PRINCE EDWARD ISLAND
ÎLE-DU-PRINCE-ÉDOUARD

BUSINESS CORPORATIONS ACT

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For more information concerning the history of this Act, please see the ***Table of Public Acts*** on the Prince Edward Island Government web site (www.princeedwardisland.ca).

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BUSINESS CORPORATIONS ACT

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BUSINESS CORPORATIONS ACT

CHAPTER B-6.01

PART I - INTERPRETATION AND APPLICATION

1. Definitions

(1) In this Act,

(a) "**affairs**" means the relationships among a corporation and its affiliates and the shareholders, directors and officers of those bodies corporate but does not include the business carried on by those bodies corporate;

(b) "**affiliate**" means an affiliated body corporate within the meaning of subsection (2);

(c) "**articles**" means the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of continuance, articles of reorganization, articles of arrangement, articles of dissolution and articles of revival and includes any amendments to any of them;

(d) "**associate**", where used to indicate a relationship with any person, means

(i) a body corporate of which that person beneficially owns or controls, directly or indirectly, shares or securities currently convertible into shares carrying more than ten per cent of the voting rights under all circumstances or by reason of the occurrence of an event that has occurred and is continuing, or a currently exercisable option or right to purchase those shares or convertible securities,

(ii) a partner of that person acting on behalf of the partnership of which they are partners,

(iii) a trust or estate in which that person has a substantial beneficial interest or in respect of which that person serves as a trustee or liquidator of the succession or in a similar capacity,

(iv) a spouse of that person or an individual who is cohabiting with that person in a conjugal relationship, having so cohabited for a period of at least one year,

(v) a child of that person or of the spouse or individual referred to in subclause (iv), and

(vi) a relative of that person or of the spouse or individual referred to in subclause (iv), if that relative has the same residence as that person;

(e) "**auditor**" includes a partnership of auditors or an auditor that is incorporated;

(f) "**beneficial interest**" means an interest arising out of the beneficial ownership of securities;

(g) "**beneficial ownership**" includes ownership through any trustee, legal representative, agent or other intermediary;

(h) "**body corporate**" includes a company or other body corporate wherever or however incorporated;

(i) "**corporation**" means a body corporate incorporated or continued under this Act and not discontinued under this Act;

(j) "**court**" means the Supreme Court of Prince Edward Island;

(k) "**Court of Appeal**" means the Prince Edward Island Court of Appeal;

(l) "**debt obligation**" means a bond, debenture, note or other evidence of indebtedness or guarantee of a corporation, whether secured or unsecured;

(m) "**Director**" means the Director of Corporations appointed under section 219;

(n) "**director**" means a person occupying the position of director by whatever name it is called, and references to "**directors**" and "**board of directors**" apply to a single director;

(o) "**distributing corporation**" means a distributing corporation as defined in the regulations;

(p) "**entity**" means a body corporate, a partnership, a trust, a joint venture or an unincorporated association or organization;

(q) "**extra-provincial corporation**" means a body corporate incorporated or continued otherwise than by or under an Act of the Legislature;

(r) "**incorporator**" means a person who signs articles of incorporation;

(s) "**individual**" means a natural person;

(t) "**liability**" includes a debt of a corporation arising under section 47, subsection 159(25) or clause 194(3)(f) or (g);

(u) "**Minister**" means the Minister designated by the Lieutenant Governor in Council as the Minister responsible for the administration of this Act;

(v) "**ordinary resolution**" means a resolution passed by a majority of the votes cast by the shareholders who voted in respect of that resolution;

(w) "**person**" means an individual, partnership, association, unincorporated association, body corporate, or personal representative;

(x) "**personal representative**" means a person who stands in place of and represents another person including, but not limited to, an administrator, agent, executor, a liquidator of a succession, a guardian for property, a receiver, a tutor, trustee, a curator or an attorney;

(y) "**prescribed**" means prescribed by the regulations;

(z) "**redeemable share**" means a share issued by a corporation

(i) that the corporation may purchase or redeem on the demand of the corporation, or

(ii) that the corporation is required by its articles to purchase or redeem at a specified time or on the demand of a shareholder;

(aa) "**registered form**" means a registered form within the meaning of the *Securities Transfer Act* R.S.P.E.I. 1988, Cap. S-3.2;

(bb) "**resident Canadian**" means an individual who is

(i) a Canadian citizen ordinarily resident in Canada,

(ii) a Canadian citizen not ordinarily resident in Canada who is a member of a prescribed class of persons, or

(iii) a permanent resident within the meaning of the *Immigration and Refugee Protection Act* (Canada) who has been ordinarily resident in Canada for more

than one year after the time which he or she became eligible to apply for Canadian citizenship;

(cc) "**security**" means a share of any class or series of shares or a debt obligation of a corporation and includes a certificate evidencing such a share or debt obligation;

(dd) "**security interest**" means an interest in or charge on property of a corporation to secure payment of a debt or performance of any other obligation of the corporation;

(ee) "**send**" includes deliver;

(ff) "**series**", in relation to shares, means a division of a class of shares;

(gg) "**special resolution**" means a resolution passed by a majority of not less than two-thirds of the votes cast by the shareholders who voted in respect of that resolution or signed by all the shareholders entitled to vote on that resolution;

(hh) "**unanimous shareholder agreement**" means an agreement described in subsection 116(1) or a declaration of a shareholder described in subsection 116(2);

(ii) "**unlimited liability corporation**" means a corporation whose shareholders have unlimited liability for any liability, act or default of the corporation, as set out in section 14.

Affiliated body corporate

(2) For the purposes of this Act,

(a) one body corporate is affiliated with another body corporate if

(i) one of them is the subsidiary of the other,

(ii) both are subsidiaries of the same body corporate, or

(iii) each of them is controlled by the same person; and

(b) if two bodies corporate are affiliated with the same body corporate at the same time, they are deemed to be affiliated with each other.

Controlled body corporate

(3) For the purposes of this Act, a body corporate is controlled by a person or by two or more bodies corporate if

(a) the securities of the first-mentioned body corporate to which are attached more than fifty per cent of the votes that may be cast to elect directors of the body corporate are held, other than by way of security only, by or for the benefit of that person or by or for the benefit of those bodies corporate; and

(b) the votes attached to those securities are sufficient, if exercised, to elect a majority of the directors of the body corporate.

Holding body corporate

(4) A body corporate is the holding body corporate of another if that other body corporate is its subsidiary.

Subsidiary body corporate

(5) A body corporate is a subsidiary of another body corporate if

(a) it is controlled by

(i) that other body corporate,

(ii) that other body corporate and one or more bodies corporate each of which is controlled by that other body corporate, or

(iii) two or more bodies corporate each of which is controlled by that other body corporate; or

(b) it is a subsidiary of a body corporate that is a subsidiary of that other body corporate. *2018,c.22,s.1; 2022,c.56,s.1.*

APPLICATION

2. Application

(1) This Act, except where it is expressly provided otherwise, applies to

(a) every corporation incorporated and every body corporate continued as a corporation under this Act that has not been discontinued under this Act;

(b) unlimited liability corporations, with the modifications specified in Part III; and

(c) for the purposes of sections 233 to 238, every Prince Edward Island company, as defined in section 233.

Non-application

(2) This Act does not apply to

(a) a credit union incorporated or continued under the *Credit Unions Act* R.S.P.E.I. 1988, Cap. C-29.1;

(b) an association incorporated under the *Co-operative Associations Act* R.S.P.E.I. 1988, Cap. C-23;

(c) a company or society to which the *Insurance Act* R.S.P.E.I. 1988, Cap. I-4 applies; or

(d) a trust company to which the *Trust and Fiduciary Companies Act* R.S.P.E.I. 1988, Cap. T-7.1 applies. *2018,c.22,s.2.*

2.1 Individual with significant control

(1) For the purposes of this Act, each of the following individuals is an individual with significant control over a corporation:

(a) an individual who has any of the following interests or rights, or any combination of them, in respect of a significant number of shares of the corporation:

(i) the individual is the registered holder of them,

(ii) the individual is the beneficial owner of them,

(iii) the individual has direct or indirect control or direction over them;

(b) an individual who has any direct or indirect influence that, if exercised, would result in control in fact of the corporation;

(c) an individual to whom prescribed circumstances apply.

Joint ownership or control

(2) Two or more individuals are each considered to be an individual with significant control over a corporation if, in respect of a significant number of shares of the corporation,

(a) an interest or right, or a combination of interests or rights, referred to in clause (1)(a) is held jointly by those individuals; or

(b) a right, or combination of rights referred to in clause (1)(a), is subject to any agreement or arrangement under which the right or rights are to be exercised jointly or in concert by those individuals.

Significant number of shares

(3) For the purposes of this section, a significant number of shares of a corporation is

(a) any number of shares that carry 25 per cent or more of the voting rights attached to all of the corporation's outstanding voting shares; or

(b) any number of shares that is equal to 25 per cent or more of all of the corporation's outstanding shares measured by fair market value. *2019,c.20,s.1.*

PART II - INCORPORATION

3. Incorporation

(1) One or more individuals or bodies corporate or any combination of them may incorporate a corporation by signing articles of incorporation and complying with section 5.

Exception

(2) Subsection (1) does not apply to an individual who

(a) is less than eighteen years of age;

(b) is of unsound mind and has been so found by a court in Canada or elsewhere; or

(c) has the status of bankrupt. *2018,c.22,s.3.*

4. Articles of incorporation

(1) Articles of incorporation shall follow the form approved by the Director and shall set out, in respect of the proposed corporation,

(a) the name of the corporation;

(b) the classes and any maximum number of shares that the corporation is authorized to issue and any maximum aggregate amount for which the shares may be issued, and

(i) if there will be two or more classes of shares, the rights, privileges, restrictions and conditions attaching to each class, except in the case of preferred shares authorized by the articles where the rights, privileges, restrictions and conditions are to be determined by bylaw at the time of issuance under subsection 31(4),

(ii) if a class of shares may be issued in series, the authority given to the directors to fix the number of shares in each series, and to determine the designation of, and the rights, privileges, restrictions and conditions attaching to, the shares of each series,

(iii) if the shares will be of one kind only, the par value of each share or a statement that the shares are without par value, and

(iv) if the shares are of more than one kind, any maximum number of shares of each kind, the par value of each share that has a par value and a statement that the other kind or kinds of shares are without par value;

(c) if the issue, transfer or ownership of shares of the corporation is to be restricted, a statement to that effect and a statement as to the nature of the restrictions;

(d) the number of directors or, subject to clause 82(a), the minimum and maximum number of directors of the corporation; and

(e) any restrictions on the businesses that the corporation may carry on.

Additional provisions in articles

(2) The articles may set out any provisions permitted by this Act or by law to be set out in the bylaws of the corporation.

Special majorities

(3) Subject to subsection (4), if the articles or a unanimous shareholder agreement require a greater number of votes of directors or shareholders than that required by this Act to effect any action, the provisions of the articles or of the unanimous shareholder agreement prevail.

Limitation

(4) The articles may not require a greater number of votes of shareholders to remove a director than the number required by section 82. *2018,c.22,s.4.*

5. Delivery of articles of incorporation

An incorporator shall send to the Director the articles of incorporation and the notices required by sections 26 and 81. *2018,c.22,s.5.*

6. Certificate of incorporation

(1) Subject to subsection (2), on receipt of articles of incorporation, the Director shall issue a certificate of incorporation in accordance with section 222.

Exception -- failure to comply with Act

(2) The Director may refuse to issue the certificate if a notice that is required to be sent under subsection 26(2) or 81(1) indicates that the corporation, if it came into existence, would not be in compliance with this Act. *2018,c.22,s.6.*

7. Effect of certificate

A corporation comes into existence on the date shown in the certificate of incorporation. *2018,c.22,s.7.*

8. Name of corporation

(1) The word or expression “Limited”, “Limitée”, “Incorporated”, “Incorporée”, “Corporation” or the corresponding abbreviation “Ltd.”, “Ltée”, “Inc.” or “Corp.” shall be part of and at the end of the name of every corporation, but a corporation may use and be legally designated by either the full or the corresponding abbreviated form.

Exemption

(2) The Director may exempt a body corporate continued as a corporation under this Act from the provisions of subsection (1).

Alternate name

(3) Subject to subsection 10(1), the name of a corporation may be set out in its articles in an English form, a French form, an English form and a French form, or a combined English and French form, so long as the combined form meets the prescribed criteria, and the corporation may use and may be legally designated by that form.

Alternative name outside Canada

(4) Subject to subsection 10(1), a corporation may, for use outside Canada, set out its name in its articles in any language form and it may use and may be legally designated by that form outside Canada.

Publication of name

(5) A corporation shall set out its name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the corporation.

Other name

(6) Subject to subsections (5) and 10(1) and to section 53 of the *Partnership Act* R.S.P.E.I. 1988, Cap. P-1, a corporation may carry on business under or identify itself by a name other than its corporate name if that other name does not contain, other than in a figurative or descriptive sense, either the word or expression "Limited", "Limitée", "Incorporated", "Incorporée" or "Corporation" or the corresponding abbreviation. *2018,c.22,s.8.*

9. Reserving name

(1) The Director may, on request, reserve for 90 days a name for an intended corporation or for a corporation about to change its name.

Designating number

(2) If requested to do so by the incorporators or a corporation, the Director shall assign to the corporation a designating number as its name. *2018,c.22,s.9.*

10. Prohibited names

(1) A corporation shall not be incorporated or continued as a corporation under this Act with, have, carry on business under or identify itself by a name

(a) that is, as prescribed, prohibited or deceptively misdescriptive; or

(b) that is reserved for another corporation or intended corporation under section 9.

Directing change of name

(2) If, through inadvertence or otherwise, a corporation

(a) comes into existence or is continued with a name; or

(b) on an application to change its name, is granted a name

that contravenes this section, the Director may direct the corporation to change its name in accordance with section 142.

Directing change of designating number

(3) If a corporation has a designating number as its name, the Director may direct the corporation to change its name to a name other than a designating number in accordance with section 142.

Undertaking to change name

(4) Where a corporation acquires a name as a result of a person undertaking to dissolve a corporation or to change names, and the undertaking is not honoured, the Director may direct the corporation to change its name in accordance with section 142, unless the undertaking is honoured within the period specified in subsection (5).

Revoking name

(5) Where a corporation has been directed under subsection (2), (3) or (4) to change its name and has not within 60 days after the service of the directive to that effect changed its name to a name that complies with this Act, the Director may revoke the name of the corporation and assign a new name to it and, until changed in accordance with section 142, the assigned name is the name of the corporation. *2018,c.22,s.10.*

11. Certificate of amendment

(1) Where a corporation has had its name revoked and a new name assigned to it under subsection 10(5), the Director shall issue a certificate of amendment showing the new name of the corporation and shall give notice of the change of name as soon as practicable in a publication generally available to the public.

Effect of certificate

(2) The articles of the corporation are amended accordingly on the date shown in the certificate of amendment. *2018,c.22,s.11.*

12. Personal liability

(1) Subject to this section, a person who enters into, or purports to enter into, a written contract in the name of or on behalf of a corporation before it comes into existence is personally bound by the contract and is entitled to its benefits.

Pre-incorporation and pre-amalgamation contracts

(2) A corporation may, within a reasonable time after it comes into existence, by any action or conduct signifying its intention to be bound by it, adopt a written contract made before it came into existence in its name or on its behalf, and on adoption

(a) the corporation is bound by the contract and is entitled to the benefits of it as if the corporation had been in existence at the date of the contract and had been a party to it; and

(b) a person who purported to act in the name of or on behalf of the corporation ceases, except as provided in subsection (3), to be bound by or entitled to the benefits of the contract.

Application to court

(3) Subject to subsection (4), whether or not a written contract made before the coming into existence of a corporation is adopted by the corporation, a party to the contract may apply to the court for an order respecting the nature and extent of the obligations and liability under the contract of the corporation and the person who entered into, or purported to enter into, the contract in the name of or on behalf of the corporation, and on the application, the court may make any order it thinks fit.

Exemption from personal liability

(4) If expressly so provided in the written contract, a person who purported to act in the name of or on behalf of the corporation before it came into existence is not in any event bound by the contract or entitled to the benefits of it. *2018,c.22,s.12.*

PART III - UNLIMITED LIABILITY CORPORATIONS

13. Definition, limited corporation

For the purposes of this Part, "limited corporation" means a corporation whose shareholders are not, as shareholders, liable for any liability, act or default of the corporation except under subsection 45(4), 116(5), or 181(5). *2018,c.22,s.13.*

14. Liability

(1) The liability of each of the shareholders of a corporation incorporated under this Act as an unlimited liability corporation for any liability, act or default of the unlimited liability corporation is unlimited in extent and joint and several in nature.

Statute of Limitations

(2) Notwithstanding subsection (1), but subject to any immunity from liability otherwise available on pleading the *Statute of Limitations* R.S.P.E.I. 1988, Cap. S-7, as a defence, a former shareholder of an unlimited liability corporation is not liable for any liability, act or default of the unlimited liability corporation unless an action to enforce a claim arising out of that liability, act or default is brought within 2 years from the date on which the former shareholder last ceased to be a shareholder of the unlimited liability corporation.

No liability for liabilities arising after ceasing to be a shareholder

(3) A former shareholder of an unlimited liability corporation is not liable for any liability, act or default of the unlimited liability corporation that did not exist on or prior to the date on which the former shareholder last ceased to be a shareholder of the unlimited liability corporation. *2018,c.22,s.14.*

15. Articles of incorporation, etc.

In addition to meeting the requirements of section 4, the articles of incorporation, amalgamation, amendment, continuance or conversion of an unlimited liability corporation shall contain an express statement that the liability of each of the shareholders of the unlimited liability corporation for any liability, act or default of the unlimited liability corporation is unlimited in extent and joint and several in nature. *2018,c.22,s.15.*

16. Corporate name

(1) The name of every unlimited liability corporation shall end with the words "Unlimited Liability Corporation" or the abbreviation "ULC", and an unlimited liability corporation may use and may be legally designated by either the full or the abbreviated form.

Use of words "Unlimited Liability Corporation" or abbreviation "ULC"

(2) No person other than a body corporate that is an unlimited liability corporation shall carry on business within Prince Edward Island under any name or title that contains the words "Unlimited Liability Corporation" or "ULC".

Exception

(3) Subsection (2) does not apply to an extra-provincial corporation that is registered under the *Extra-Provincial Corporations Registration Act* that has a name that contains the words "Unlimited Liability Corporation" or the abbreviation "ULC". *2018,c.22,s.16.*

17. Continuance of extra-provincial corporation

(1) Section 156 applies to an extra-provincial corporation continued as an unlimited liability corporation under this Act, and in addition,

(a) the property of the extra-provincial corporation continues to be the property of the unlimited liability corporation;

(b) if prior to the date shown on the certificate of continuance the shareholders of the extra-provincial corporation had unlimited liability for any liability, act or default of the extra-provincial corporation, the unlimited liability corporation and the

shareholders of the unlimited liability corporation continue to be liable without limit for any liability, act or default of the extra-provincial corporation;

(c) if prior to the date shown on the certificate of continuance the shareholders of the extra-provincial corporation were not, as shareholders, liable for any liability, act or default of the extra-provincial corporation,

(i) the unlimited liability corporation continues to be liable for the obligations of the extra-provincial corporation, and

(ii) the shareholders of the unlimited liability corporation become liable without limit for any liability, act or default of the extra-provincial corporation that existed as of the date shown on the certificate of continuance and are liable without limit for any liability, act or default of the unlimited liability corporation on and from the date shown on the certificate of continuance;

(d) an existing cause of action, claim or liability to prosecution of the extra-provincial corporation includes the unlimited liability corporation and the shareholders of the unlimited liability corporation;

(e) a civil, criminal or administrative action or proceeding pending by or against the extra-provincial corporation may continue to be prosecuted by or against the unlimited liability corporation or the shareholders of the unlimited liability corporation;

(f) a conviction against, or ruling, order or judgment in favour of or against, the extra-provincial corporation may be enforced against or by the unlimited liability corporation or the shareholders of the unlimited liability corporation.

Liability of shareholders of extra-provincial corporation continued limited corporation

(2) When an extra-provincial corporation that was incorporated as an unlimited liability corporation is continued as a limited corporation,

(a) the shareholders of the extra-provincial corporation as it existed prior to the date shown on the certificate of continuance continue to be liable without limit for any liability, act or default of the extra-provincial corporation that existed as of the date shown on the certificate of continuance;

(b) an existing cause of action, claim or liability to prosecution is unaffected;

(c) a civil, criminal or administrative action pending by or against the extra-provincial corporation may continue to be prosecuted by or against the shareholders of the extra-provincial corporation as it existed prior to the date shown on the certificate of continuance or by or against the limited corporation; and

(d) a conviction against, or ruling, order or judgment in favour of or against, the unlimited liability corporation may be enforced against or by the shareholders of the extra-provincial corporation as it existed prior to the date shown on the certificate of continuance or against or by the limited corporation.

