall require a resolution of the board. (EC739/12)

**4. Security**

- (1) The minimum security which shall be provided in return for a loan or credit shall be
- (a) where the approved borrower is an individual, the approved borrower's personal promise or covenant to repay the loan or credit;
  - (b) where the approved borrower is a partnership, the approved borrower's personal covenant or promise to repay the loan or credit, together with the personal covenant of each member of the partnership;
  - (c) where the approved borrower is a corporation, the approved borrower's covenant or promise to repay the loan or credit and the personal, joint, and several guarantees of its shareholders and, in addition, where a shareholder of the approved borrower is a corporation, the guarantee of the corporation,

together with any additional security specified in writing by the Corporation.

**Waiver**

- (2) The board may waive the requirement for guarantees of any or all of the shareholders of a corporate borrower imposed by clause (1)(c).

**Investment protection**

- (3) In granting loans and taking security, the Corporation
- (a) shall take all reasonable measures to protect the investment of the Corporation; and
  - (b) shall not subsidize interest rates or provide any grant, subsidy or concession to any person. (EC739/12)

**5. Write-offs**

Revoked by EC689/16. (EC739/12; 689/16)

**6. Repayment**

After appropriate consideration of the economic life of the asset being financed, a capital loan shall be repaid within any period of time that the Chief Executive Officer may direct, but in no case shall the period of time for repayment of a capital loan exceed 30 years. (EC739/12)

**7. Interest rate policy**

- (1) For the purposes of subsection 9(2) of the Act, the interest rate policy shall be
- (a) for operating credit and floating rate term loans, between 1% and 6% above the Corporation's floating base rate; and
  - (b) for capital loans and leases, between 1% and 6% above the Corporation's fixed term base rate.

**Exception**

- (2) Notwithstanding subsection (1), the Corporation may, with the approval of the board, charge interest on operating credit, floating rate term loans, capital loans and leases at a rate other than the rate specified by subsection (1).



**Approved rate deemed interest rate policy**

- (3) Every rate approved by the board pursuant to subsection (2) is deemed to be within the interest rate policy of the Corporation for the purposes of subsection 9(2) of the Act. (EC739/12)

**8. Annual report**

The annual report of the board, which includes the audited financial statement for the immediately preceding fiscal year, shall be submitted to the Minister on or before September 30 in each year. (EC739/12)

**9. Definitions**

Pursuant to clause 13(c) of the Act, the following terms are defined:

- (a) **“agricultural sector”** includes any person that
- (i) carries on business, or intends to carry on business, in the province,
  - (ii) owns or will acquire farm assets with loan proceeds received pursuant to the Act or the regulations, and
  - (iii) is actively engaged in farming or intends to work actively at producing farm products;
- (b) **“fisheries and aquaculture sector”** includes any person that
- (i) carries on business, or intends to carry on business, in the province, and
  - (ii) is licensed or qualified to obtain a license or aquaculture permit issued by the Federal Department of Fisheries & Oceans, for any of the commercial fisheries or aquaculture industries in the province;
- (c) **“manufacturing and processing sector”** includes any person that
- (i) carries on business, or intends to carry on business, in the province, and
  - (ii) operates a business which produces a product by mechanical method from a raw material that is altered to add value;
- (d) **“small business sector”** includes any person that
- (i) carries on business, or intends to carry on business, in the province,
  - (ii) does not employ more than 100 employees,
  - (iii) did not have annual gross sales exceeding \$5 million in the fiscal year immediately preceding an application made pursuant to section 9 of the Act, and
  - (iv) purchases a finished product from a supplier and resells that product without alteration;
- (e) **“strategic sector”** includes any person that carries on business, or intends to carry on business, in the province in any one of the following sectors of the economy:
- (i) biosciences,
  - (ii) aerospace,
  - (iii) information and communications technologies,
  - (iv) renewable energy;
- (f) **“tourism sector”** includes any person that
- (i) carries on business, or intends to carry on business, in the province, and

- (ii) operates a business, other than a Bed & Breakfast establishment as defined in the *Tourism Industry Act* Regulations (EC267/99), that holds a valid tourism establishment license issued pursuant to the *Tourism Industry Act* Regulations. (EC739/12)