Application of section 156

(3) Subsections 156(2) to (6) and (8) to (10) apply to an application for continuance by an unlimited liability corporation. *2018,c.22,s.17.*

18. Conversion from unlimited liability corporation to limited corporation

(1) Section 142 and clauses 155(c) to (f) apply to an unlimited liability corporation that is converted to a limited corporation by amendment of its articles or by amalgamation, and in addition

(a) the shareholders of the unlimited liability corporation as it existed prior to the amendment or amalgamation continue to be liable without limit for any liability, act or default of the unlimited liability corporation that existed as of the date shown on the certificate of amendment or amalgamation;

(b) an existing cause of action, claim or liability to prosecution is unaffected;

(c) a civil, criminal or administrative action or proceeding pending by or against the unlimited liability corporation may continue to be prosecuted by or against the shareholders of the unlimited liability corporation as it existed prior to the amendment or amalgamation or by or against the limited corporation; and

(d) a conviction against, or ruling, order or judgment in favour of or against, the unlimited liability corporation may be enforced by or against the shareholders of the unlimited liability corporation as it existed prior to the amendment, amalgamation or continuance or by or against the limited corporation.

Application of section 155 to an amalgamation

(2) Clauses 155(a) to (c) and (g) apply to an amalgamation of an unlimited liability corporation, and in addition, if a limited corporation amalgamates with an unlimited liability corporation and the resulting corporation is an unlimited liability corporation,

(a) the shareholders of the amalgamated unlimited liability corporation are liable for any liability, act or default of the amalgamated unlimited liability corporation, whether it arises before or after the date shown on the certificate of amalgamation;

(b) an existing cause of action, claim or liability to prosecution pertaining to the amalgamating unlimited liability corporation or the amalgamating limited corporation as it existed prior to amalgamation includes the shareholders of the amalgamated unlimited liability corporation;

(c) a civil, criminal or administrative action or proceeding pending by or against the amalgamating unlimited liability corporation or the amalgamating limited corporation as it existed prior to amalgamation may continue to be prosecuted by or against the amalgamated unlimited liability corporation or by or against the shareholders of the amalgamated unlimited liability corporation; and

(d) a conviction against, or ruling, order or judgment in favour of or against, the amalgamating unlimited liability corporation or the amalgamating limited corporation as it existed prior to amalgamation may be enforced by or against the amalgamated unlimited liability corporation or by or against the shareholders of the amalgamated unlimited liability corporation.

Conversion of limited corporation to an unlimited liability corporation, effect

(3) If the articles of a limited corporation are amended to convert it to an unlimited liability corporation,

(a) the shareholders of the limited corporation as it existed prior to the date shown on the certificate of amendment

(i) become liable for any liability, act or default of the limited corporation that existed as of the date shown on the certificate of amendment, and

(ii) are liable for any liability, act or default of the unlimited liability corporation on and from the date shown on the certificate of amendment;

(b) an existing cause of action, claim or liability to prosecution includes the shareholders of the unlimited liability corporation;

(c) a civil, criminal or administrative action or proceeding pending by or against the limited corporation as of the date shown on the certificate of amendment may

continue to be prosecuted by or against the unlimited liability corporation or by or against the shareholders of the unlimited liability corporation; and

(d) a conviction against, or ruling, order or judgment in favour of or against, the limited corporation as of the date shown on the certificate of amendment, may be enforced by or against the unlimited liability corporation or by or against the shareholders of the unlimited liability corporation or by or against the shareholders of the unlimited liability corporation. *2018,c.22,s.18.*

19. Section 181, application, continuation of actions after dissolution

Section 181 applies to a body corporate that before its dissolution was an unlimited liability corporation, and in addition,

(a) the liability of the shareholders for obligations of the unlimited liability corporation arising from actions and proceedings commenced by or against it before its dissolution or within 2 years after its dissolution is unlimited; and

(b) any shareholder, including a former shareholder who last ceased to be a shareholder within 2 years prior to the date of dissolution, may be held responsible for the full amount of any claim against the unlimited liability corporation that originated before dissolution, regardless of the amount, if any, received by the shareholder on the distribution of the corporation's property at dissolution. *2018,c.22,s.19.*

20. Names of unlisted shareholders

The listed shareholders of an unlimited liability corporation shall provide to the Director on request the names and addresses of all unlisted shareholders of the unlimited liability corporation. *2018,c.22,s.20.*

21. Warning on certificate

(1) An unlimited liability corporation shall ensure that each share certificate issued by it displays in a prominent position on the face of the certificate the information that the liability of an owner of the share or shares represented by the certificate for any liability, act or default of the unlimited liability corporation is unlimited in extent and joint and several in nature.

Non-compliance, effect

(2) The liability of a shareholder of an unlimited liability corporation is unaffected by any failure of the unlimited liability corporation to comply with subsection (1). *2018,c.22,s.21.*

PART IV - CAPACITY AND POWERS

22. Capacity of a corporation

(1) A corporation has the capacity and, subject to this Act, the rights, powers and privileges of a natural person.

Extra-territorial capacity

(2) A corporation has the capacity to carry on its business, conduct its affairs and exercise its powers in any jurisdiction outside Prince Edward Island to the extent that the laws of that jurisdiction permit. *2018,c.22,s.22.*

23. Powers of a corporation

(1) It is not necessary for a bylaw to be passed in order to confer any particular power on the corporation or its directors.

Restricted business or powers

(2) A corporation shall not carry on any business or exercise any power that it is restricted by its articles from carrying on or exercising, and shall not exercise any of its powers in a manner contrary to its articles.

Rights preserved

(3) No act of a corporation, including any transfer of property to or by a corporation, is invalid by reason only that the act or transfer is contrary to its articles or this Act. *2018,c.22,s.23.*

24. No constructive notice

No person is affected by or is deemed to have notice or knowledge of the contents of a document concerning a corporation by reason only that the document has been filed by the Director or is available for inspection at an office of the corporation. *2018,c.22,s.24.*

25. Authority of directors, officers and agents

(1) No corporation and no guarantor of an obligation of a corporation may assert against a person dealing with the corporation or against a person who acquired rights from the corporation that

(a) the articles, bylaws and any unanimous shareholder agreement have not been complied with;

(b) the persons named in the most recent notice sent to the Director under section 81 or 88 are not the directors of the corporation;

(c) the place named in the most recent notice sent to the Director under section 26 is not the registered office of the corporation;

(d) a person held out by a corporation as a director, an officer or an agent of the corporation has not been duly appointed or has no authority to exercise the powers and perform the duties that are customary in the business of the corporation or usual for a director, officer or agent;

(e) a document issued by any director, officer or agent of a corporation with actual or usual authority to issue the document is not valid or not genuine; or

(f) a sale, lease or exchange of property referred to in subsection 158(3) was not authorized.

Exception

(2) Subsection (1) does not apply in respect of a person who has, or ought to have, knowledge of a situation described in that subsection by virtue of the person's relationship to the corporation. *2018,c.22,s.25.*

PART V - REGISTERED OFFICE AND RECORDS

26. Registered office

(1) A corporation shall at all times have a registered office in Prince Edward Island.

Notice of registered office

(2) A notice of registered office in the form approved by the Director shall be sent to the Director.

Change of address

(3) The directors of a corporation may change the address of the registered office.

Notice of change of address

(4) A corporation shall send to the Director, within 15 days of any change of address of its registered office, a notice in the form approved by the Director and the Director shall file it. *2018,c.22,s.26.*

27. Corporate records

(1) A corporation shall prepare and maintain, at its registered office or at any other place in Prince Edward Island designated by the directors, records containing

(a) the articles and the bylaws, and all amendments to them, and a copy of any unanimous shareholder agreement;

(b) minutes of meetings and resolutions of shareholders;

(c) copies of all notices required by section 81 or 88; and

(d) a securities register that complies with section 54.

Directors' records

(2) In addition to the records described in subsection (1), a corporation shall prepare and maintain adequate accounting records and records containing minutes of meetings and resolutions of the directors and any committee of them.

Retention of accounting records

(3) Subject to any other Act that provides for a longer retention period, a corporation shall retain the accounting records referred to in subsection (2) for a period of six years after the end of the financial year to which the records relate.

Records of continued corporations

(4) For the purposes of clause (1)(b) and subsection (2), where a body corporate is continued under this Act, "records" includes similar records required by law to be maintained by the body corporate before it was continued.

Place for directors' records

(5) The records referred to in subsection (2) shall be kept at the registered office of the corporation or at another place the directors consider appropriate and shall at all reasonable times be open to inspection by the directors.

Records in Prince Edward Island

(6) If accounting records of a corporation are kept outside the province, accounting records adequate to enable the directors to ascertain the financial position of the corporation with reasonable accuracy on a monthly basis shall be kept at the registered office or any other place in the province designated by the directors.

When records or registers kept outside Prince Edward Island

(7) Despite subsections (1) and (5), but subject to the requirements of any taxing authority of Prince Edward Island, the Government of Canada or any other jurisdiction to which the corporation is subject, a corporation may keep all or any of its corporate records and accounting records referred to in subsection (1) or (2) at a place outside Prince Edward Island, if

(a) the records are available for inspection, by means of a computer terminal or other technology, during regular office hours at the registered office or any other place in Prince Edward Island designated by the directors; and

(b) the corporation provides the technical assistance to facilitate an inspection referred to in clause (a).

Offence

(8) A corporation that, without reasonable cause, fails to comply with this section is guilty of an offence and liable on summary conviction to a fine not exceeding $5,000. *2018,c.22,s.27.*

28. Access to corporate records

(1) Subject to subsection (2), the shareholders and creditors of a corporation, their personal representatives and the Director may examine the records described in subsection 27(1) during the usual business hours of the corporation, and may take extracts from the records, free of charge and, if the corporation is a distributing corporation, any other person may do so on payment of a reasonable fee.

Requirement for statutory declaration

(2) A person described in subsection (1) may apply to examine the securities register of a distributing corporation or its agent by submitting the statutory declaration referred to in subsection (8), and on receipt of the statutory declaration the corporation or its agent shall allow the applicant access to the securities register during the corporation's usual business hours and, on payment of a reasonable fee, provide the applicant with an extract from the securities register.

Copies of corporate records

(3) A shareholder of a corporation is entitled on request and without charge to one copy of the articles and bylaws and of any unanimous shareholder agreement or amendments to them.

Shareholder lists

(4) Shareholders and creditors of a corporation, their personal representatives, the Director and, if the corporation is a distributing corporation, any other person, on payment of a reasonable fee and on sending to the corporation or its agent the statutory declaration referred to in subsection (8), may on application require the corporation or its agent to furnish within ten days after the receipt of the statutory declaration a basic list made up to a date not more than ten days before the date of receipt of the statutory declaration setting out the names of the shareholders of the corporation, the number of shares owned by each shareholder and the address of each shareholder as shown on the records of the corporation.

Supplemental lists

(5) A person requiring a corporation to furnish a basic list may, by stating in the statutory declaration referred to in subsection (4) that supplemental lists are required, require the corporation or its agent on payment of a reasonable fee to furnish supplemental lists setting out any changes from the basic list in the names or addresses of the shareholders and the

number of shares owned by each shareholder for each business day following the date the basic list is made up to.

When supplemental lists to be furnished

(6) The corporation or its agent shall furnish a supplemental list required under subsection (5)

(a) on the date the basic list is furnished, where the information relates to changes that took place prior to that date; and

(b) on the business day following the day to which the supplemental list relates, where the information relates to changes that take place on or after the date the basic list is furnished.

Holders of options

(7) A person requiring a corporation to furnish a basic list or a supplemental list may also require the corporation to include in that list the name and address of any known holder of an option or right to acquire shares of the corporation.

Contents of statutory declaration

(8) The statutory declaration required under subsection (4) shall state

(a) the name and address of the applicant;

(b) the name and address for service of the body corporate, if the applicant is a body corporate; and

(c) that the basic list and any supplemental lists obtained pursuant to subsection (5) or the information contained in the securities register obtained pursuant to subsection (2), as the case may be, shall not be used except as permitted under subsection (10).

Statutory declaration by body corporate

(9) If the applicant is a body corporate, the statutory declaration shall be made by a director or officer of the body corporate.

Use of information or shareholder list

(10) A list of shareholders or information from a securities register obtained under this section shall not be used by any person except in connection with

(a) an effort to influence the voting of shareholders of the corporation;

(b) an offer to acquire securities of the corporation; or

(c) any other matter relating to the affairs of the corporation.

Offence

(11) A person who, without reasonable cause, contravenes this section is guilty of an offence and liable on summary conviction to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months or to both. *2018,c.22,s.28.*

28.1 Register

(1) A corporation shall prepare and maintain, at its registered office or at another place in Prince Edward Island designated by the directors, a register of individuals with significant control over the corporation, that contains

(a) the name, date of birth and latest known address of each individual with significant control;

(b) the jurisdiction of residence for tax purposes of each individual with significant control;

(c) the day on which each individual became or ceased to be an individual with significant control, as the case may be;

(d) a description of how each individual is an individual with significant control over the corporation, including, as applicable, a description of the individual's interests and rights in respect of shares of the corporation;

(e) any other prescribed information; and

(f) a description of each step taken in accordance with subsection (2).

Updating of information

(2) At least once during each financial year of a corporation, the corporation shall take reasonable steps to ensure that it has identified all individuals with significant control over the corporation and that the information in the register is accurate, complete and up-to-date.

Recording of information

(3) Where a corporation becomes aware of any information referred to in clauses (1)(a) to (e) as a result of steps taken in accordance with subsection (2) or through any other means, the corporation shall record that information in the register within 15 days of becoming aware of it.

Information from shareholders

(4) Where a corporation requests information referred to in any of clauses (1)(a) to (e) from one of its shareholders, the shareholder shall, to the best of the shareholder's knowledge, reply accurately and completely as soon as feasible.

Disposal of personal information

(5) Within one year after the sixth anniversary of the day on which an individual ceases to be an individual with significant control over the corporation, the corporation shall, subject to an Act of the Parliament of Canada or the legislature that provides for a longer retention period, dispose of any of that individual's personal information, as defined in subsection 2(1) of the *Personal Information Protection and Electronic Documents Act* (Canada), that is recorded in the register.

Offence

(6) A corporation that, without reasonable cause, contravenes this section is guilty of an offence and liable on summary conviction to a fine not exceeding $5,000.

Non-application

(7) This section does not apply to a corporation that is

(a) a distributing corporation; or

(b) a member of a prescribed class. *2019,c.20,s.2.*

28.2 Inability to identify individuals

A corporation to which section 28.1 applies shall take steps in accordance with the regulations, if any, if it is unable to identify individuals with significant control over the corporation. *2019,c.20,s.2.*

28.3 Disclosure to Director

(1) A corporation to which section 28.1 applies shall disclose to the Director, on request and within the time period required by the Director, any information in its register of individuals with significant control.

Access - statutory declaration

(2) Shareholders and creditors of the corporation or their personal representatives, on sending to the corporation or its agent the statutory declaration referred to in subsection (3), may on application require the corporation or its agent to allow the applicant access to the register of the corporation referred to in subsection 28.1(1) during the usual business hours of the corporation and, on payment of a reasonable fee, provide the applicant with an extract from that register.

Statutory declaration

(3) The statutory declaration required under subsection (2) shall contain

(a) the name and address of the applicant;

(b) the name and address for service of the body corporate, if the applicant is a body corporate; and

(c) a statement that any information obtained under subsection (2) shall not be used except as permitted under subsection (5).

Application by body corporate

(4) Where the applicant is a body corporate, the statutory declaration shall be made by a director or officer of the body corporate.

Use of information

(5) Information obtained under subsection (2) shall not be used by any person except in connection with

(a) an effort to influence the voting of shareholders of the corporation;

(b) an offer to acquire securities of the corporation; or

(c) any other matter relating to the affairs of the corporation.

Offence

(6) A person who, without reasonable cause, contravenes subsection (5) is guilty of an offence and liable on conviction to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months, or to both. *2019,c.20,s.2.*

28.4 Definition, investigative bodies

(1) In this section,

(a) "**investigative body**" means a police service, taxing authority or regulator;

(b) "**police service**" means a police service within the meaning of the *Police Act* R.S.P.E.I. 1988, Cap. P-11.1;

(c) "**taxing authority**" means the Canada Revenue Agency or the portion of the government of Prince Edward Island that is responsible for administering or enforcing a law of Prince Edward Island that provides for the imposition or collection of a tax, royalty or duty;

(d) "**regulator**" means:

(i) the Island Regulatory and Appeals Commission established under *the Island Regulatory and Appeals Commission Act* R.S.P.E.I. 1988, Cap. I-11,

(ii) the Superintendent of Securities established under the *Securities Act* R.S.P.E.I. 1988, Cap. S-3.1,

(iii) the Financial Transactions and Reports Analysis Centre of Canada established under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada),

(iv) a prescribed public officer, corporation, agency or other entity whose authority to regulate is based on a law of Prince Edward Island or Canada.

Disclosure to investigative bodies

(2) On request by an investigative body, a corporation to which section 28.1 applies shall, as soon as feasible after the request is served on the corporation or is deemed to be received by it, and in the manner specified by the investigative body,

(a) provide the investigative body with a copy of the corporation's register of individuals with significant control; or

(b) disclose to the investigative body any information specified by the investigative body that is in the corporation's register of individuals with significant control.

Requirement, for law enforcement purposes

(3) A police service may make a request under subsection (2) only for the following purposes:

(a) conducting an investigation in Canada

(i) that is undertaken with a view to a law enforcement proceeding, or

(ii) from which a law enforcement proceeding is likely to result;

(b) policing and criminal intelligence operations in Canada;

(c) assisting another law enforcement agency in Canada for a purpose described in clause (a) or (b);

(d) providing information contained in the register to a law enforcement agency in a jurisdiction outside of Canada to assist the agency in a law enforcement proceeding if this assistance is authorized under an arrangement, written agreement, treaty or law of Prince Edward Island or Canada.

Requirement, for tax purposes

(4) A taxing authority may make a request under subsection (2) only for the following purposes:

(a) administering or enforcing

(i) a law of Prince Edward Island or Canada that provides for the imposition or collection of a tax, royalty or duty, or

(ii) a prescribed law of Prince Edward Island or Canada that is related to a law referred to in subclause (i);

(b) providing information contained in the register to another jurisdiction in or outside of Canada to assist the jurisdiction in the administration or enforcement of a law of that jurisdiction that provides for the imposition or collection of a tax, royalty or duty if this assistance is authorized under an arrangement, written agreement, treaty or law of Prince Edward Island or Canada.

Requirement, for regulatory purposes

(5) A regulator may make a request under subsection (2) only for the following purposes:

(a) administering or enforcing a law for which the regulator is responsible;

(b) assisting another agency in Canada in the administration or enforcement of a law that is similar to a law for which the regulator is responsible;

(c) providing information contained in the register to an agency outside of Canada to assist the agency in the administration or enforcement of a law that is similar to a law for which the regulator is responsible if this assistance is authorized under an arrangement, written agreement, treaty or law of Prince Edward Island or Canada.

Service or sending of request

(6) A request by an investigative body under subsection (2) shall be served on the corporation by leaving the request at the corporation's registered office as shown in the last notice filed under section 26 or sent to the corporation by registered mail to that registered office and, where so sent, is deemed to be received at the time it would be delivered in the ordinary course of mail, unless there are reasonable grounds for believing that the corporation did not receive the request at that time or at all.

Offence

(7) A corporation that, without reasonable cause, contravenes subsection (2) is guilty of an offence and liable on summary conviction to a fine of not more than $5,000. *2019,c.20,s.2.*

28.5 Offence - contravention of subsection 28.1(1) or 28.4(2)

(1) Every director or officer of a corporation who knowingly authorizes, permits or acquiesces in the contravention of subsection 28.1(1) or 28.4(2) by that corporation commits an offence, whether or not the corporation has been prosecuted or convicted for the contravention.

Offence - recording of false or misleading information

(2) Every director or officer of a corporation who knowingly records or knowingly authorizes, permits or acquiesces in the recording of false or misleading information in the register of the corporation referred to in subsection 28.1(1) commits an offence.

Offence - provision of false or misleading information

(3) Every director or officer of a corporation who knowingly provides or knowingly authorizes, permits or acquiesces in the provision to any person or entity of false or misleading information in relation to the register of the corporation referred to in subsection 28.1(1) commits an offence.

Offence - information from shareholders

(4) Every shareholder who knowingly contravenes subsection 28.1(4) commits an offence.

Penalty

(5) A person who commits an offence under any of subsections (1) to (4) is liable on conviction to a fine not exceeding $200,000 or to imprisonment for a term not exceeding six months, or to both. *2019,c.20,s.2.*

29. Form of records

(1) All registers and other records required by this Act to be prepared and maintained may be in a bound or loose-leaf form or in a photographic film form, or may be entered or recorded by any system of mechanical or electronic data processing or any other information storage device that is capable of reproducing any required information in intelligible written form within a reasonable time.

Precautions

(2) A corporation and its agents shall take reasonable precautions to

(a) prevent loss or destruction of;

(b) prevent falsification of entries in; and

(c) facilitate detection and correction of inaccuracies in

the registers and other records required by this Act to be prepared and maintained.

Offence

(3) A person who, without reasonable cause, contravenes this section is guilty of an offence and liable on summary conviction to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months or to both. *2018,c.22,s.29.*

30. Corporate seal

(1) A corporation may, but is not required to, adopt a corporate seal, and may change a corporate seal that it has adopted.

Validity of unsealed documents

(2) A document executed on behalf of a corporation is not invalid merely because a corporate seal is not affixed to it. *2018,c.22,s.30.*

PART VI - CORPORATE FINANCE

31. Shares

(1) Shares of a corporation

(a) shall be in registered form; and

(b) may be with nominal or par value, without nominal or par value or of both kinds.

Rights attached to shares

(2) Where a corporation has only one class of shares, the rights of the holders of them are equal in all respects and include the rights

(a) to vote at any meeting of shareholders of the corporation;

(b) to receive any dividend declared by the corporation; and

(c) to receive the remaining property of the corporation on dissolution.

Rights to classes of shares

(3) The articles may provide for more than one class of shares and, if so,

(a) subject to subsection (4), the rights, privileges, restrictions and conditions attaching to the shares of each class shall be set out in the articles; and

(b) each of the rights set out in subsection (2) shall be attached to at least one class of shares, but all those rights are not required to be attached to any one class.

Preferred shares

(4) Where a corporation has more than one class of shares, the articles may authorize the issue of one or more additional classes as preferred shares and, if so,

(a) the rights, privileges, restrictions and conditions attaching to a class of preferred shares shall be set out in the articles or determined by bylaw at the time of issuance;

(b) the bylaw referred to in clause (a) may provide that the holders of a class of preferred shares have the right to elect one or more directors, or may give those shareholders other control over the affairs of the corporation as is considered expedient;

(c) the bylaw referred to in clause (a) is of no force or effect until after it has been approved by special resolution of all the shareholders;

(d) holders of a class of preferred shares are shareholders and in all respects possess the rights and are subject to the liabilities of shareholders, but

(i) in respect of dividends or principal or both, and in any other respect declared by a bylaw authorized by this section, they are, as against ordinary shareholders, entitled to the preferences and rights given by the bylaw, and

(ii) restrictions, whether as to voting power or to sharing in profits beyond its preferred dividend or to sharing in capital surplus, attaching to or purporting to attach to the preferred shares are valid if they are in accordance with the provisions of the creating bylaw and notice of them is given at the time of issue by clear indication on each and every certificate of the preferred shares, or when approved in writing by every holder of the preferred shares; and

(e) nothing in this subsection affects or impairs the rights of creditors of the corporation. *2018,c.22,s.31.*

32. Issue of shares

(1) Subject to the articles, the bylaws and any unanimous shareholder agreement and to section 35,

(a) shares may be issued at the times and to the persons as determined by the directors; and

(b) a share

(i) with par value shall not be issued except for a consideration at least equal to the share's par value, and

(ii) without par value shall not be issued except for the consideration determined by the directors.

Shares non-assessable

(2) Shares issued by a corporation are non-assessable and the holders are not liable to the corporation or to its creditors in respect of them.

Consideration

(3) A share shall not be issued until the consideration for the share is fully paid in money or in property or past services that are not less in value than the fair equivalent of the money that the corporation would have received if the share had been issued for money.

Consideration other than money

(4) In determining whether property or past services are the fair equivalent of a money consideration, the directors may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the corporation.

Definition of "property"

(5) For the purposes of this section, "property" does not include a promissory note, or a promise to pay, that is made by a person to whom a share is issued, or a person who does not deal at

arm's length, within the meaning of that expression in the *Income Tax Act* (Canada), with a person to whom a share is issued. *2018,c.22,s.32.*

33. Stated capital account

(1) A corporation shall maintain a separate stated capital account for each class and series of shares it issues.

Entries in stated capital account

(2) A corporation shall add to the appropriate stated capital account

(a) the full amount of any consideration it receives for any shares it issues without par value; and

(b) the full amount of the total of the product of the number of shares of each class issued with par value multiplied by the par value of those shares.

Par value at premium

(3) Where a corporation issues shares with a par value at a premium, whether for money or otherwise as provided under subsection 32(3), the full amount of the premiums on those shares shall be added to the appropriate stated capital account.

Exception for non-arm's length transactions

(4) Despite subsection (2), a corporation may, subject to subsection (5), add to the stated capital accounts maintained for the shares of classes or series the whole or any part of the amount of the consideration that it receives in an exchange if the corporation issues shares

(a) in exchange for

(i) property of a person who immediately before the exchange did not deal with the corporation at arm's length within the meaning of that expression in the *Income Tax Act* (Canada),

(ii) shares of, or another interest in, a body corporate that immediately before the exchange, or that because of the exchange, did not deal with the corporation at arm's length within the meaning of that expression in the *Income Tax Act* (Canada), or

(iii) property of a person who, immediately before the exchange, dealt with the corporation at arm's length within the meaning of that expression in the *Income Tax Act* (Canada), if the person, the corporation and all the holders of shares in the class or series of shares consent to the exchange; or

(b) pursuant to an agreement referred to in subsection 151(1) or an arrangement referred to in clause 161(1)(b) or (c) or to shareholders of an amalgamating body corporate who receive the shares in addition to or instead of securities of the amalgamated body corporate.

Limit on addition to stated capital account

(5) On the issue of a share, a corporation shall not add to a stated capital account in respect of the share it issues an amount greater than the amount of the consideration it received for the share.

Constraint on addition to stated capital account

(6) Where a corporation proposes to add any amount to a stated capital account it maintains in respect of a class or series of shares, if

(a) the amount to be added was not received by the corporation as consideration for the issue of shares; and

(b) the corporation has issued any outstanding shares of more than one class or series,

the addition to the stated capital account shall be approved by special resolution unless all the issued and outstanding shares are shares of not more than two classes of convertible shares referred to in subsection 46(6).

Other additions to stated capital

(7) When a body corporate is continued under this Act, it may add to a stated capital account any consideration received by it for a share it issued without nominal or par value, and a corporation at any time may, subject to subsection (6), add to a stated capital account any amount it credited to a retained earnings or other surplus account.

Transitional - consideration

(8) When a body corporate is continued under this Act, subsection (3) does not apply to the consideration received by it before it was continued unless the share in respect of which the consideration is received is issued after the corporation is continued.

Transitional - unpaid amount

(9) When a body corporate is continued under this Act, any amount unpaid in respect of a share issued by the body corporate before it was continued and paid after it was continued shall be added to the stated capital account maintained for the shares of that class or series.

Transitional - stated capital

(10) For the purposes of subsection 41(2), sections 45 and 49, and clause 154(2)(a), when a body corporate is continued under this Act, its stated capital is deemed to include the amount that would have been included in stated capital if the body corporate had been incorporated under this Act.

Restriction

(11) A corporation shall not reduce its stated capital or any stated capital account except in the manner provided in this Act.

Exception for open-end mutual fund

(12) Subsections (1) to (11) and any other provisions of this Act relating to stated capital do not apply to an open-end mutual fund.

Definition, "open-end mutual fund"

(13) For the purposes of this section, "**open-end mutual fund**" means a distributing corporation that carries on only the business of investing the consideration it receives for the shares it issues, and all or substantially all of those shares are redeemable on the demand of a shareholder. *2018,c.22,s.33.*

34. Shares in series

(1) The articles may authorize, subject to any limitations set out in them, the issue of any class of shares in one or more series and may do either or both of the following:

(a) fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of, each series; or

(b) authorize the directors to fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of, each series.

Series participation

(2) If any cumulative dividends or amounts payable on return of capital in respect of a series of shares are not paid in full, the shares of all series of the same class participate rateably in respect of accumulated dividends and return of capital.

Restrictions on series

(3) No rights, privileges, restrictions or conditions attached to a series of shares authorized under this section shall confer on a series a priority in respect of dividends or return of capital over any other series of shares of the same class that are then outstanding.

Amendment of articles

(4) If the directors exercise their authority under clause (1)(b), they shall, before the issue of shares of the series, send, in the form approved by the Director, articles of amendment to the Director to designate a series of shares.

Certificate of amendment

(5) On receipt of articles of amendment designating a series of shares, the Director shall issue a certificate of amendment in accordance with section 222.

Effect of certificate

(6) The articles of the corporation are amended accordingly on the date shown in the certificate of amendment. *2018,c.22,s.34.*

35. Pre-emptive right

(1) If the articles so provide, no shares of a class shall be issued unless the shares have first been offered to the shareholders holding shares of that class, and those shareholders have a pre-emptive right to acquire the offered shares in proportion to their holdings of the shares of that class, at the price and on the terms as those on which the shares are to be offered to others.

Exception

(2) Notwithstanding that the articles provide the pre-emptive right referred to in subsection (1), shareholders have no pre-emptive right in respect of shares to be issued

(a) for a consideration other than money;

(b) as a share dividend; or

(c) pursuant to the exercise of conversion privileges, options or rights previously granted by the corporation. *2018,c.22,s.35.*

36. Options and rights

(1) A corporation may issue certificates, warrants or other evidences of conversion privileges, options or rights to acquire securities of the corporation, and shall set out the conditions of them

(a) in the certificates, warrants or other evidences; or

(b) in certificates evidencing the securities to which the conversion privileges, options or rights are attached.

Transferable rights

(2) Conversion privileges, options and rights to acquire securities of a corporation may be made transferable or non-transferable, and options and rights to acquire may be made separable or inseparable from any securities to which they are attached.

Reserved shares

(3) Where a corporation has granted privileges to convert any securities issued by the corporation into shares, or into shares of another class or series, or has issued or granted options or rights to acquire shares, if the articles limit the number of authorized shares, the corporation shall reserve and continue to reserve sufficient authorized shares to meet the exercise of those conversion privileges, options and rights. *2018,c.22,s.36.*

36.1 Restriction regarding bearer shares

(1) Despite section 36, a corporation shall not issue, in bearer form, a certificate, warrant or other evidence of a conversion privilege, option or right to acquire a share of the corporation.

Replacement

(2) A corporation shall, on the request of a holder of a certificate, warrant or other evidence of a conversion privilege, option or right to acquire a share of the corporation that is in bearer form and that was issued before the coming into force of this section, issue in exchange to that holder, in registered form, a certificate, warrant or other evidence, as the case may be. *2019,c.20,s.3.*

37. Corporation holding its own shares

(1) Subject to subsection (2) and sections 38 to 43, a corporation

(a) shall not hold shares in itself or in its holding body corporate; and

(b) shall not permit any of its subsidiary bodies corporate to acquire shares of the corporation.

Subsidiary holding shares of its parent

(2) Subject to section 38, a corporation shall cause a subsidiary body corporate of the corporation that holds shares of the corporation to sell or otherwise dispose of those shares within five years from the date

(a) the body corporate became a subsidiary of the corporation; or

(b) the corporation was continued under this Act. *2018,c.22,s.37.*

38. Exception

(1) A corporation may in the capacity of a legal representative hold shares in itself or in its holding body corporate unless it or the holding body corporate or a subsidiary of either of them has a beneficial interest in the shares.

Exception - security for transaction

(2) A corporation may hold shares in itself or in its holding body corporate by way of security for the purposes of a transaction entered into by it in the ordinary course of a business that includes the lending of money.

Exception -- subsidiary acquiring shares

(3) A corporation may permit any of its subsidiary bodies corporate to acquire shares of the corporation

(a) in the subsidiary's capacity as a legal representative, unless the subsidiary would have a beneficial interest in the shares; or

(b) by way of security for the purposes of a transaction entered into by the subsidiary in the ordinary course of a business that includes the lending of money.

Exception -- conditions precedent

(4) A corporation may permit any of its subsidiary bodies corporate to acquire shares of the corporation through the issuance of those shares by the corporation to the subsidiary body corporate if, before the acquisition takes place, the conditions prescribed for the purposes of this subsection are met.

Conditions subsequent

(5) After an acquisition has taken place under the purported authority of subsection (4), the conditions prescribed for the purposes of this subsection must be met.

Non-compliance with conditions

(6) If

(a) a corporation permits a subsidiary body corporate to acquire shares of the corporation under the purported authority of subsection (4); and

(b) either

(i) one or more of the conditions prescribed for the purposes of subsection (4) were not met, or

(ii) one or more of the conditions prescribed for the purposes of subsection (5) are not met or cease to be met,

then, notwithstanding subsections 14(3) and 33(2), the prescribed consequences apply in respect of the acquisition of the shares and their issuance. *2018,c.22,s.38.*

39. Exception relating to Canadian ownership

(1) Subject to subsection 46(8), a corporation may, for the purpose of assisting the corporation or any of its affiliates or associates to qualify under any prescribed law of Canada or a province to receive licences, permits, grants, payments or other benefits by reason of attaining or maintaining a specified level of Canadian ownership or control, hold shares in itself that

(a) are not constrained for the purpose of assisting the corporation or any of its affiliates or associates to qualify; or

(b) are shares into which shares held under clause (a) were converted by the corporation that are constrained for the purpose of assisting the corporation to qualify and that were not previously held by the corporation.

Prohibited transfers

(2) A corporation shall not transfer shares held under subsection (1) to any person unless the corporation is satisfied, on reasonable grounds, that the ownership of the shares as a result of the transfer would assist the corporation or any of its affiliates or associates to achieve the purpose set out in subsection (1).

Offence

(3) A corporation that, without reasonable cause, fails to comply with subsection (2) is guilty of an offence and liable on summary conviction to a fine not exceeding $5,000.

Directors of corporation

(4) Where a corporation commits an offence under subsection (3), any director of the corporation who knowingly authorized, permitted or acquiesced in the commission of the offence is a party to and guilty of the offence and is liable on summary conviction to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months or to both, whether or not the corporation has been prosecuted or convicted.

Where shares are transferred

(5) Where shares held under subsection (1) are transferred by a corporation, subsections 32(1), (3), (4) and (5), clause 90(2)(c) and subsection 93(1) apply, with such modifications as the circumstances require, in respect of the transfer as if the transfer were an issue.

Transfer not void

(6) No transfer of shares by a corporation shall be void or voidable solely because the transfer is in contravention of subsection (2). *2018,c.22,s.39.*

40. Voting shares

(1) A corporation holding shares in itself or in its holding body corporate shall not vote or permit those shares to be voted unless the corporation

(a) holds the shares in the capacity of a legal representative; and

(b) has complied with section 123.

Subsidiary body corporate

(2) A corporation shall not permit any of its subsidiary bodies corporate holding shares in the corporation to vote, or permit those shares to be voted, unless the subsidiary body corporate satisfies the requirements of subsection (1). *2018,c.22,s.40.*

41. Acquisition of corporation's own shares

(1) Subject to subsection (2) and to its articles, a corporation may purchase or otherwise acquire shares issued by it.

Limitation

(2) A corporation shall not make any payment to purchase or otherwise acquire shares issued by it if there are reasonable grounds for believing that

(a) the corporation is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would after the payment be less than the aggregate of its liabilities and stated capital of all classes. *2018,c.22,s.41.*

42. Alternative acquisition of corporation's own shares

(1) Notwithstanding subsection 41(2), but subject to subsection (3) and to its articles, a corporation may purchase or otherwise acquire shares issued by it to

(a) settle or compromise a debt or claim asserted by or against the corporation;

(b) eliminate fractional shares; or

(c) fulfil the terms of a non-assignable agreement under which the corporation has an option or is obliged to purchase shares owned by a director, an officer or an employee of the corporation.

Acquisition to satisfy shareholder claim, etc.

(2) Notwithstanding subsection 41(2), a corporation may purchase or otherwise acquire shares issued by it to

(a) satisfy the claim of a shareholder who dissents under section 159; or

(b) comply with an order under section 194.

Limitation

(3) A corporation shall not make any payment to purchase or acquire under subsection (1) shares issued by it if there are reasonable grounds for believing that

(a) the corporation is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would after the payment be less than the aggregate of

(i) its liabilities, and

(ii) the amount required for payment on a redemption or in a liquidation of all shares the holders of which have the right to be paid before the holders of the shares to be purchased or acquired, to the extent that the amount has not been included in its liabilities. *2018,c.22,s.42.*

43. Redemption of shares

(1) Notwithstanding subsection 41(2) or 42(3), but subject to subsection (2) and to its articles, a corporation may purchase or redeem any redeemable shares issued by it at prices not exceeding the redemption price stated in the articles or bylaws or calculated according to a formula stated in the articles or bylaws.

Limitation

(2) A corporation shall not make any payment to purchase or redeem any redeemable shares issued by it if there are reasonable grounds for believing that

(a) the corporation is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would after the payment be less than the aggregate of

(i) its liabilities, and

(ii) the amount that would be required to pay the holders of shares that have a right to be paid, on a redemption or in a liquidation, rateably with or before the holders of the shares to be purchased or redeemed, to the extent that the amount has not been included in its liabilities. *2018,c.22,s.43; 2019,c.20,s.4.*

44. Donated shares

A corporation may accept from any shareholder a share of the corporation surrendered to it as a gift, but may not extinguish or reduce a liability in respect of an amount unpaid on the share except in accordance with section 36. *2018,c.22,s.44.*

45. Other reduction of stated capital

(1) Subject to subsection (3), a corporation may by special resolution reduce its stated capital for any purpose including, without limiting the generality of the foregoing, for the purpose of

(a) extinguishing or reducing a liability in respect of an amount unpaid on any share;

(b) distributing to the holder of an issued share of any class or series of shares an amount not exceeding the stated capital of the class or series; and

(c) declaring its stated capital to be reduced by an amount that is not represented by realizable assets.

Contents of special resolution

(2) A special resolution under this section shall specify the stated capital account or accounts from which the reduction of stated capital effected by the special resolution will be deducted.

Limitation

(3) A corporation shall not reduce its stated capital for any purpose other than the purpose mentioned in clause (1)(c) if there are reasonable grounds for believing that

(a) the corporation is, or would after the reduction be, unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

Recovery

(4) A creditor of a corporation is entitled to apply to the court for an order compelling a shareholder or other recipient

(a) to pay to the corporation an amount equal to any liability of the shareholder that was extinguished or reduced contrary to this section; or

(b) to pay or deliver to the corporation any money or property that was paid or distributed to the shareholder or other recipient as a consequence of a reduction of capital made contrary to this section.

Limitation

(5) An action to enforce a liability imposed by this section may not be commenced after two years from the date of the act complained of. *2018,c.22,s.45.*

46. Adjustment of stated capital account

(1) On a purchase, redemption or other acquisition by a corporation under section 41, 42, 43, 51 or 159 or clause 194(3)(f), of shares or fractions of shares issued by it, the corporation shall

(a) deduct from the stated capital account maintained for the class or series of shares of which the shares without par value or nominal value purchased, redeemed or otherwise acquired form a part an amount equal to the result obtained by multiplying the stated capital of the shares of that class or series by the number of shares of that class or series or fractions of shares purchased, redeemed or otherwise acquired, divided by the number of issued shares of that class or series immediately before the purchase, redemption or other acquisition; or

(b) deduct from the stated capital account maintained for the class or series of shares with par or nominal value of which the shares purchased or redeemed or otherwise acquired form a part an amount equal to the result obtained by multiplying the par or nominal value and any premium of the shares of that class or series by the number of shares of that class or series or fractions of shares purchased, redeemed or otherwise

acquired, divided by the number of issued shares of that class or series immediately before the purchase, redemption or other acquisition.

Deduction of payment to shareholder

(2) A corporation shall deduct the amount of a payment made by the corporation to a shareholder under clause 194(3)(g) from the stated capital account maintained for the class or series of shares in respect of which the payment was made.

Adjustment on special resolution

(3) A corporation shall adjust its stated capital account or accounts in accordance with any special resolution referred to in subsection 45(2).

Adjustment on conversion of issued shares

(4) On a conversion of issued shares of a corporation into shares of another class, kind or series or a change under section 142, 160 or 194 of issued shares of a corporation into shares of another class, kind or series,

(a) the corporation shall, if the class, kind or series of shares is without nominal or par value,

(i) deduct from the stated capital account maintained for the class, kind or series of shares converted or changed an amount equal to the result obtained by multiplying the stated capital of the shares of that class, kind or series by the number of shares of that class, kind or series converted or changed, divided by the number of issued shares of that class, kind or series immediately before the conversion or change, and

(ii) add the result obtained under subclause (i) and any additional consideration received pursuant to the conversion or change to the stated capital account maintained or to be maintained for the class, kind or series of shares into which the shares have been converted or changed; or

(b) the corporation shall, if the class, kind or series of shares is with nominal or par value,

(i) deduct from the stated capital account maintained for the class, kind or series of shares converted or changed an amount equal to the result obtained by multiplying the number of shares of that class, kind or series converted or changed by the par value of the shares of that class, kind or series, and

(ii) add the result obtained under subclause (i) together with any premiums and any additional consideration received by the corporation pursuant to the change to the stated capital account maintained or to be maintained for the class, kind or series of shares into which the shares have been converted or changed.

Conversion of shares with par value, limitation

(5) The articles of a corporation shall not provide for the conversion of shares with par value into shares with par value if the aggregate par value of the shares being converted is not equal to the aggregate par value of the shares into which they are converted.

Stated capital of interconvertible shares

(6) For the purposes of subsection (4) and subject to its articles, where a corporation issues two classes of shares and there is attached to each such class a right to convert a share of the one class into a share of the other class, if a share of one class is converted into a share of the other class, the amount of stated capital attributable to a share in either class is the aggregate

of the stated capital of both classes divided by the number of issued shares of both classes immediately before the conversion.

Cancellation or restoration of shares

(7) Shares or fractions of shares of any class or series of shares issued by a corporation and purchased, redeemed or otherwise acquired by it shall be cancelled or, if the articles limit the number of authorized shares, may be restored to the status of authorized but unissued shares of the class.

Exception

(8) For the purposes of this section, a corporation holding shares in itself as permitted by subsections 38(1) and (2) is deemed not to have purchased, redeemed or otherwise acquired those shares.

Exception related to Canadian ownership

(9) For the purposes of this section, a corporation holding shares in itself as permitted by clause 39(1)(a) is deemed not to have purchased, redeemed or otherwise acquired the shares at the time they were acquired, but

(a) any of those shares that are held by the corporation at the expiration of two years; and

(b) any shares into which any of those shares were converted by the corporation and held under clause 39(1)(b) that are held by the corporation at the expiration of two years after the shares from which they were converted were acquired,

are deemed to have been acquired at the expiration of the two years.

Conversion or change of shares

(10) Shares issued by a corporation and converted into shares of another class or series or changed under section 142, 160 or 194 into shares of another class or series shall become issued shares of the class or series of shares into which the shares have been converted or changed.

Effect of change of shares on number of unissued shares

(11) Where the articles limit the number of authorized shares of a class of shares of a corporation and issued shares of that class or of a series of shares of that class have become, pursuant to subsection (10), issued shares of another class or series, the number of unissued shares of the first-mentioned class shall, unless the articles otherwise provide, be increased by the number of shares that, pursuant to subsection (10), became shares of another class or series.

Repayment

(12) Debt obligations issued, pledged, hypothecated or deposited by a corporation are not redeemed by reason only that the indebtedness evidenced by the debt obligations or in respect of which the debt obligations are issued, pledged, hypothecated or deposited is repaid.

Acquisition and reissue of debt obligations

(13) Debt obligations issued by a corporation and purchased, redeemed or otherwise acquired by it may be cancelled or, subject to any applicable trust indenture or other agreement, may be reissued, pledged or hypothecated to secure any obligation of the corporation then existing or thereafter incurred, and the acquisition and reissue, pledge or hypothecation is not a cancellation of the debt obligations. *2018,c.22,s.46.*

47. Enforcement of contract to buy

(1) A corporation shall fulfil its obligations under a contract to buy shares of the corporation, except where the corporation can prove that enforcement of the contract would put it in breach of any of sections 32 to 34.

Status of contracting party

(2) Until the corporation has fulfilled all its obligations under a contract referred to in subsection (1), the other party retains the status of claimant entitled to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors and to the rights of holders of any class of shares whose rights were in priority to the rights given to the holders of the class of shares being purchased, but in priority to the rights of other shareholders. *2018,c.22,s.47.*

48. Commission for sale of shares

The directors may authorize the corporation to pay a reasonable commission to any person in consideration of the person's purchasing or agreeing to purchase shares of the corporation from the corporation or from any other person, or procuring or agreeing to procure purchasers for those shares. *2018,c.22,s.48.*

49. Dividends

A corporation shall not declare or pay a dividend if there are reasonable grounds for believing that

(a) the corporation is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes. *2018,c.22,s.49.*

50. Form of dividend

(1) A corporation may pay a dividend by issuing fully paid shares of the corporation and, subject to section 49, a corporation may pay a dividend in money or property.

Adjustment of stated capital account

(2) If shares of a corporation are issued in payment of a dividend, the declared amount of the dividend stated as an amount of money shall be added to the stated capital account maintained or to be maintained for the shares of the class or series issued in payment of the dividend. *2018,c.22,s.50.*

51. Shareholder immunity

(1) The shareholders of a corporation are not, as shareholders, liable for any liability, act or default of the corporation except under subsection 45(4), 93(4) or (5), 116(5) or 181(5) or (6).

Lien on shares

(2) Subject to the *Securities Transfer Act*, the articles may provide that the corporation has a lien on a share registered in the name of a shareholder or the shareholder's personal representative for a debt of that shareholder to the corporation, including an amount unpaid in respect of a share issued by a body corporate on the date it was continued under this Act.

Enforcement of lien

(3) A corporation may enforce a lien referred to in subsection (2) in accordance with its bylaws. *2018,c.22,s.51.*

PART VII - SECURITY CERTIFICATES, REGISTERS AND TRANSFERS

Interpretation and General

52. Application of *Securities Transfer Act*

Except as otherwise provided in this Act and in the *Judgment and Execution Act* R.S.P.E.I. 1988, Cap. J-2, the transfer or transmission of a security is governed by the *Securities Transfer Act*. *2018,c.22,s.52.*

53. Rights of holder

(1) Every security holder is entitled at the holder's option to a security certificate that complies with this Act or a non-transferable written acknowledgment of the holder's right to obtain a security certificate from a corporation in respect of the holder's securities of that corporation.

Maximum fee for certificate by regulation

(2) A corporation may charge a fee, not exceeding the prescribed amount, for a security certificate issued in respect of a transfer.

Joint holders

(3) A corporation is not required to issue more than one security certificate in respect of securities held jointly by several persons, and delivery of a certificate to one of several joint holders is sufficient delivery to all.

Signatures

(4) A security certificate shall be signed by at least one of the following persons, or the signature shall be printed or otherwise mechanically reproduced on the certificate:

(a) a director or officer of the corporation;

(b) a registrar, transfer agent or branch transfer agent of the corporation; and

(c) a trustee who certifies it in accordance with a trust indenture.

Continuation of signature

(5) If a security certificate contains a printed or mechanically reproduced signature of a person, the corporation may issue the security certificate, notwithstanding that the person has ceased to be a director or an officer of the corporation, and the security certificate is as valid as if the person were a director or an officer at the date of its issue.

Contents of share certificate

(6) There shall be stated on the face of each share certificate issued by a corporation

(a) the name of the corporation;

(b) the words "Incorporated under the Business Corporations Act";

(c) the name of the person to whom it was issued;

(d) the number and class of shares and the designation of any series that the certificate represents; and

(e) whether the shares that the certificate represents are with par value or without par value and, if with par value, the par value of the shares.

Limit on restriction

(7) A distributing corporation whose shares are held by more than one person shall not restrict the transfer of its shares except by way of a constraint permitted under section 143.

Particulars of class

(8) There shall be stated legibly on a share certificate issued by a corporation that is authorized to issue shares of more than one class or series

(a) the rights, privileges, restrictions and conditions attached to the shares of each class and series that exists when the share certificate is issued; or

(b) that the class or series of shares that it represents has rights, privileges, restrictions or conditions attached to it and that the corporation will furnish a shareholder, on demand and without charge, with a full copy of the text of

(i) the rights, privileges, restrictions and conditions attached to each class authorized to be issued and to each series in so far as they have been fixed by the directors, and

(ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series.

Duty

(9) Where a share certificate issued by a corporation contains the statement referred to in clause (8)(b), the corporation shall furnish a shareholder, on demand and without charge, with a full copy of the text of

(a) the rights, privileges, restrictions and conditions attached to each class authorized to be issued and to each series in so far as they have been fixed by the directors; and

(b) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series.

Fractional share

(10) A corporation may issue, for each fractional share, a certificate in registered form or scrip certificates in registered form that entitle the holder to receive a certificate for a full share in exchange for scrip certificates equalling a full share.

Replacement

(10.1) On the request of a holder of a certificate for a fractional share or of a scrip certificate, a corporation shall, if the certificate is in bearer form and was issued before the coming into force of this subsection, issue in exchange to that holder, in registered form, a certificate for a fractional share or a scrip certificate, as the case may be.

Scrip certificates

(11) The directors may attach conditions to any scrip certificates issued by a corporation, including conditions that

(a) the scrip certificates become void if not exchanged for a share certificate representing a full share before a specified date; and

(b) any shares for which such scrip certificates are exchangeable may, notwithstanding any pre-emptive right, be issued by the corporation to any person and the proceeds of them distributed rateably to the holders of the scrip certificates.

Holder of fractional share

(12) A holder of a fractional share issued by a corporation is not entitled to exercise voting rights or to receive a dividend in respect of the fractional share, unless

(a) the fractional share results from a consolidation of shares; or

(b) the articles of the corporation otherwise provide.

Holder of scrip certificate

(13) A holder of a scrip certificate is not entitled to exercise voting rights or to receive a dividend in respect of the scrip certificate. *2018,c.22,s.53; 2019,c.20,s.5.*

54. Securities records

(1) A corporation shall maintain a securities register in which it records the securities issued by it in registered form, showing with respect to each class or series of securities

(a) the names, alphabetically arranged, and the latest known address of each person who is or has been a security holder;

(b) the number of securities held by each security holder; and

(c) the date and particulars of the issue and transfer of each security.

Central and branch registers

(2) A corporation may appoint an agent to maintain a central securities register and branch securities registers.

Place of register

(3) A central securities register shall be maintained by a corporation at its registered office or at any other place in Prince Edward Island designated by the directors, and any branch securities registers may be kept at any place in or out of Prince Edward Island designated by the directors.

Effect of registration

(4) Registration of the issue or transfer of a security in the central securities register or in a branch securities register is complete and valid registration for all purposes.

Branch register

(5) A branch securities register shall only contain particulars of securities issued or transferred at that branch.

Central register

(6) Particulars of each issue or transfer of a security registered in a branch securities register shall also be kept in the corresponding central securities register.

Destruction of certificates

(7) A corporation, its agent or a trustee defined in subsection 57(1) is not required to produce

(a) a cancelled security certificate in registered form, an instrument referred to in subsection 36(1) that is cancelled or a similar cancelled instrument in registered form six years after the date of its cancellation;

(b) a cancelled security certificate in bearer form or an instrument referred to in subsection 36(1) that is cancelled or a similar cancelled instrument in bearer form after the date of its cancellation; or

(c) an instrument referred to in subsection 36(1) or a similar instrument, irrespective of its form, after the date of its expiration. *2018,c.22,s.54.*

55. Dealings with registered holder

(1) A corporation or a trustee defined in subsection 57(1) may, subject to sections 103, 104 and 107 and the *Judgment and Execution Act*, treat the registered owner of a security as the person exclusively entitled to vote, to receive notices, to receive any interest, dividend or other payments in respect of the security, and otherwise to exercise all the rights and powers of an owner of the security.

Constructive registered holder

(2) Notwithstanding subsection (1), a corporation whose articles restrict the right to transfer its securities shall, and any other corporation may, treat a person as a registered security holder entitled to exercise all the rights of the security holder that the person represents, if the person furnishes the corporation with evidence as described in the *Securities Transfer Act* that the person is

(a) the heir of a deceased security holder, or the personal representative of the heirs, or the personal representative of the estate of a deceased security holder;

(b) a personal representative of a registered security holder who is a minor, an incompetent person or a missing person; or

(c) a liquidator of, or a trustee in bankruptcy for, a registered security holder.

Permissible registered holder

(3) If a person on whom the ownership of a security devolves by operation of law, other than a person described in subsection (2), furnishes proof of the person's authority to exercise rights or privileges in respect of a security of the corporation that is not registered in the person's name, the corporation shall treat the person as entitled to exercise those rights or privileges.

Immunity of corporation

(4) A corporation is not required to inquire into the existence of, or see to the performance or observance of, any duty owed to a third person by a registered holder of any of its securities or by anyone whom it treats, as permitted or required by this section, as the owner or registered holder of them.

Person under the age of eighteen years

(5) If a person who is under the age of 18 years exercises any rights of ownership in the securities of a corporation, no subsequent repudiation or avoidance is effective against the corporation.

Joint holders

(6) A corporation may treat as owner of a security the survivors of persons to whom the security was issued as joint holders, if it receives proof satisfactory to it of the death of the joint holders.

Transmission of securities

(7) Subject to any applicable law relating to the collection of taxes, a person referred to in clause (2)(a) is entitled to become a registered holder, or to designate a registered holder, if the person deposits with the corporation or its transfer agent

(a) the original grant of probate or of letters of administration, or a copy of either certified to be a true copy by

(i) the court that granted the probate or letters of administration,

(ii) a trust company incorporated under the laws of Canada or a province, or

(iii) a lawyer or notary acting on behalf of the person referred to in clause (2)(a); or

(b) in the case of transmission by notarial will in the Province of Quebec, a copy of it authenticated pursuant to the laws of that Province,

together with

(c) an affidavit or declaration of transmission made by a person referred to in clause (2)(a), stating the particulars of the transmission; and

(d) the security certificate that was owned by the deceased holder

(i) in case of a transfer to a person referred to in clause (2)(a), with or without the endorsement of that person, and

(ii) in case of a transfer to any other person, with an effective endorsement in accordance with the *Securities Transfer Act*,

and accompanied by any assurance the corporation may require under the *Securities Transfer Act*.

Excepted transmissions

(8) Despite subsection (7), if the laws of the jurisdiction governing the transmission of a security of a deceased holder do not require a grant of probate or of letters of administration in respect of the transmission, a personal representative of the deceased holder is entitled, subject to any applicable law relating to the collection of taxes, to become a registered holder or to designate a registered holder, if the personal representative deposits with the corporation or its transfer agent

(a) the security certificate that was owned by the deceased holder; and

(b) reasonable proof of the governing laws, of the deceased holder's interest in the security and of the right of the personal representative or the person designated by the personal representative to become the registered holder.

Right of corporation

(9) Deposit of the documents required by subsection (7) or (8) empowers a corporation or its transfer agent to record in a securities register the transmission of a security from the deceased holder to a person referred to in clause (2)(a) or to a person designated by the person referred to in that clause and, thereafter, to treat the person who thus becomes a registered holder as the owner of those securities. *2018,c.22,s.55.*

56. Retroactive validation of overissue

(1) When there has been an overissue within the meaning of the *Securities Transfer Act*, and the corporation subsequently amends its articles, or a trust indenture to which it is a party, to increase its authorized securities to a number equal to or in excess of the number of securities previously authorized plus the amount of the securities overissued, the securities so overissued are valid from the date of their issue.

Application

(2) Subsection (1) does not apply if the issuer has purchased and delivered a security in accordance with the *Securities Transfer Act*.

Payment not a purchase or redemption

(3) A purchase or payment in accordance with the *Securities Transfer Act* is not a purchase or payment to which section 41, 42, 43 or 46 applies. *2018,c.22,s.56.*

PART VIII - TRUST INDENTURES

57. Definitions

(1) In this Part,

(a) "**event of default**" means an event specified in a trust indenture on the occurrence of which

(i) a security interest constituted by the trust indenture becomes enforceable, or

(ii) the principal, interest and other moneys payable under the trust indenture become or may be declared to be payable before maturity,

but the event is not an event of default until all conditions prescribed by the trust indenture in connection with the event for the giving of notice or the lapse of time or otherwise have been satisfied;

(b) "**trustee**" means any person appointed as trustee under the terms of a trust indenture to which a corporation is a party and includes any successor trustee;

(c) "**trust indenture**" means any deed, indenture or other instrument, including any supplement or amendment to it, made by a corporation after its incorporation or continuance under this Act, under which the corporation issues debt obligations and in which a person is appointed as trustee for the holders of the debt obligations issued under it.

Application

(2) This Part applies to a trust indenture if the debt obligations issued or to be issued under the trust indenture are part of a distribution to the public.

Exemption

(3) The Director may exempt a trust indenture from this Part if the trust indenture, the debt obligations issued under it and the security interest effected by it are subject to a law of a province or a country other than Canada that is substantially equivalent to this Part. *2018,c.22,s.57.*

58. Conflict of interest

(1) No person shall be appointed as trustee if there is a material conflict of interest between the person's role as trustee and the person's role in any other capacity.

Eliminating conflict of interest

(2) A trustee shall, within 90 days after becoming aware that a material conflict of interest exists,

(a) eliminate the conflict of interest; or

(b) resign from office.

Validity

(3) A trust indenture, any debt obligations issued under it and a security interest effected by it are valid notwithstanding a material conflict of interest of the trustee.

Removal of trustee

(4) If a trustee contravenes subsection (1) or (2), any interested person may apply to the court for an order that the trustee be replaced, and the court may make an order on any terms as it thinks fit. *2018,c.22,s.58.*

59. Qualification of trustee

A trustee, or at least one of the trustees if more than one is appointed, shall be a body corporate incorporated under the laws of Canada or a province and authorized to carry on the business of a trust company. *2018,c.22,s.59.*

60. List of security holders

(1) A holder of debt obligations issued under a trust indenture may, on payment to the trustee of a reasonable fee, require the trustee to furnish, within fifteen days after delivering to the trustee the statutory declaration referred to in subsection (4), a list setting out

(a) the names and addresses of the registered holders of the outstanding debt obligations;

(b) the principal amount of outstanding debt obligations owned by each holder; and

(c) the aggregate principal amount of debt obligations outstanding

as shown on the records maintained by the trustee on the day that the statutory declaration is delivered to that trustee.

Duty of issuer

(2) On the demand of a trustee, the issuer of debt obligations shall furnish the trustee with the information required to enable the trustee to comply with subsection (1).

Corporate applicant

(3) If the person requiring the trustee to furnish a list under subsection (1) is a body corporate, the statutory declaration required under that subsection shall be made by a director or officer of the body corporate.

Contents of statutory declaration

(4) The statutory declaration required under subsection (1) shall state

(a) the name and address of the person requiring the trustee to furnish the list and, if the person is a body corporate, the address for service of the corporation; and

(b) that the list shall not be used except as permitted under subsection (5).

Use of list

(5) No person shall use a list obtained under this section except in connection with

(a) an effort to influence the voting of the holders of debt obligations;

(b) an offer to acquire debt obligations; or

(c) any other matter relating to the debt obligations or the affairs of the issuer or guarantor of them.

Offence

(6) A person who, without reasonable cause, contravenes subsection (5) is guilty of an offence and liable on summary conviction to a fine not exceeding $10,000 or to imprisonment for a term not exceeding six months or to both. *2018,c.22,s.60.*

61. Evidence of compliance

(1) An issuer or a guarantor of debt obligations issued or to be issued under a trust indenture shall, before doing any act under clause (a), (b) or (c), furnish the trustee with evidence of compliance with the conditions in the trust indenture relating to

(a) the issue, certification and delivery of debt obligations under the trust indenture;

(b) the release or release and substitution of property subject to a security interest constituted by the trust indenture; or

(c) the satisfaction and discharge of the trust indenture.

Duty of issuer or guarantor

(2) On the demand of a trustee, the issuer or guarantor of debt obligations issued or to be issued under a trust indenture shall furnish the trustee with evidence of compliance with the trust indenture by the issuer or guarantor in respect of any act to be done by the trustee at the request of the issuer or guarantor. *2018,c.22,s.61.*

62. Contents of declaration, etc.

Evidence of compliance as required by section 61 shall consist of

(a) a statutory declaration or certificate made by a director or an officer of the issuer or guarantor stating that the conditions referred to in that section have been complied with; and

(b) where the trust indenture requires compliance with conditions that are subject to review

(i) by legal counsel, an opinion of legal counsel that the conditions have been complied with, and

(ii) by an auditor or accountant, an opinion or report of the auditor of the issuer or guarantor, or another accountant selected by the trustee, that the conditions have been complied with. *2018,c.22,s.62.*

63. Further evidence of compliance

The evidence of compliance referred to in section 62 shall include a statement by the person giving the evidence

(a) declaring that the person has read and understood the conditions of the trust indenture described in section 61;

(b) describing the nature and scope of the examination or investigation on which the certificate, statement or opinion is based; and

(c) declaring that the person has made the examination or investigation that the person believes necessary to enable the person to make the statements or give the opinions. *2018,c.22,s.63.*

64. Trustee may require evidence of compliance

(1) On the demand of a trustee, the issuer or guarantor of debt obligations issued under a trust indenture shall furnish the trustee with evidence in the form required by the trustee as to compliance with any condition of the trust indenture relating to any action required or permitted to be taken by the issuer or guarantor under the trust indenture.

Certificate of compliance

(2) At least once in each twelve-month period beginning on the date of the trust indenture and at any other time on the demand of a trustee, the issuer or guarantor of debt obligations issued under a trust indenture shall furnish the trustee with a certificate that the issuer or guarantor has complied with all requirements contained in the trust indenture that, if not complied with, would, with the giving of notice, lapse of time or otherwise, constitute an event of default, or, if there has been failure to comply with them, giving particulars of the failure. *2018,c.22,s.64.*

65. Notice of default

The trustee shall give to the holders of debt obligations issued under a trust indenture, within thirty days after the trustee becomes aware of the occurrence of the event, notice of every event of default arising under the trust indenture and continuing at the time the notice is given, unless the trustee reasonably believes that it is in the best interests of the holders of the debt obligations to withhold the notice and so informs the issuer and guarantor in writing. *2018,c.22,s.65.*

66. Duty of care

A trustee in exercising the trustee's powers and discharging the trustee's duties shall

(a) act honestly and in good faith with a view to the best interests of the holders of the debt obligations issued under the trust indenture; and

(b) exercise the care, diligence and skill of a reasonably prudent trustee. *2018,c.22,s.66.*

67. Reliance on statements

Notwithstanding section 66, a trustee is not liable if the trustee relies in good faith on statements contained in a statutory declaration, certificate, opinion or report that complies with this Act or the trust indenture. *2018,c.22,s.67.*

68. No exculpation

No term of a trust indenture or of any agreement between a trustee and the holders of debt obligations issued under a trust indenture or between the trustee and the issuer or guarantor shall operate so as to relieve a trustee from the duties imposed on the trustee by section 66. *2018,c.22,s.68.*

PART IX - RECEIVERS AND RECEIVER-MANAGERS

69. Functions of receiver

A receiver of any property of a corporation may, subject to the rights of secured creditors, receive the income from the property and pay the liabilities connected with the property and realize the security interest of those on behalf of whom the receiver is appointed, but, except to the extent permitted by the court, the receiver may not carry on the business of the corporation. *2018,c.22,s.69.*

70. Functions of receiver-manager

A receiver of a corporation who is also appointed receiver-manager of the corporation may carry on any business of the corporation to protect the security interest of those on behalf of whom the receiver is appointed. *2018,c.22,s.70.*

71. Directors' powers cease

If a receiver-manager is appointed by the court or under an instrument, the powers of the directors of the corporation that the receiver-manager is authorized to exercise may not be exercised by the directors until the receiver-manager is discharged. *2018,c.22,s.71.*

72. Duty to act

A receiver or receiver-manager appointed by the court shall act in accordance with the directions of the court. *2018,c.22,s.72.*

73. Duty under instrument

A receiver or receiver-manager appointed under an instrument shall act in accordance with that instrument and any direction of the court made under section 75. *2018,c.22,s.73.*

74. Duty of care

A receiver or receiver-manager of a corporation appointed under an instrument shall

(a) act honestly and in good faith; and

(b) deal with any property of the corporation in the receiver's or receiver-manager's possession or control in a commercially reasonable manner. *2018,c.22,s.74.*

75. Directions given by court

On an application by a receiver or receiver-manager, whether appointed by the court or under an instrument, or on an application by any interested person, the court may make any order it thinks fit including, without limiting the generality of the foregoing,

(a) an order appointing, replacing or discharging a receiver or receiver-manager and approving the receiver's or receiver-manager's accounts;

(b) an order determining the notice to be given to any person or dispensing with notice to any person;

(c) an order fixing the remuneration of the receiver or receiver-manager;

(d) an order requiring the receiver or receiver-manager, or a person by or on behalf of whom the receiver or receiver-manager is appointed, to make good any default in connection with the receiver's or receiver-manager's custody or management of the property and business of the corporation, or to relieve any such person from any default on such terms as the court thinks fit, and to confirm any act of the receiver or receiver-manager; and

(e) an order giving directions on any matter relating to the duties of the receiver or receiver-manager. *2018,c.22,s.75.*

76. Duties of receiver or receiver-manager

A receiver or receiver-manager shall

(a) immediately notify the Director of the person's appointment and discharge;

(b) take into the person's custody and control the property of the corporation in accordance with the Court order or instrument under which the person is appointed;

(c) open and maintain a bank account in the person's name as receiver or receiver-manager of the corporation for the moneys of the corporation coming under the person's control;

(d) keep detailed accounts of all transactions carried out as receiver or receiver-manager;

(e) keep accounts of the person's administration that shall be available during usual business hours for inspection by the directors of the corporation;

(f) prepare at least once in every six-month period after the date of the person's appointment financial statements of the person's administration as far as is practicable in the form required by section 125; and

(g) on completion of the person's duties, render a final account of the person's administration in the form adopted for interim accounts under clause (f). *2018,c.22,s.76.*

PART X - DIRECTORS AND OFFICERS

77. Duty to manage or supervise management

(1) Subject to any unanimous shareholder agreement, the directors shall manage, or supervise the management of, the business and affairs of a corporation.

Number of directors

(2) A corporation shall have one or more directors but a distributing corporation, any of the issued securities of which remain outstanding and are held by more than one person, shall have not fewer than three directors, at least two of whom are not officers or employees of the corporation or its affiliates. *2018,c.22,s.77.*

78. Bylaws

(1) Unless the articles, bylaws or a unanimous shareholder agreement otherwise provide, the directors may, by resolution, make, amend or repeal any bylaws that regulate the business or affairs of the corporation.

Shareholder approval

(2) The directors shall submit a bylaw, or an amendment or a repeal of a bylaw, made under subsection (1) to the shareholders at the next meeting of shareholders, and the shareholders may, by ordinary resolution, confirm, reject or amend the bylaw, amendment or repeal.

Effective date

(3) A bylaw, or an amendment or a repeal of a bylaw, is effective from the date of the resolution of the directors under subsection (1) until it is confirmed, confirmed as amended or rejected by the shareholders under subsection (2) or until it ceases to be effective under subsection (4) and, where the bylaw is confirmed or confirmed as amended, it continues in effect in the form in which it was confirmed.

Effect of rejection or failure to submit

(4) If a bylaw, an amendment or a repeal is rejected by the shareholders, or if the directors do not submit a bylaw, an amendment or a repeal to the shareholders as required under subsection (2), the bylaw, amendment or repeal ceases to be effective and no subsequent resolution of the directors to make, amend or repeal a bylaw having substantially the same

purpose or effect is effective until it is confirmed or confirmed as amended by the shareholders.

Shareholder proposal

(5) A shareholder entitled to vote at an annual meeting of shareholders may, in accordance with section 106, make a proposal to make, amend or repeal a bylaw. *2018,c.22,s.78.*

79. Organization meeting

(1) After issue of the certificate of incorporation, a meeting of the directors of the corporation shall be held at which the directors may

(a) make bylaws;

(b) adopt forms of security certificates and corporate records;

(c) authorize the issue of securities;

(d) appoint officers;

(e) appoint an auditor to hold office until the first annual meeting of shareholders;

(f) make banking arrangements; and

(g) transact any other business.

Exception

(2) Subsection (1) does not apply to a body corporate to which a certificate of amalgamation has been issued under subsection 154(4) or to which a certificate of continuance has been issued under subsection 156(4).

Calling meeting

(3) An incorporator or a director may call the meeting of directors referred to in subsection (1) by giving not less than five days' notice by mail to each director, stating the time and place of the meeting. *2018,c.22,s.79.*

80. Qualifications of directors

(1) The following persons are disqualified from being a director of a corporation:

(a) anyone who is under the age of eighteen years;

(b) anyone who is of unsound mind and has been so found by a court in Canada or elsewhere;

(c) a person who is not an individual;

(d) a person who has the status of bankrupt.

Further qualifications

(2) Unless the articles otherwise provide, a director of a corporation is not required to hold shares issued by the corporation. *2018,c.22,s.80.*

81. Notice of directors

(1) At the time of sending articles of incorporation, the incorporators shall send to the Director a notice of directors in the form approved by the Director, and the Director shall file the notice.

Certificate of solicitor respecting non-residential director

(2) Where no director named in the notice referred to in subsection (1) is a resident of Prince Edward Island, the incorporators shall send to the Director, together with the notice, a

certificate in the form approved by the Director that is completed on behalf of the incorporators by a practising member of the Law Society of Prince Edward Island who is resident in the province.

"Resident", defined

(3) For the purposes of subsection (2) and subsection 88(2), "**resident**" means a person who resides in the province for at least 183 consecutive days each year.

Term of office

(4) Each director named in the notice referred to in subsection (1) holds office from the issue of the certificate of incorporation until the first meeting of shareholders.

Election of directors

(5) Subject to clause 82(b), shareholders of a corporation shall, by ordinary resolution at the first meeting of shareholders and at each succeeding annual meeting at which an election of directors is required, elect directors to hold office for a term expiring not later than the close of the third annual meeting of shareholders following the election.

Staggered terms

(6) It is not necessary that all directors elected at a meeting of shareholders hold office for the same term.

No stated terms

(7) A director not elected for an expressly stated term ceases to hold office at the close of the first annual meeting of shareholders following the director's election.

Incumbent directors

(8) Notwithstanding subsections (3), (4) and (6), if directors are not elected at a meeting of shareholders the incumbent directors continue in office until their successors are elected.

Vacancy among candidates

(9) If a meeting of shareholders fails to elect the number or the minimum number of directors required by the articles by reason of the lack of consent, disqualification, incapacity or death of any candidates, the directors elected at that meeting may exercise all the powers of the directors if the number of directors elected constitutes a quorum.

Appointment of directors

(10) The directors may, if the articles of the corporation so provide, appoint one or more additional directors, who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders.

Election or appointment as director

(11) An individual who is elected or appointed to hold office as a director is not a director and is deemed not to have been elected or appointed to hold office as a director unless

(a) he or she was present at the meeting when the election or appointment took place and he or she did not refuse to hold office as a director; or

(b) he or she was not present at the meeting when the election or appointment took place and

(i) he or she consented to hold office as a director in writing before the election or appointment or within ten days after it, or

(ii) he or she has acted as a director pursuant to the election or appointment. *2018,c.22,s.81.*

82. Cumulative voting

Where the articles provide for cumulative voting,

(a) the articles shall require a fixed number and not a minimum and maximum number of directors;

(b) each shareholder entitled to vote at an election of directors has the right to cast a number of votes equal to the number of votes attached to the shares held by the shareholder multiplied by the number of directors to be elected, and may cast all of those votes in favour of one candidate or distribute them among the candidates in any manner;

(c) a separate vote of shareholders shall be taken with respect to each candidate nominated for director unless a resolution is passed unanimously permitting two or more persons to be elected by a single resolution;

(d) if a shareholder has voted for more than one candidate without specifying the distribution of votes, the shareholder is deemed to have distributed the votes equally among those candidates;

(e) if the number of candidates nominated for director exceeds the number of positions to be filled, the candidates who receive the least number of votes shall be eliminated until the number of candidates remaining equals the number of positions to be filled;

(f) each director ceases to hold office at the close of the first annual meeting of shareholders following the director's election;

(g) a director may be removed from office only if the number of votes cast in favour of the director's removal is greater than the product of the number of directors required by the articles and the number of votes cast against the motion; and

(h) the number of directors required by the articles may be decreased only if the votes cast in favour of the motion to decrease the number of directors is greater than the product of the number of directors required by the articles and the number of votes cast against the motion. *2018,c.22,s.82.*

83. Ceasing to hold office

(1) A director of a corporation ceases to hold office when the director

(a) dies or resigns;

(b) is removed in accordance with section 84; or

(c) becomes disqualified under subsection 80(1).

Effective date of resignation

(2) A resignation of a director becomes effective at the time a written resignation is sent to the corporation, or at the time specified in the resignation, whichever is later. *2018,c.22,s.83.*

84. Removal of directors

(1) Subject to clause 82(g), the shareholders of a corporation may by ordinary resolution at a special meeting remove any director or directors from office.

Exception

(2) Where the holders of any class or series of shares of a corporation have an exclusive right to elect one or more directors, a director so elected may only be removed by an ordinary resolution at a meeting of the shareholders of that class or series.

Vacancy

(3) Subject to clauses 82(b) to (e), a vacancy created by the removal of a director may be filled at the meeting of the shareholders at which the director is removed or, if not filled at that meeting, may be filled under section 80.

Manager deemed director

(4) If all of the directors have resigned or have been removed without replacement, a person who manages or supervises the management of the business and affairs of the corporation is deemed to be a director for the purposes of this Act.

Exception

(5) Subsection (4) does not apply to

(a) an officer who manages the business or affairs of the corporation under the direction or control of a shareholder or other person;

(b) a lawyer, notary, accountant or other professional who participates in the management of the corporation solely for the purpose of providing professional services; or

(c) a trustee in bankruptcy, receiver, receiver-manager or secured creditor who participates in the management of the corporation or exercises control over its property solely for the purpose of the realization of security or the administration of a bankrupt's estate, in the case of a trustee in bankruptcy. *2018,c.22,s.84.*

85. Attendance at meeting

(1) A director of a corporation is entitled to receive notice of and to attend and be heard at every meeting of shareholders.

Statement of director

(2) A director who

(a) resigns;

(b) receives a notice or otherwise learns of a meeting of shareholders called for the purpose of removing the director from office; or

(c) receives a notice or otherwise learns of a meeting of directors or shareholders at which another person is to be appointed or elected to fill the office of director, whether because of the director's resignation or removal or because the director's term of office has expired or is about to expire,

is entitled to submit to the corporation a written statement giving reasons for resigning or for opposing any proposed action or resolution.

Circulating statement

(3) A corporation shall immediately send a copy of the statement referred to in subsection (2) to every shareholder entitled to receive notice of any meeting referred to in subsection (1) unless the statement is included in or attached to a management proxy circular required by section 120.

No liability

(4) No corporation or person acting on its behalf incurs any liability by reason only of circulating a director's statement in compliance with subsection (3). *2018,c.22,s.85.*

86. Filling vacancy

(1) Subject to subsections (3) and (4), a quorum of directors may fill a vacancy among the directors, except a vacancy resulting from an increase in the number or the minimum or maximum number of directors or a failure to elect the number or minimum number of directors provided for in the articles.

Calling meeting

(2) If there is not a quorum of directors or if there has been a failure to elect the number or minimum number of directors provided for in the articles, the directors then in office shall without delay call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.

Class director

(3) If the holders of any class or series of shares of a corporation have an exclusive right to elect one or more directors and a vacancy occurs among those directors,

(a) subject to subsection (4), the remaining directors elected by the holders of that class or series of shares may fill the vacancy, except a vacancy resulting from an increase in the number or the minimum or maximum number of directors for that class or series or from a failure to elect the number or minimum number of directors provided for in the articles for that class or series; or

(b) if there are no remaining directors any holder of shares of that class or series, may call a meeting of the holders of shares of that class or series for the purpose of filling the vacancy.

Shareholders filling vacancy

(4) The articles may provide that a vacancy among the directors shall only be filled by a vote of the shareholders, or by a vote of the holders of any class or series of shares having an exclusive right to elect one or more directors if the vacancy occurs among the directors elected by that class or series.

Unexpired term

(5) A director appointed or elected to fill a vacancy holds office for the unexpired term of the director's predecessor. *2018,c.22,s.86.*

87. Number of directors

(1) The shareholders of a corporation may amend the articles to increase or, subject to clause 82(h), to decrease the number of directors, or the minimum or maximum number of directors, but no decrease shall shorten the term of an incumbent director.

Election of directors where articles amended

(2) Where the shareholders at a meeting adopt an amendment to the articles of a corporation to increase or, subject to clause 82(h) and to subsection (1), decrease the number or minimum or maximum number of directors, the shareholders may, at the meeting, elect the number of directors authorized by the amendment, and for that purpose, notwithstanding

subsections 148(1) and 222(3), on the issue of a certificate of amendment, the articles are deemed to be amended as of the date the shareholders adopt the amendment. *2018,c.22,s.87.*

88. Notice of change of director or director's address

(1) A corporation shall, within 15 days after

(a) a change is made among its directors; or

(b) it receives a notice of change of address of a director referred to in subsection (2),

send to the Director a notice, in the form approved by the Director, setting out the change, and the Director shall file the notice.

Certificate of solicitor

(2) Where no director of a corporation that is required to send a notice under subsection (1) is a resident of Prince Edward Island, the corporation shall send to the Director, together with the notice, a certificate in the form approved by the Director that is completed on behalf of the corporation by a practising member of the Law Society of Prince Edward Island who is resident in the province.

Director's change of address

(3) A director shall, within 15 days after changing his or her address, send the corporation a notice of that change.

Application to court

(4) Any interested person, or the Director, may apply to the court for an order to require a corporation to comply with subsection (1), and the court may so order and make any further order it thinks fit. *2018,c.22,s.88.*

89. Meeting of directors

(1) Unless the articles or bylaws otherwise provide, the directors may meet at any place and on any notice that the bylaws require.

Quorum

(2) Subject to the articles or bylaws, a majority of the number of directors or minimum number of directors required by the articles constitutes a quorum at any meeting of directors, and, notwithstanding any vacancy among the directors, a quorum of directors may exercise all the powers of the directors.

Notice of meeting

(3) A notice of a meeting of directors shall specify any matter referred to in subsection 90(2) that is to be dealt with at the meeting but, unless the bylaws otherwise provide, need not specify the purpose of or the business to be transacted at the meeting.

Waiver of notice

(4) A director may in any manner waive a notice of a meeting of directors, and the attendance of a director at a meeting of directors is a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

Adjournment

(5) Notice of an adjourned meeting of directors is not required to be given if the time and place of the adjourned meeting is announced at the original meeting.

One director meeting

(6) Where a corporation has only one director, that director may constitute a meeting.

Participation

(7) Subject to the bylaws, a director may, in accordance with the regulations, if any, and if all the directors of the corporation consent, participate in a meeting of directors or of a committee of directors by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, and a director participating in that meeting by that means is deemed for the purposes of this Act to be present at that meeting. *2018,c.22,s.89.*

90. Delegation

(1) Directors of a corporation may appoint from their number a managing director or a committee of directors and delegate to the managing director or committee any of the powers of the directors.

Limits on authority

(2) Notwithstanding subsection (1), no managing director and no committee of directors has authority to

(a) submit to the shareholders any question or matter requiring the approval of the shareholders;

(b) fill a vacancy among the directors or in the office of auditor, or appoint additional directors;

(c) issue securities except as authorized by the directors;

(d) issue shares of a series under section 34 except as authorized by the directors;

(e) declare dividends;

(f) purchase, redeem or otherwise acquire shares issued by the corporation;

(g) pay a commission referred to in section 48 except as authorized by the directors;

(h) approve a management proxy circular referred to in Part XII;

(i) approve any financial statements referred to in section 125; or

(j) adopt, amend or repeal bylaws. *2018,c.22,s.90.*

91. Validity of acts of director and officer

An act of a director or officer is valid notwithstanding an irregularity in the person's election or appointment or a defect in the person's qualifications. *2018,c.22,s.91.*

92. Resolution in lieu of meeting

(1) A resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of directors or committee of directors, is as valid as if it had been passed at a meeting of directors or committee of directors.

Filing resolution

(2) A copy of every resolution referred to in subsection (1) shall be kept with the minutes of the proceedings of the directors or committee of directors.

Evidence

(3) Unless a ballot is demanded, an entry in the minutes of a meeting to the effect that the chairperson of the meeting declared a resolution to be carried or defeated is, in the absence of evidence to the contrary, proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. *2018,c.22,s.92.*

93. Directors' liability

(1) Directors of a corporation who vote for or consent to a resolution authorizing the issue of a share under section 32 for a consideration other than money are jointly and severally liable to the corporation to make good any amount by which the consideration received is less than the fair equivalent of the money that the corporation would have received if the share had been issued for money on the date of the resolution.

Further directors' liabilities

(2) Directors of a corporation who vote for or consent to a resolution authorizing any of the following are jointly and severally liable to restore to the corporation any amounts distributed or paid and not otherwise recovered by the corporation:

(a) a purchase, redemption or other acquisition of shares contrary to section 41, 42 or 43;

(b) a commission contrary to section 48;

(c) a payment of a dividend contrary to section 49;

(d) a payment of an indemnity contrary to section 99;

(e) a payment to a shareholder contrary to section 159 or 194.

Contribution

(3) A director who has satisfied a judgment rendered under this section is entitled to contribution from the other directors who voted for or consented to the unlawful act on which the judgment was founded.

Recovery

(4) A director liable under subsection (2) is entitled to apply to the court for an order compelling a shareholder or other recipient to pay or deliver to the director any money or property that was paid or distributed to the shareholder or other recipient contrary to section 41, 42, 43, 48, 49, 99, 159 or 194.

Order of court

(5) In connection with an application under subsection (4) the court may, if it is satisfied that it is equitable to do so,

(a) order a shareholder or other recipient to pay or deliver to a director any money or property that was paid or distributed to the shareholder or other recipient contrary to section 41, 42, 43, 48, 49, 99, 159 or 194;

(b) order a corporation to return or issue shares to a person from whom the corporation has purchased, redeemed or otherwise acquired shares; or

(c) make any further order it thinks fit.

No liability

(6) A director who proves that the director did not know and could not reasonably have known that the share was issued for a consideration less than the fair equivalent of the money that the corporation would have received if the share had been issued for money is not liable under subsection (1).

Limitation

(7) An action to enforce a liability imposed by this section may not be commenced after two years from the date of the resolution authorizing the action complained of. *2018,c.22,s.93.*

94. Liability of directors for wages

(1) Subject to subsections (2) and (3), the directors of a corporation are jointly and severally liable with the corporation to an employee of the corporation for pay owing from the corporation to the employee in accordance with section 82 of the *Employment Standards Act* R.S.P.E.I. 1988, Cap. E-6.3.

Subrogation of director

(2) Where a director pays a debt referred to in subsection (1) that is proved in liquidation and dissolution or bankruptcy proceedings, the director is entitled to any preference that the employee would have been entitled to, and where a judgment has been obtained, the director is entitled to an assignment of the judgment.

Contribution

(3) A director who has satisfied a claim under this section is entitled to contribution from the other directors who were liable for the claim. *2018,c.22,s.94; 2024,c.66,s.102.*

95. Disclosure of interest

(1) A director or an officer of a corporation shall disclose to the corporation, in writing or by requesting to have it entered in the minutes of meetings of directors or of meetings of committees of directors, the nature and extent of any interest that he or she has in a material contract or material transaction, whether made or proposed, with the corporation, if the director or officer

(a) is a party to the contract or transaction;

(b) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or

(c) has a material interest in a party to the contract or transaction.

Time of disclosure for director

(2) The disclosure required by subsection (1) shall be made, in the case of a director,

(a) at the meeting at which a proposed contract or transaction is first considered;

(b) if the director was not, at the time of the meeting referred to in clause (a), interested in a proposed contract or transaction, at the first meeting after he or she becomes interested;

(c) if the director becomes interested after a contract or transaction is made, at the first meeting after he or she becomes interested; or

(d) if an individual who is interested in a contract or transaction later becomes a director, at the first meeting after he or she becomes a director.

Time of disclosure for officer

(3) The disclosure required by subsection (1) shall be made, in the case of an officer who is not a director,

(a) immediately after he or she becomes aware that the contract, transaction, proposed contract or proposed transaction is to be considered or has been considered at a meeting;

(b) if the officer becomes interested after a contract or transaction is made, immediately after he or she becomes interested; or

(c) if an individual who is interested in a contract later becomes an officer, immediately after he or she becomes an officer.

Time of disclosure for director or officer

(4) If a material contract or material transaction, whether entered into or proposed, is one that, in the ordinary course of the corporation's business, would not require approval by the directors or shareholders, a director or officer shall disclose in writing to the corporation or by requesting to have it entered in the minutes of meetings of directors or of meetings of committees of directors, the nature and extent of his or her interest immediately after he or she becomes aware of the contract or transaction.

Voting

(5) A director required to make a disclosure under subsection (1) shall not vote on any resolution to approve the contract or transaction unless the contract or transaction unless the contract or transaction

(a) relates primarily to his or her remuneration as a director, officer, employee or agent of the corporation or an affiliate;

(b) is for indemnity or insurance under section 99; or

(c) is with an affiliate.

Continuing disclosure

(6) For the purposes of this section, a general notice to the directors declaring that a director or an officer is to be regarded as interested, for any of the following reasons, in a contract or transaction made with a party, is a sufficient declaration of interest in relation to the contract or transaction:

(a) the director or officer is a director or officer, or acting in a similar capacity, of a party referred to in clause (1)(b) or (c);

(b) the director or officer has a material interest in the party;

(c) there has been a material change in the nature of the director's or the officer's interest in the party.

Access to disclosures

(7) The shareholders of the corporation may examine the portions of any minutes of meetings of directors or of committees of directors that contain disclosures under this section, and any other documents that contain those disclosures, during the usual business hours of the corporation.

Avoidance standards

(8) A contract or transaction for which disclosure is required under subsection (1) is not invalid, and the director or officer is not accountable to the corporation or its shareholders for any profit realized from the contract or transaction, because of the director's or officer's interest in the contract or transaction or because the director was present or was counted to determine whether a quorum existed at the meeting of directors or committee of directors that considered the contract or transaction, if

(a) disclosure of the interest was made in accordance with subsections (1) to (6);

(b) the directors approved the contract or transaction; and

(c) the contract or transaction was reasonable and fair to the corporation when it was approved.

Confirmation by shareholders

(9) Even if the conditions of subsection (8) are not met, a director or officer, acting honestly and in good faith, is not accountable to the corporation or to its shareholders for any profit realized from a contract or transaction for which disclosure is required under subsection (1), and the contract or transaction is not invalid by reason only of the interest of the director or officer in the contract or transaction, if

(a) the contract or transaction is approved or confirmed by special resolution at a meeting of the shareholders;

(b) disclosure of the interest was made to the shareholders in a manner sufficient to indicate its nature before the contract or transaction was approved or confirmed; and

(c) the contract or transaction was reasonable and fair to the corporation when it was approved or confirmed.

Application to court

(10) If a director or an officer of a corporation fails to comply with this section, the court may, on application of the corporation or any of its shareholders, set aside the contract or transaction on any terms that it thinks fit, or require the director or officer to account to the corporation for any profit or gain realized on it, or do both those things. *2018,c.22,s.95.*

96. Officers

Subject to the articles, the bylaws or any unanimous shareholder agreement,

(a) the directors may designate the offices of the corporation, appoint as officers persons of full capacity, specify their duties and delegate to them powers to manage the business and affairs of the corporation, except powers to do anything referred to in subsection 90(2);

(b) a director may be appointed to any office of the corporation; and

(c) two or more offices of the corporation may be held by the same person. *2018,c.22,s.96.*

97. Duty of care of directors and officers

(1) Every director and officer of a corporation, in exercising the person's powers and discharging the person's duties, shall

(a) act honestly and in good faith with a view to the best interests of the corporation; and

(b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Duty to comply

(2) Every director and officer of a corporation shall comply with this Act, the regulations, articles, bylaws and any unanimous shareholder agreement.

No exculpation

(3) Subject to subsection 116(5), no provision in a contract, the articles, the bylaws or a resolution relieves a director or officer from the duty to act in accordance with this Act or the regulations or relieves the director or officer from liability for a breach of them. *2018,c.22,s.97.*

98. Dissent

(1) A director who is present at a meeting of directors or committee of directors is deemed to have consented to any resolution passed or action taken at the meeting unless

(a) the director requests a dissent to be entered in the minutes of the meeting, or the dissent has been entered in the minutes;

(b) the director sends a written dissent to the secretary of the meeting before the meeting is adjourned; or

(c) the director sends a dissent by registered mail or delivers it to the registered office of the corporation immediately after the meeting is adjourned.

Loss of right to dissent

(2) A director who votes for or consents to a resolution is not entitled to dissent under subsection (1).

Dissent of absent director

(3) A director who was not present at a meeting at which a resolution was passed or action taken is deemed to have consented to it unless within seven days after becoming aware of the resolution, the director

(a) causes a dissent to be placed with the minutes of the meeting; or

(b) sends a dissent by registered mail or delivers it to the registered office of the corporation.

Defence - reasonable diligence

(4) A director is not liable under section 93 or 94, and has complied with his or her duties under subsection 97(2), if the director exercised the care, diligence and skill that a reasonably prudent person would have exercised in comparable circumstances, including reliance in good faith on

(a) financial statements of the corporation represented to the director by an officer of the corporation or in a written report of the auditor of the corporation to present fairly the financial condition of the corporation; or

(b) a report of a person whose profession lends credibility to a statement made by the professional person. *2018,c.22,s.98.*

99. Indemnification

(1) A corporation may indemnify a director or officer of the corporation, a former director or officer of the corporation or another individual who acts or acted at the corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the corporation or other entity.

Advance of costs

(2) A corporation may advance moneys to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in subsection (1) and the individual shall repay the moneys if the individual does not fulfil the conditions of subsection (3).

Limitation

(3) A corporation shall not indemnify an individual under subsection (1) unless the individual

(a) acted honestly and in good faith with a view to the best interests of the corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the corporation's request; and

(b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

Indemnification in derivative actions

(4) A corporation may, with the approval of the court, indemnify an individual referred to in subsection (1), or advance moneys under subsection (2), in respect of an action by or on behalf of the corporation or other entity to procure a judgment in its favour, to which the individual is made a party because of the individual's association with the corporation or other entity as described in subsection (1), against all costs, charges and expenses reasonably incurred by the individual in connection with that action, if the individual fulfils the conditions set out in subsection (3).

Right to indemnity

(5) Despite subsection (1), an individual referred to in that subsection is entitled to indemnity from the corporation in respect of all costs, charges and expenses reasonably incurred by the individual in connection with the defence of any civil, criminal, administrative, investigative or other proceeding to which the individual is subject because of the individual's association with the corporation or other entity as described in subsection (1), if the individual seeking indemnity

(a) was not judged by the court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done; and

(b) fulfils the conditions set out in subsection (3).

Insurance

(6) A corporation may purchase and maintain insurance for the benefit of an individual referred to in subsection (1) against any liability incurred by the individual

(a) in the individual's capacity as a director or officer of the corporation; or

(b) in the individual's capacity as a director or officer, or similar capacity, of another entity, if the individual acts or acted in that capacity at the corporation's request.

Application to court

(7) A corporation, an individual or an entity referred to in subsection (1) may apply to the court for an order approving an indemnity under this section and the court may make the order and any further order that it sees fit.

Notice to Director

(8) An application under subsection (7) shall provide notice to the Director of the application and the Director is entitled to appear and be heard in person or by counsel.

Other notice

(9) On an application under subsection (7) the court may order notice to be given to any interested person and the person is entitled to appear and be heard in person or by counsel. *2018,c.22,s.99.*

100. Remuneration

Subject to the articles, the bylaws or any unanimous shareholder agreement, the directors of a corporation may fix the remuneration of the directors, officers and employees of the corporation. *2018,c.22,s.100.*

PART XI - SHAREHOLDERS

101. Place of meetings

(1) Meetings of shareholders of a corporation shall be held at the place within Prince Edward Island provided in the bylaws or, in the absence of any provision, at the place within Prince Edward Island that the directors determine.

Meeting outside Prince Edward Island

(2) Despite subsection (1), a meeting of shareholders of a corporation may be held at a place outside Prince Edward Island if the place is specified in the articles or all the shareholders entitled to vote at the meeting agree that the meeting shall be held at that place.

Exception

(3) A shareholder who attends a meeting of shareholders held outside Prince Edward Island is deemed to have agreed to it being held outside Prince Edward Island except when the shareholder attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully held.

Participation in meeting by electronic means

(4) Unless the bylaws otherwise provide, any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the regulations, if any, by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the corporation makes available such a communication facility, and a person participating in a meeting by that means is deemed for the purposes of this Act to be present at the meeting.

Meeting held by electronic means

(5) If the directors or the shareholders of a corporation call a meeting of shareholders pursuant to this Act, those directors or shareholders, as the case may be, may determine that the meeting shall be held, in accordance with the regulations, if any, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the bylaws so provide. *2018,c.22,s.101.*

102. Calling annual meetings

(1) The directors of a corporation shall call an annual meeting of shareholders

(a) not later than 18 months after the corporation comes into existence; and

(b) subsequently, not later than 15 months after holding the last preceding annual meeting, and not later than six months after the end of the corporation's preceding financial year.

Calling special meetings

(2) The directors of a corporation may at any time call a special meeting of shareholders.

Order to delay calling of annual meeting

(3) Despite subsection (1), the corporation may apply to the court for an order extending the time for calling an annual meeting. *2018,c.22,s.102.*

103. Fixing record date

(1) The directors may, within the prescribed period, fix in advance a date as the record date for the purpose of determining shareholders

(a) entitled to receive payment of a dividend;

(b) entitled to participate in a liquidation distribution;

(c) entitled to receive notice of a meeting of shareholders;

(d) entitled to vote at a meeting of shareholders; or

(e) for any other purpose.

No record date fixed

(2) If no record date is fixed,

(a) the record date for the determination of shareholders entitled to receive notice of a meeting of shareholders shall be

(i) at the close of business on the day immediately preceding the day on which the notice is given, or

(ii) if no notice is given, the day on which the meeting is held; and

(b) the record date for the determination of shareholders for any purpose other than to establish a shareholder's right to receive notice of a meeting or to vote shall be at the close of business on the day on which the directors pass the resolution relating to it.

When record date fixed

(3) If a record date is fixed, unless notice of the record date is waived in writing by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date, notice of the record date must be given within the prescribed period

(a) by advertisement in a newspaper published or distributed in the place where the corporation has its registered office and in each place in Canada where it has a transfer agent or where a transfer of its shares may be recorded; and

(b) by written notice to each stock exchange in Canada on which the shares of the corporation are listed for trading. *2018,c.22,s.103.*

104. Notice of meeting

(1) Notice of the time and place of a meeting of shareholders shall be sent within the prescribed period to

(a) each shareholder entitled to vote at the meeting;

(b) each director; and

(c) the auditor of the corporation.

Exception -- not a distributing corporation

(2) In the case of a corporation that is not a distributing corporation, the notice may be sent within a shorter period specified in the articles or bylaws.

Exception -- shareholders not registered

(3) A notice of a meeting is not required to be sent to shareholders who were not registered on the records of the corporation or its transfer agent on the record date determined under clause 103(1)(c) or subsection 103(2), but failure to receive a notice does not deprive a shareholder of the right to vote at the meeting.

Adjournment

(4) If a meeting of shareholders is adjourned for less than thirty days it is not necessary, unless the bylaws otherwise provide, to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned.

Notice of adjourned meeting

(5) If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty days or more, notice of the adjourned meeting shall be given as for an original meeting but, unless the meeting is adjourned by one or more adjournments for an aggregate of more than ninety days, subsection 119(1) does not apply.

Business

(6) All business transacted at a special meeting of shareholders and all business transacted at an annual meeting of shareholders, except consideration of the financial statements, auditor's report, election of directors and re-appointment of the incumbent auditor, is deemed to be special business.

Notice of business

(7) Notice of a meeting of shareholders at which special business is to be transacted shall state

(a) the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment thereon; and

(b) the text of any special resolution to be submitted to the meeting. *2018,c.22,s.104.*

105. Waiver of notice

A shareholder or any other person entitled to attend a meeting of shareholders may in any manner waive notice of a meeting of shareholders, and the person's attendance at a meeting of shareholders is a waiver of notice of the meeting, except where the person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. *2018,c.22,s.105.*

106. Proposals

(1) Subject to subsections (2) and (3), a shareholder entitled to vote or a beneficial owner of shares that are entitled to be voted at an annual meeting of shareholders may

(a) submit to the corporation a proposal giving notice of any matter that the person proposes to raise at the meeting; and

(b) discuss at the meeting any matter in respect of which the person would have been entitled to submit a proposal.

Eligibility to submit proposal

(2) To be eligible to submit a proposal, a person

(a) must be, for at least the prescribed period, the registered holder or the beneficial owner of at least the prescribed number of outstanding shares of the corporation; or

(b) must have the support of persons who, in the aggregate, and including or not including the person who submits the proposal, have been, for at least the prescribed period, the registered holders or the beneficial owners of at least the prescribed number of outstanding shares of the corporation.

Information to be provided

(3) A proposal submitted under clause (1)(a) shall be accompanied by the following information:

(a) the name and address of the person and of the person's supporters, if applicable;

(b) the number of shares held or owned by the person and the person's supporters, if applicable, and the date the shares were acquired.

Information not part of proposal

(4) The information provided under subsection (3) does not form part of the proposal or of the supporting statement referred to in subsection (7) and is not included for the purposes of the prescribed maximum word limit set out in subsection (7).

Proof may be required

(5) If requested by the corporation within the prescribed period, a person who submits a proposal shall provide proof, within the prescribed period, that the person meets the requirements of subsection (2).

Information circular

(6) A corporation that solicits proxies shall set out the proposal in the management proxy circular required by section 120 or attach the proposal to it.

Supporting statement

(7) If requested to do so by the person who submits a proposal, the corporation shall include in the management proxy circular or attach to it a statement in support of the proposal by the person and the name and address of the person, and the statement and the proposal shall together not exceed the prescribed maximum number of words.

Nomination for director

(8) A proposal may include nominations for the election of directors if the proposal is signed by one or more holders of shares representing in the aggregate not less than five per cent of the shares or five per cent of the shares of a class of shares of the corporation entitled to vote at the meeting to which the proposal is to be presented, but this subsection does not preclude nominations made at a meeting of shareholders.

Exemptions

(9) A corporation is not required to comply with subsections (6) and (7) if

(a) the proposal is not submitted to the corporation at least the prescribed number of days before the anniversary date of the previous annual meeting of shareholders;

(b) it clearly appears that the primary purpose of the proposal is to enforce a personal claim or redress a personal grievance against the corporation or its directors, officers or security holders;

(c) it clearly appears that the proposal does not relate in a significant way to the business or affairs of the corporation;

(d) not more than the prescribed period before the receipt of a proposal, the same person failed to present, in person or by proxy, at a meeting of shareholders, a proposal that, at the person's request, had been included in a management proxy circular relating to the meeting;

(e) substantially the same proposal was submitted to shareholders in a management proxy circular or a dissident's proxy circular relating to a meeting of shareholders held not more than the prescribed period before the receipt of the proposal and the proposal was defeated; or

(f) the rights conferred by this section are being abused to secure publicity.

Corporation may refuse to include proposal

(10) If a person who submits a proposal fails to continue to hold or own the required number of shares up to and including the day of the meeting, the corporation is not required to set out in the management proxy circular, or attach to it, any proposal submitted by that person for any meeting held within the prescribed period following the date of the meeting.

No liability

(11) No corporation or person acting on its behalf incurs any liability by reason only of circulating a proposal or statement in compliance with this section.

Notice of refusal

(12) If a corporation refuses to include a proposal in a management proxy circular, the corporation shall, within the prescribed period after the day on which it receives the proposal, notify in writing the person submitting the proposal of its intention to omit the proposal from the management proxy circular and of the reasons for the refusal.

Person may apply to court

(13) On the application of a person submitting a proposal who claims to be aggrieved by a corporation's refusal under subsection (12), the court may restrain the holding of the meeting to which the proposal is sought to be presented and make any further order it thinks fit.

Corporation's application to court

(14) The corporation or any person claiming to be aggrieved by a proposal may apply to the court for an order permitting the corporation to omit the proposal from the management proxy circular, and the court, if it is satisfied that subsection (9) applies, may make any order it thinks fit. *2018,c.22,s.106.*

107. List of shareholders entitled to receive notice

(1) A corporation shall prepare an alphabetical list of its shareholders entitled to receive notice of a meeting, showing the number of shares held by each shareholder,

(a) if a record date is fixed under clause 103(1)(c), not later than ten days after that date; or

(b) if no record date is fixed, on the record date established under clause 103(2)(a).

Voting list - if record date fixed

(2) If a record date for voting is fixed under clause 103(1)(d), the corporation shall prepare, no later than ten days after the record date, an alphabetical list of shareholders entitled to vote as of the record date at a meeting of shareholders that shows the number of shares held by each shareholder.

Voting list - if no record date fixed

(3) If a record date for voting is not fixed under clause 103(1)(d), the corporation shall prepare, no later than ten days after a record date is fixed under clause 103(1)(c) or no later than the record date established under clause 103(2)(a), as the case may be, an alphabetical list of shareholders who are entitled to vote as of the record date that shows the number of shares held by each shareholder.

Entitlement to vote

(4) A shareholder whose name appears on a list prepared under subsection (2) or (3) is entitled to vote the shares shown opposite their name at the meeting to which the list relates.

Examination of list

(5) A shareholder may examine the list of shareholders

(a) during usual business hours at the registered office of the corporation or at the place where its central securities register is maintained; and

(b) at the meeting of shareholders for which the list was prepared. *2018,c.22,s.107.*

108. Quorum

(1) Unless the bylaws otherwise provide, a quorum of shareholders is present at a meeting of shareholders, irrespective of the number of persons actually present at the meeting, if the holders of a majority of the shares entitled to vote at the meeting are present in person or represented by proxy.

Opening quorum sufficient

(2) If a quorum is present at the opening of a meeting of shareholders, the shareholders present may, unless the bylaws otherwise provide, proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.

Adjournment

(3) If a quorum is not present at the opening of a meeting of shareholders, the shareholders present may adjourn the meeting to a fixed time and place but may not transact any other business.

One shareholder meeting

(4) If a corporation has only one shareholder, or only one holder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting. *2018,c.22,s.108.*

109. Right to vote

(1) Unless the articles otherwise provide, each share of a corporation entitles the holder of it to one vote at a meeting of shareholders.

Representative

(2) If a body corporate or association is a shareholder of a corporation, the corporation shall recognize any individual authorized by a resolution of the directors or governing body of the body corporate or association to represent it at meetings of shareholders of the corporation.

Powers of representative

(3) An individual authorized under subsection (2) may exercise on behalf of the body corporate or association all the powers it could exercise if it were an individual shareholder.

Joint shareholders

(4) Unless the bylaws otherwise provide, if two or more persons hold shares jointly, one of those holders present at a meeting of shareholders may in the absence of the others vote the shares, but if two or more of those persons who are present, in person or by proxy, vote, they shall vote as one on the shares jointly held by them. *2018,c.22,s.109.*

110. Voting

(1) Unless the bylaws otherwise provide, voting at a meeting of shareholders shall be by show of hands except where a ballot is demanded by a shareholder or proxyholder entitled to vote at the meeting.

Ballot

(2) A shareholder or proxyholder may demand a ballot either before or after any vote by show of hands.

Electronic voting

(3) Despite subsection (1), unless the bylaws otherwise provide, any vote referred to in subsection (1) may be held, in accordance with the regulations, if any, entirely by means of a telephonic, electronic or other communication facility, if the corporation makes available that a communication facility.

Voting while participating electronically

(4) Unless the bylaws otherwise provide, any person participating in a meeting of shareholders under subsection 101(4) or (5) and entitled to vote at that meeting may vote, in accordance with the regulations, if any, by means of the telephonic, electronic or other communication facility that the corporation has made available for that purpose. *2018,c.22,s.110.*

111. Resolution in lieu of meeting

(1) Except where a written statement is submitted by a director under subsection 85(2) or by an auditor under subsection 137(5),

(a) a resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders; and

(b) a resolution in writing dealing with all matters required by this Act to be dealt with at a meeting of shareholders, and signed by all the shareholders entitled to vote at that meeting, satisfies all the requirements of this Act relating to meetings of shareholders.

Filing resolution

(2) A copy of every resolution referred to in subsection (1) shall be kept with the minutes of the meetings of shareholders.

Evidence

(3) Unless a ballot is demanded, an entry in the minutes of a meeting to the effect that the chairperson of the meeting declared a resolution to be carried or defeated is, in the absence of evidence to the contrary, proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. *2018,c.22,s.111.*

112. Requisition of meeting

(1) The holders of not less than five per cent of the issued shares of a corporation that carry the right to vote at a meeting sought to be held may requisition the directors to call a meeting of shareholders for the purposes stated in the requisition.

Form

(2) The requisition referred to in subsection (1), which may consist of several documents of like form each signed by one or more shareholders, shall state the business to be transacted at the meeting and shall be sent to each director and to the registered office of the corporation.

Directors calling meeting

(3) On receiving the requisition referred to in subsection (1), the directors shall call a meeting of shareholders to transact the business stated in the requisition, unless

(a) a record date has been fixed under clause 103(1)(c) and notice of it has been given under subsection 103(3);

(b) the directors have called a meeting of shareholders and have given notice thereof under section 104; or

(c) the business of the meeting as stated in the requisition includes matters described in clauses 106(5)(b) to (f).

Shareholder calling meeting

(4) If the directors do not within twenty-one days after receiving the requisition referred to in subsection (1) call a meeting, any shareholder who signed the requisition may call the meeting.

Procedure

(5) A meeting called under this section shall be called as nearly as possible in the manner in which meetings are to be called pursuant to the bylaws, this Part and Part XII.

Reimbursement

(6) Unless the shareholders otherwise resolve at a meeting called under subsection (4), the corporation shall reimburse the shareholders the expenses reasonably incurred by them in requisitioning, calling and holding the meeting. *2018,c.22,s.112.*

113. Meeting called by court

(1) The court, on the application of a director or a shareholder who is entitled to vote at a meeting of shareholders may order a meeting of a corporation to be called, held and conducted in the manner that the court directs, if

(a) it is impracticable to call the meeting within the time or in the manner in which those meetings are to be called;

(b) it is impracticable to conduct the meeting in the manner required by this Act or the bylaws; or

(c) the court thinks that the meeting should be called, held and conducted within the time or in the manner it directs for any other reason.

Varying quorum

(2) Without restricting the generality of subsection (1), the court may order that the quorum required by the bylaws or this Act be varied or dispensed with at a meeting called, held and conducted pursuant to this section.

Valid meeting

(3) A meeting called, held and conducted pursuant to this section is for all purposes a meeting of shareholders of the corporation duly called, held and conducted. *2018,c.22,s.113.*

114. Court review of election

(1) A corporation, shareholder or director may apply to the court to determine any controversy with respect to an election or appointment of a director or auditor of the corporation.

Powers of court

(2) On an application under this section, the court may make any order it thinks fit including, without limiting the generality of the foregoing,

(a) an order restraining a director or auditor whose election or appointment is challenged from acting pending determination of the dispute;

(b) an order declaring the result of the disputed election or appointment;

(c) an order requiring a new election or appointment, and including in the order directions for the management of the business and affairs of the corporation until a new election is held or appointment made; and

(d) an order determining the voting rights of shareholders and of persons claiming to own shares. *2018,c.22,s.114.*

115. Pooling agreement

A written agreement between two or more shareholders may provide that in exercising voting rights the shares held by them shall be voted as provided in the agreement. *2018,c.22,s.115.*

116. Unanimous shareholder agreement

(1) An otherwise lawful written agreement among all the shareholders of a corporation, or among all the shareholders and one or more persons who are not shareholders, that restricts, in whole or in part, the powers of the directors to manage, or supervise the management of, the business and affairs of the corporation is valid.

Declaration by single shareholder

(2) If a person who is the beneficial owner of all the issued shares of a corporation makes a written declaration that restricts in whole or in part the powers of the directors to manage, or supervise the management of, the business and affairs of the corporation, the declaration is deemed to be a unanimous shareholder agreement.

Constructive party

(3) A purchaser or transferee of shares subject to a unanimous shareholder agreement is deemed to be a party to the agreement.

When no notice given

(4) If notice is not given to a purchaser or transferee of the existence of a unanimous shareholder agreement, the purchaser or transferee may, no later than 30 days after the purchaser or transferee becomes aware of the existence of the unanimous shareholder agreement, rescind the transaction by which the shares were acquired.

Rights of shareholder

(5) To the extent that a unanimous shareholder agreement restricts the powers of the directors to manage, or supervise the management of, the business and affairs of the corporation, parties to the unanimous shareholder agreement who are given that power to manage or supervise the management of the business and affairs of the corporation have all the rights, powers, duties and liabilities of a director of the corporation, whether they arise under this Act or otherwise,

including any defences available to the directors, and the directors are relieved of their rights, powers, duties and liabilities, including their liabilities under section 124, to the same extent.

Discretion of shareholders

(6) Nothing in this section prevents shareholders from fettering their discretion when exercising the powers of directors under a unanimous shareholder agreement. *2018,c.22,s.116.*

PART XII - PROXIES

117. Definitions

(1) In this Part,

(a) "**form of proxy**" means a written or printed form that, on completion and execution by or on behalf of a shareholder, becomes a proxy;

(b) "**intermediary**" means a person who holds a security on behalf of another person who is not the registered holder of the security, and includes

(i) a securities broker or dealer required to be registered to trade or deal in securities under the laws of any jurisdiction,

(ii) a securities depositary,

(iii) a financial institution,

(iv) in respect of a clearing agency, a securities dealer, trust company, bank or other person, including another clearing agency, on whose behalf the clearing agency or its nominees hold securities of an issuer,

(v) a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada),

(vi) a nominee of a person referred to in any of subclauses (i) to (v), and

(vii) a person who carries out functions similar to those carried out by individuals or entities referred to in any of subclauses (i) to (v) and that holds a security registered in its name, or in the name of its nominee, on behalf of another person who is not the registered holder of the security;

(c) "**proxy**" means a completed and executed form of proxy by means of which a shareholder appoints a proxyholder to attend and act on the shareholder's behalf at a meeting of shareholders;

(d) "**solicit**" and "**solicitation**"

(i) includes

(A) a request for a proxy whether or not accompanied by or included in a form of proxy,

(B) a request to execute or not to execute a form of proxy or to revoke a proxy,

(C) the sending of a form of proxy or other communication to a shareholder under circumstances reasonably calculated to result in the procurement, withholding or revocation of a proxy, and

(D) the sending of a form of proxy to a shareholder under section 119, but

(ii) does not include

(A) the sending of a form of proxy in response to an unsolicited request made by or on behalf of a shareholder,

(B) the performance of administrative acts or professional services on behalf of a person soliciting a proxy,

(C) the sending by an intermediary of the documents referred to in section 123;

(e) "**solicitation by or on behalf of the management of a corporation**" means a solicitation by any person pursuant to a resolution or instructions of, or with the acquiescence of, the directors or a committee of the directors.

Exemption

(2) A person who acts in accordance with the proxy requirements of securities legislation to which a corporation is subject is exempt from the requirements of this Part. *2018,c.22,s.117.*

118. Appointing proxyholder

(1) A shareholder entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxyholder or one or more alternate proxyholders who are not required to be shareholders, to attend and act at the meeting in the manner and to the extent authorized by the proxy and with the authority conferred by the proxy.

Execution of proxy

(2) A proxy shall be executed by the shareholder or by the shareholder's attorney authorized in writing.

Validity of proxy

(3) A proxy is valid only at the meeting in respect of which it is given or any adjournment of the meeting.

Revocation of proxy

(4) A shareholder may revoke a proxy

(a) by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing

(i) at the registered office of the corporation at any time up to and including the last business day preceding the day of the meeting, or an adjournment of it, at which the proxy is to be used, or

(ii) with the chairman of the meeting on the day of the meeting or an adjournment of it; or

(b) in any other manner permitted by law.

Deposit of proxies

(5) The directors may specify in a notice calling a meeting of shareholders a time not exceeding 48 hours, excluding Saturdays and holidays, preceding the meeting or an adjournment of it before which time proxies to be used at the meeting must be deposited with the corporation or its agent. *2018,c.22,s.118.*

119. Mandatory solicitation

(1) Subject to subsection (2), the management of a corporation shall, concurrently with giving notice of a meeting of shareholders, send a form of proxy in prescribed form to each shareholder who is entitled to receive notice of the meeting.

Exception

(2) The management of the corporation is not required to send a form of proxy under subsection (1) if it

(a) is not a distributing corporation; and

(b) has 50 or fewer shareholders entitled to vote at a meeting, two or more joint holders being counted as one shareholder.

Offence

(3) If the management of a corporation fails to comply, without reasonable cause, with subsection (1), the corporation is guilty of an offence and liable on summary conviction to a fine not exceeding $5,000.

Officers, etc., of corporations

(4) Where a corporation commits an offence under subsection (3), any director or officer of the corporation who knowingly authorized, permitted or acquiesced in the commission of the offence is a party to and guilty of the offence and is liable on summary conviction to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months or to both, whether or not the corporation has been prosecuted or convicted. *2018,c.22,s.119.*

120. Soliciting proxies

(1) A person shall not solicit proxies unless

(a) in the case of solicitation by or on behalf of the management of a corporation, a management proxy circular in prescribed form, either as an appendix to or as a separate document accompanying the notice of the meeting; or

(b) in the case of any other solicitation, a dissident's proxy circular in prescribed form stating the purposes of the solicitation,

is sent to the auditor of the corporation, to each shareholder whose proxy is solicited, to each director and, if clause (b) applies, to the corporation.

Exception -- solicitation to 15 or fewer shareholders

(2) Despite subsection (1), a person may solicit proxies, other than by or on behalf of the management of the corporation, without sending a dissident's proxy circular, if the total number of shareholders whose proxies are solicited is 15 or fewer, two or more joint holders being counted as one shareholder.

Exception -- solicitation by public broadcast

(3) Despite subsection (1), a person may solicit proxies, other than by or on behalf of the management of the corporation, without sending a dissident's proxy circular if the solicitation is, in the prescribed circumstances, conveyed by public broadcast, speech or publication.

Copy to Director

(4) A person required to send a management proxy circular or dissident's proxy circular shall send concurrently a copy of it to the Director together with a statement in the form approved by the Director, the form of proxy, any other documents for use in connection with the meeting and, in the case of a management proxy circular, a copy of the notice of meeting.

Offence

(5) A person who fails to comply with subsections (1) and (2) is guilty of an offence and liable on summary conviction to a fine not exceeding $5,000 or to imprisonment for a term not

exceeding six months or to both, whether or not the body corporate has been prosecuted or convicted.

Officers, etc., of bodies corporate

(6) Where a body corporate commits an offence under subsection (5), any director or officer of the body corporate who knowingly authorized, permitted or acquiesced in the commission of the offence is a party to and guilty of the offence and is liable on summary conviction to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months or to both, whether or not the body corporate has been prosecuted or convicted.*2018,c.22,s.120.*

121. Exemption

On the application of an interested person, the Director may exempt the person, on any terms that the Director thinks fit, from any of the requirements of section 119 or subsection 120(1), and the exemption may have retrospective effect. *2018,c.22,s.121.*

122. Attendance at meeting

(1) A person who solicits a proxy and is appointed proxyholder shall attend in person or cause an alternate proxyholder to attend the meeting in respect of which the proxy is given and comply with the directions of the shareholder who appointed the proxyholder.

Right of a proxyholder

(2) A proxyholder or an alternate proxyholder has the same rights as the shareholder by whom the proxyholder was appointed to speak at a meeting of shareholders in respect of any matter, to vote by way of ballot at the meeting and, except where a proxyholder or an alternate proxyholder has conflicting instructions from more than one shareholder, to vote at such a meeting in respect of any matter by way of a show of hands.

Show of hands

(3) Despite subsections (1) and (2), if the chairperson of a meeting of shareholders declares to the meeting that, if a ballot is conducted, the total number of votes attached to shares represented at the meeting by proxy required to be voted against what to the knowledge of the chairperson will be the decision of the meeting in relation to any matter or group of matters is less than five per cent of all the votes that might be cast by shareholders personally or through proxy at the meeting on the ballot, unless a shareholder or proxyholder demands a ballot,

(a) the chairperson may conduct the vote in respect of that matter or group of matters by a show of hands; and

(b) a proxyholder or alternate proxyholder may vote in respect of that matter or group of matters by a show of hands.

Offence

(4) A proxyholder or alternate proxyholder who without reasonable cause fails to comply with the directions of a shareholder under this section is guilty of an offence and liable on summary conviction to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months or to both. *2018,c.22,s.122.*

123. Duty of intermediary

(1) Shares of a corporation that are registered in the name of an intermediary or the intermediary's nominee and not beneficially owned by the intermediary shall not be voted unless the intermediary, without delay after receipt of the notice of the meeting, financial

statements, management proxy circular, dissident's proxy circular and any other documents other than the form of proxy sent to shareholders by or on behalf of any person for use in connection with the meeting, sends a copy of the document to the beneficial owner and, except when the intermediary has received written voting instructions from the beneficial owner, a written request for such instructions.

Restriction on voting

(2) An intermediary, or a proxyholder appointed by an intermediary, shall not vote shares that the intermediary does not beneficially own and that are registered in the name of the intermediary or in the name of a nominee of the intermediary unless the intermediary or proxyholder, as the case may be, receives written voting instructions from the beneficial owner.

Copies

(3) A person by or on behalf of whom a solicitation is made shall provide, at the request of an intermediary, without delay, to the intermediary at the person's expense the necessary number of copies of the documents referred to in subsection (1), other than copies of the document requesting voting instructions.

Instructions to intermediary

(4) An intermediary shall vote or appoint a proxyholder to vote any shares referred to in subsection (1) in accordance with any written voting instructions received from the beneficial owner.

Beneficial owner as proxyholder

(5) If a beneficial owner so requests and provides an intermediary with appropriate documentation, the intermediary shall appoint the beneficial owner or a nominee of the beneficial owner as proxyholder.

Validity

(6) The failure of an intermediary to comply with this section does not render void any meeting of shareholders or any action taken at the meeting.

Limitation

(7) Nothing in this section gives an intermediary the right to vote shares that the intermediary is otherwise prohibited from voting.

Offence

(8) An intermediary who knowingly fails to comply with this section is guilty of an offence and liable on summary conviction to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months or to both.

Officers, etc., of bodies corporate

(9) If an intermediary that is a body corporate commits an offence under subsection (8), any director or officer of the body corporate who knowingly authorized, permitted or acquiesced in the commission of the offence is a party to and guilty of the offence and is liable on summary conviction to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months or to both, whether or not the body corporate has been prosecuted or convicted. *2018,c.22,s.123.*

124. Restraining order

(1) If a form of proxy, management proxy circular or dissident's proxy circular contains an untrue statement of a material fact or omits to state a material fact required in it or necessary to make a statement contained in it not misleading in the light of the circumstances in which it was made, an interested person may apply to the court and the court may make any order it thinks fit, including, without limiting the generality of the foregoing,

(a) an order restraining the solicitation, the holding of the meeting, or any person from implementing or acting on any resolution passed at the meeting to which the form of proxy, management proxy circular or dissident's proxy circular relates;

(b) an order requiring correction of any form of proxy or proxy circular and a further solicitation; and

(c) an order adjourning the meeting.

Notice to Director

(2) An applicant under this section shall provide notice to the Director of the application and the Director is entitled to appear and to be heard in person or by counsel. *2018,c.22,s.124.*

PART XIII - FINANCIAL DISCLOSURE

125. Annual financial statements

(1) The directors of a corporation shall place before the shareholders at every annual meeting

(a) in the case of a corporation that is not a distributing corporation, financial statements for the period that began on the date of incorporation of the corporation and ended not more than six months before the general meeting, or, if the corporation has completed a financial year, the period that began immediately after the end of the last completed financial year and ended not more than six months before the annual meeting;

(b) in the case of a corporation that is a distributing corporation, comparative financial statements relating separately to

(i) the period that began on the date of incorporation of the corporation and ended not more than six months before the annual meeting or, if the corporation has completed a financial year, the period that began immediately after the end of the last completed financial year and ended not more than six months before the annual meeting, and

(ii) the period covered by the financial year of the corporation next preceding the last financial year, if any;

(c) the report of the auditor, if any or the review engagement report, if any; and

(d) any further information respecting the financial position of the corporation and the results of its operations required by the articles, the bylaws or any unanimous shareholder agreement.

Exception

(2) Notwithstanding clause (1)(a), the financial statements referred to in subclause (1)(b)(ii) may be omitted if the reason for the omission is set out in the financial statements, or in a note in the financial statements, to be placed before the shareholders at an annual meeting. *2018,c.22,s.125.*

126. Consolidated statements

(1) A corporation shall keep at its registered office a copy of the financial statements of each of its subsidiary bodies corporate and of each body corporate the accounts of which are consolidated in the financial statements of the corporation.

Examination

(2) Shareholders of a corporation and their personal representatives may on request examine the statements referred to in subsection (1) during the usual business hours of the corporation and may make extracts free of charge.

Barring examination

(3) A corporation may, within 15 days of a request to examine statements under subsection (2), apply to the court for an order barring the right of any person to examine them, and the court may, if it is satisfied that the examination would be detrimental to the corporation or a subsidiary body corporate, bar the right and make any further order it thinks fit.

Notice

(4) A corporation shall provide notice to the Director and the person asking to examine statements under subsection (2) of an application under subsection (3) and the Director and the person may appear and be heard in person or by counsel. *2018,c.22,s.126.*

127. Approval of financial statements

(1) The directors of a corporation shall approve the financial statements referred to in section 125 and the approval shall be evidenced by the manual signature of one or more directors or a facsimile of the signatures reproduced in the statements.

Condition precedent

(2) A corporation shall not issue, publish or circulate copies of the financial statements referred to in section 125 unless the financial statements are

(a) approved and signed in accordance with subsection (1); and

(b) accompanied by the report of the auditor of the corporation, if any. *2018,c.22,s.127.*

128. Copies to shareholders

(1) A corporation shall, not less than 21 days before each annual meeting of shareholders or before the signing of a resolution under clause 111(1)(b) in lieu of the annual meeting, send a copy of the documents referred to in section 125 to each shareholder, except to a shareholder who has informed the corporation in writing that he or she does not want a copy of those documents.

Offence

(2) A corporation that, without reasonable cause, fails to comply with subsection (1) is guilty of an offence and liable on summary conviction to a fine not exceeding $5,000. *2018,c.22,s.128.*

129. Copies to Director

(1) A distributing corporation, any of the issued securities of which remain outstanding and are held by more than one person, shall send a copy of the documents referred to in section 125 to the Director

(a) not less than 21 days before each annual meeting of shareholders, or without delay after a resolution referred to in clause 111(1)(b) is signed; and

(b) in any event within 15 months after the last preceding annual meeting should have been held or a resolution in lieu of the meeting should have been signed, but no later than six months after the end of the corporation's preceding financial year.

Subsidiary corporation exemption

(2) A subsidiary corporation is not required to comply with this section if

(a) the financial statements of its holding corporation are in consolidated or combined form and include the accounts of the subsidiary; and

(b) the consolidated or combined financial statements of the holding corporation are included in the documents sent to the Director by the holding corporation in compliance with this section.

Offence

(3) A corporation that fails to comply with this section is guilty of an offence and is liable on summary conviction to a fine not exceeding $5,000. *2018,c.22,s.129.*

130. Qualification of auditor

(1) Subject to subsection (6), a person is disqualified from being an auditor of a corporation if the person is not independent of the corporation, any of its affiliates, or the directors or officers of the corporation or its affiliates.

Independence

(2) For the purposes of this section,

(a) independence is a question of fact; and

(b) a person is deemed not to be independent if the person or the person's business partner

(i) is a business partner, a director, an officer or an employee of the corporation or any of its affiliates, or a business partner of any director, officer or employee of any such corporation or any of its affiliates,

(ii) beneficially owns or controls, directly or indirectly, a material interest in the securities of the corporation or any of its affiliates, or

(iii) has been a receiver, receiver-manager, liquidator or trustee in bankruptcy of the corporation or any of its affiliates within two years of the person's proposed appointment as auditor of the corporation.

Business partners

(3) For the purposes of subsection (2), a person's business partner includes a shareholder of that person.

Duty to resign

(4) An auditor who becomes disqualified under this section shall, subject to subsection (6), resign forthwith after becoming aware of the disqualification.

Disqualification order

(5) An interested person may apply to the court for an order declaring an auditor to be disqualified under this section and the office of auditor to be vacant.

Exemption order

(6) An interested person may apply to the court for an order exempting an auditor from disqualification under this section and the court may, if it is satisfied that an exemption would not unfairly prejudice the shareholders, make an exemption order on any terms it thinks fit, and the order may have retrospective effect. *2018,c.22,s.130.*

131. Appointment of auditor

(1) Subject to section 132, shareholders of a corporation shall, by ordinary resolution, at the first annual meeting of shareholders and at each succeeding annual meeting, appoint an auditor to hold office until the close of the next annual meeting.

Eligibility

(2) An auditor appointed under section 79 is eligible for appointment under subsection (1).

Incumbent auditor

(3) Notwithstanding subsection (1), if an auditor is not appointed at a meeting of shareholders, the incumbent auditor continues in office until a successor is appointed.

Remuneration

(4) The remuneration of an auditor may be fixed by ordinary resolution of the shareholders or, if not so fixed, may be fixed by the directors. *2018,c.22,s.131.*

132. Dispensing with auditor

(1) The shareholders of a corporation that is not a distributing corporation may resolve by ordinary resolution not to appoint an auditor.

Limitation

(2) A resolution under subsection (1) is valid only until the next succeeding annual meeting of shareholders.

Unanimous consent

(3) A resolution under subsection (1) is not valid unless it is consented to by all the shareholders, including shareholders not otherwise entitled to vote. *2018,c.22,s.132.*

133. Ceasing to hold office

(1) An auditor of a corporation ceases to hold office when the auditor

(a) dies or resigns; or

(b) is removed pursuant to section 134.

Effective date of resignation

(2) A resignation of an auditor becomes effective at the time a written resignation is sent to the corporation, or at the time specified in the resignation, whichever is later. *2018,c.22,s.133.*

134. Removal of auditor

(1) The shareholders of a corporation may by ordinary resolution at a special meeting remove from office the auditor other than an auditor appointed by the court under section 136.

Vacancy

(2) A vacancy created by the removal of an auditor may be filled at the meeting at which the auditor is removed or, if not so filled, may be filled under section 135. *2018,c.22,s.134.*

135. Filling vacancy

(1) Subject to subsection (3), the directors shall forthwith fill a vacancy in the office of auditor.

Calling meeting

(2) If there is not a quorum of directors, the directors then in office shall, within 21 days after a vacancy in the office of auditor occurs, call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors, the meeting may be called by any shareholder.

Shareholders filling vacancy

(3) The articles of a corporation may provide that a vacancy in the office of auditor shall only be filled by vote of the shareholders.

Unexpired term

(4) An auditor appointed to fill a vacancy holds office for the unexpired term of the auditor's predecessor. *2018,c.22,s.135.*

136. Court appointed auditor

(1) If a corporation does not have an auditor, the court may, on the application of a shareholder, appoint and fix the remuneration of an auditor who holds office until an auditor is appointed by the shareholders.

Exception

(2) Subsection (1) does not apply if the shareholders have resolved under section 132 not to appoint an auditor. *2018,c.22,s.136.*

137. Right to attend meeting

(1) The auditor of a corporation is entitled to receive notice of every meeting of shareholders and, at the expense of the corporation, to attend and be heard on matters relating to the auditor's duties.

Duty to attend

(2) If a director or shareholder of a corporation, whether or not the shareholder is entitled to vote at the meeting, gives written notice not less than ten days before a meeting of shareholders to the auditor or a former auditor of the corporation, the auditor or former auditor shall attend the meeting at the expense of the corporation and answer questions relating to the person's duties as auditor.

Notice to corporation

(3) A director or shareholder who sends a notice referred to in subsection (2) shall send concurrently a copy of the notice to the corporation.

Offence

(4) An auditor or former auditor of a corporation who fails without reasonable cause to comply with subsection (2) is guilty of an offence and liable on summary conviction to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months or to both.

Statement of auditor

(5) An auditor is entitled to submit to the corporation a written statement giving reasons for resigning or for opposing any proposed action or resolution when the auditor

(a) resigns;

(b) receives a notice or otherwise learns of a meeting of shareholders called for the purpose of removing the auditor from office;

(c) receives a notice or otherwise learns of a meeting of directors or shareholders at which another person is to be appointed to fill the office of auditor, whether because of the resignation or removal of the incumbent auditor or because the auditor's term of office has expired or is about to expire; or

(d) receives a notice or otherwise learns of a meeting of shareholders at which a resolution referred to in section 132 is to be proposed.

Other statements

(6) In the case of a proposed replacement of an auditor, whether through removal or at the end of the auditor's term, the following rules apply with respect to other statements:

(a) the corporation shall make a statement on the reasons for the proposed replacement; and

(b) the proposed replacement auditor may make a statement in which he or she comments on the reasons referred to in clause (a).

Circulating statement

(7) The corporation shall send a copy of the statements referred to in subsections (5) and (6) without delay to every shareholder entitled to receive notice of a meeting referred to in subsection (1), unless the statement is included in or attached to a management proxy circular required by section 120.

Replacing auditor

(8) No person shall accept appointment or consent to be appointed as auditor of a corporation to replace an auditor who has resigned, been removed or whose term of office has expired or is about to expire until the person has requested and received from that auditor a written statement of the circumstances and the reasons, in that auditor's opinion, for their replacement.

Exception

(9) Notwithstanding subsection (8), a person otherwise qualified may accept appointment or consent to be appointed as auditor of a corporation if, within 15 days after making the request referred to in that subsection, the person does not receive a reply.

Effect of non-compliance

(10) Unless subsection (9) applies, an appointment as auditor of a corporation of a person who has not complied with subsection (8) is void. *2018,c.22,s.137.*

138. Examination

(1) An auditor of a corporation shall make the examination that is in the auditor's opinion necessary to enable the auditor to report on the financial statements required by this Act to be placed before the shareholders under section 125.

Standards

(2) The audit required by this Act and the report of the auditor referred to in subsection (1) shall be conducted and prepared in accordance with the standards and report which are recommended in the Handbook of the Chartered Professional Accountants of Canada, as amended from time to time. *2018,c.22,s.138.*

139. Right to information

(1) On the demand of an auditor of a corporation, the present or former directors, officers, employees or agents of the corporation shall furnish

(a) information and explanations; and

(b) access to records, documents, books, accounts and vouchers of the corporation or any of its subsidiaries

that are, in the opinion of the auditor, necessary to enable the auditor to make the examination and report required under section 138 and that the directors, officers, employees or agents are reasonably able to furnish.

Information respecting subsidiary

(2) On the demand of the auditor of a corporation, the directors of the corporation shall

(a) obtain from the present or former directors, officers, employees and agents of any subsidiary of the corporation the information and explanations that the present or former directors, officers, employees and agents are reasonably able to furnish and that are, in the opinion of the auditor, necessary to enable the auditor to make the examination and report required under section 138; and

(b) furnish the auditor with the information and explanations obtained.

No civil liability

(3) A person who in good faith makes an oral or written communication under subsection (1) or (2) is not liable in any civil proceeding arising from having made the communication. *2018,c.22,s.139.*

140. Audit committee

(1) A corporation described in subsection 77(2) shall, and any other corporation may, have an audit committee composed of not less than three directors of the corporation, a majority of whom are not officers or employees of the corporation or any of its affiliates.

Exemption

(2) The Director may, on the application of a corporation, authorize the corporation to dispense with an audit committee, and the Director may, if satisfied that the shareholders will not be prejudiced, permit the corporation to dispense with an audit committee on any reasonable conditions that the Director thinks fit.

Duty of committee

(3) An audit committee shall review the financial statements of the corporation before the financial statements are approved under section 127.

Auditor's attendance

(4) The auditor of a corporation is entitled to receive notice of every meeting of the audit committee and, at the expense of the corporation, to attend and be heard at every meeting, and, if so requested by a member of the audit committee, shall attend every meeting of the committee held during the term of office of the auditor.

Calling meeting

(5) The auditor of a corporation or a member of the audit committee may call a meeting of the committee.

Notice of errors

(6) A director or an officer of a corporation shall forthwith notify the audit committee and the auditor of any error or misstatement of which the director or officer becomes aware in a financial statement that the auditor or a former auditor has reported on.

Error in financial statements

(7) An auditor or former auditor of a corporation who is notified or becomes aware of an error or misstatement in a financial statement on which the person has reported, if in the person's opinion the error or misstatement is material, shall inform each director accordingly.

Duty of directors

(8) When under subsection (7) the auditor or former auditor informs the directors of an error or misstatement in a financial statement, the directors shall

(a) prepare and issue revised financial statements; or

(b) otherwise inform the shareholders and, if the corporation is one that is required to comply with section 129, it shall inform the Director of the error or misstatement in the same manner as it informs the shareholders.

Offence

(9) Every director or officer of a corporation who knowingly fails to comply with subsection (6) or (8) is guilty of an offence and liable on summary conviction to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months or to both. *2018,c.22,s.140.*

141. Qualified privilege (defamation)

Any oral or written statement or report made under this Act by the auditor or former auditor of a corporation has qualified privilege. *2018,c.22,s.141.*

PART XIV - FUNDAMENTAL CHANGES

142. Amendment of articles

(1) Subject to sections 145 and 146, the articles of a corporation may by special resolution be amended to

(a) change its name;

(b) add, change or remove any restriction on the business or businesses that the corporation may carry on;

(c) change any maximum number of shares that the corporation is authorized to issue;

(d) create new classes of shares;

(e) reduce or increase its stated capital, if its stated capital is set out in the articles;

(f) change the designation of all or any of its shares, and add, change or remove any rights, privileges, restrictions and conditions, including rights to accrued dividends, in respect of all or any of its shares, whether issued or unissued;

(g) change the shares of any class or series, whether issued or unissued, into a different number of shares of the same class or series or into the same or a different number of shares of other classes or series;

(h) change the kind of shares of any class or series, whether issued or unissued, to another kind of shares of any class or series;

(i) divide a class of shares, whether issued or unissued, into series and fix the number of shares in each series and the rights, privileges, restrictions and conditions of them;

(j) authorize the directors to divide any class of unissued shares into series and fix the number of shares in each series and the rights, privileges, restrictions and conditions of them;

(k) authorize the directors to change the rights, privileges, restrictions and conditions attached to unissued shares of any series;

(l) revoke, diminish or enlarge any authority conferred under subclauses (i) and (j);

(m) increase or decrease the number of directors or the minimum or maximum number of directors, subject to sections 82 and 87;

(n) add, change or remove restrictions on the issue, transfer or ownership of shares; or

(o) add, change or remove any other provision that is permitted by this Act to be set out in the articles.

Termination

(2) The directors of a corporation may, if authorized by the shareholders in the special resolution effecting an amendment under this section, revoke the resolution before it is acted on without further approval of the shareholders.

Amendment of number name

(3) Notwithstanding subsection (1), where a corporation has a designating number as a name, the directors may amend its articles to change that name to a verbal name. *2018,c.22,s.142.*

143. Constraints on shares

(1) Subject to sections 145 and 146, a distributing corporation, any of the issued shares of which remain outstanding and are held by more than one person, may by special resolution amend its articles in accordance with the regulations to constrain

(a) the issue or transfer of shares of any class or series to persons who are not resident Canadians;

(b) the issue or transfer of shares of any class or series to enable the corporation or any of its affiliates or associates to qualify under any prescribed law of Canada or a province

(i) to obtain a licence to carry on any business,

(ii) to become a publisher of a Canadian newspaper or periodical, or

(iii) to acquire shares of a financial intermediary as defined in the regulations;

(c) the issue, transfer or ownership of shares of any class or series in order to assist the corporation or any of its affiliates or associates to qualify under any prescribed law of Canada or a province to receive licences, permits, grants, payments or other benefits by reason of attaining or maintaining a specified level of Canadian ownership or control;

(d) the issue, transfer or ownership of shares of any class or series in order to assist the corporation to comply with any prescribed law;

(e) the issue, transfer or ownership of shares of any class or series to enable the corporation to be a registered labour-sponsored venture capital corporation under Part X.3 of the *Income Tax Act* (Canada).

Exception in respect of clause (1)(c)

(2) Clause (1)(c) does not permit a constraint on the issue, transfer or ownership of shares of any class or series of which any shares are outstanding unless

(a) in the case of a constraint in respect of a class, the shares of the class; or

(b) in the case of a constraint in respect of a series, the shares of the series,

are already subject to a constraint permitted under that clause.

Limitation on ownership of shares

(3) A corporation may, pursuant to clause (1)(c), limit the number of shares of that corporation that may be owned, or prohibit the ownership of shares, by any person whose ownership would adversely affect the ability of the corporation or any of its affiliates or associates to attain or maintain a level of Canadian ownership or control specified in its articles that equals or exceeds a specified level referred to in clause (1)(c).

Change or removal of constraint

(4) A corporation referred to in subsection (1) may by special resolution amend its articles to change or remove any constraint on the issue, transfer or ownership of its shares.

Termination

(5) The directors of a corporation may, if authorized by the shareholders in the special resolution effecting an amendment under subsection (1) or (4), revoke the resolution before it is acted on without further approval of the shareholders.

Regulations

(6) The Lieutenant Governor in Council may make regulations with respect to a corporation that constrains the issue, transfer or ownership of its shares, prescribing

(a) the disclosure of the constraints required in documents issued or published by the corporation;

(b) the duties and powers of the directors to refuse to issue or register transfers of shares in accordance with the articles of the corporation;

(c) the limitations on voting rights of any shares held contrary to the articles of the corporation;

(d) the powers of the directors to require disclosure of beneficial ownership of shares of the corporation and the right of the corporation and its directors, employees and agents to rely on that disclosure and the effects of that reliance; and

(e) the rights of any person owning shares of the corporation at the time of an amendment to its articles constraining share issues or transfers.

Validity of acts

(7) An issue or a transfer of a share or an act of a corporation is valid notwithstanding any failure to comply with this section or the regulations. *2018,c.22,s.143.*

144. Proposal to amend

(1) Subject to subsection (2), a director or a shareholder who is entitled to vote at an annual meeting of shareholders may, in accordance with section 106, make a proposal to amend the articles.

Notice of amendment

(2) Notice of a meeting of shareholders at which a proposal to amend the articles is to be considered shall set out the proposed amendment and, where applicable, shall state that a dissenting shareholder is entitled to be paid the fair value of the shareholder's shares in accordance with section 183, but failure to make that statement does not invalidate an amendment. *2018,c.22,s.144.*

145. Class vote

(1) The holders of shares of a class or, subject to subsection (4), of a series are, unless the articles otherwise provide in the case of an amendment referred to in clauses (a), (b) and (e), entitled to vote separately as a class or series on a proposal to amend the articles to

(a) increase or decrease any maximum number of authorized shares of such class, or increase any maximum number of authorized shares of a class having rights or privileges equal or superior to the shares of the class;

(b) effect an exchange, reclassification or cancellation of all or part of the shares of the class;

(c) add, change or remove the rights, privileges, restrictions or conditions attached to the shares of the class and, without limiting the generality of the foregoing,

(i) remove or change prejudicially rights to accrued dividends or rights to cumulative dividends,

(ii) add, remove or change prejudicially redemption rights,

(iii) reduce or remove a dividend preference or a liquidation preference, or

(iv) add, remove or change prejudicially conversion privileges, options, voting, transfer or pre-emptive rights, or rights to acquire securities of a corporation, or sinking fund provisions;

(d) increase the rights or privileges of any class of shares having rights or privileges equal or superior to the shares of the class;

(e) create a new class of shares equal or superior to the shares of the class;

(f) make any class of shares having rights or privileges inferior to the shares of the class equal or superior to the shares of the class;

(g) effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of the class; or

(h) constrain the issue, transfer or ownership of the shares of the class or change or remove the constraint.

Exception

(2) Subsection (1) does not apply in respect of a proposal to amend the articles to add a right or privilege for a holder to convert shares of a class or series into shares of another class or series that is subject to a constraint permitted under clause 143(1)(c) but is otherwise equal to the class or series first mentioned.

Deeming provision

(3) For the purpose of clause (1)(e), a new class of shares, the issue, transfer or ownership of which is to be constrained by an amendment to the articles pursuant to clause 143(1)(c), that is otherwise equal to an existing class of shares shall be deemed not to be equal or superior to the existing class of shares.

Limitation

(4) The holders of a series of shares of a class are entitled to vote separately as a series under subsection (1) only if the series is affected by an amendment in a manner different from other shares of the same class.

Right to vote

(5) Subsection (1) applies whether or not shares of a class or series otherwise carry the right to vote.

Separate resolutions

(6) A proposed amendment to the articles referred to in subsection (1) is adopted when the holders of the shares of each class or series entitled to vote separately on it as a class or series have approved the amendment by a special resolution. *2018,c.22,s.145.*

146. Delivery of articles

(1) Subject to any revocation under subsection 142(2) or 133(5), after an amendment has been adopted under section 142, 143 or 145, articles of amendment in the form approved by the Director shall be sent to the Director.

Reduction of stated capital

(2) If an amendment effects or requires a reduction of stated capital, subsections 45(3) and (4) apply. *2018,c.22,s.146.*

147. Certificate of amendment

On receipt of articles of amendment, the Director shall issue a certificate of amendment in accordance with section 222. *2018,c.22,s.147.*

148. Effect of certificate

(1) An amendment becomes effective on the date shown in the certificate of amendment and the articles are amended accordingly.

Rights preserved

(2) No amendment to the articles affects an existing cause of action or claim or liability to prosecution in favour of or against the corporation or its directors or officers, or any civil, criminal or administrative action or proceeding to which a corporation or its directors or officers is a party. *2018,c.22,s.148.*

149. Restated articles

(1) The directors may at any time, and shall when reasonably so directed by the Director, restate the articles of incorporation.

Delivery of articles

(2) Restated articles of incorporation in the form approved by the Director shall be sent to the Director.

Restated certificate

(3) On receipt of restated articles of incorporation, the Director shall issue a restated certificate of incorporation in accordance with section 222.

Effect of certificate

(4) Restated articles of incorporation are effective on the date shown in the restated certificate of incorporation and supersede the original articles of incorporation and all amendments to them. *2018,c.22,s.149.*

150. Amalgamation

Two or more corporations, including holding and subsidiary corporations, may amalgamate and continue as one corporation. *2018,c.22,s.150.*

151. Amalgamation agreement

(1) Each corporation proposing to amalgamate shall enter into an agreement setting out the terms and means of effecting the amalgamation and, in particular, setting out

(a) the provisions that are required to be included in articles of incorporation under section 4;

(b) the name and address of each proposed director of the amalgamated corporation;

(c) the manner in which the shares of each amalgamating corporation are to be converted into shares or other securities of the amalgamated corporation;

(d) if any shares of an amalgamating corporation are not to be converted into securities of the amalgamated corporation, the amount of money or securities of any body corporate that the holders of the shares are to receive in addition to or instead of securities of the amalgamated corporation;

(e) the manner of payment of money instead of the issue of fractional shares of the amalgamated corporation or of any other body corporate the securities of which are to be received in the amalgamation;

(f) whether the bylaws of the amalgamated corporation are to be those of one of the amalgamating corporations and, if not, a copy of the proposed bylaws; and

(g) details of any arrangements necessary to perfect the amalgamation and to provide for the subsequent management and operation of the amalgamated corporation.

Cancellation

(2) If shares of one of the amalgamating corporations are held by or on behalf of another of the amalgamating corporations, the amalgamation agreement shall provide for the cancellation of those shares when the amalgamation becomes effective without any repayment of capital in respect of them, and no provision shall be made in the agreement for the conversion of those shares into shares of the amalgamated corporation. *2018,c.22,s.151.*

152. Shareholder approval

(1) The directors of each amalgamating corporation shall submit the amalgamation agreement for approval to a meeting of the holders of shares of the amalgamating corporation of which they

are directors and, subject to subsection (4), to the holders of each class or series of those shares.

Notice of meeting

(2) A notice of a meeting of shareholders that complies with section 104 shall be sent in accordance with that section to each shareholder of each amalgamating corporation, and shall

(a) include or be accompanied by a copy or summary of the amalgamation agreement; and

(b) state that a dissenting shareholder is entitled to be paid the fair value of the shareholder's shares in accordance with section 159, but failure to make that statement does not invalidate an amalgamation.

Right to vote

(3) Each share of an amalgamating corporation carries the right to vote in respect of an amalgamation agreement whether or not it otherwise carries the right to vote.

Class vote

(4) The holders of shares of a class or series of shares of each amalgamating corporation are entitled to vote separately as a class or series in respect of an amalgamation agreement if the amalgamation agreement contains a provision that, if contained in a proposed amendment to the articles, would entitle those holders to vote as a class or series under section 145.

Shareholder approval

(5) Subject to subsection (4), an amalgamation agreement is adopted when the shareholders of each amalgamating corporation have approved of the amalgamation by special resolutions.

Termination

(6) An amalgamation agreement may provide that at any time before the issue of a certificate of amalgamation the agreement may be terminated by the directors of an amalgamating corporation, notwithstanding approval of the agreement by the shareholders of all or any of the amalgamating corporations. *2018,c.22,s.152.*

153. Vertical short-form amalgamation

(1) A holding corporation and one or more of its subsidiary corporations may amalgamate and continue as one corporation without complying with sections 151 and 152 if

(a) the amalgamation is approved by a resolution of the directors of each amalgamating corporation;

(b) all of the issued shares of each amalgamating subsidiary corporation are held by one or more of the other amalgamating corporations; and

(c) the resolutions provide that

(i) the shares of each amalgamating subsidiary corporation shall be cancelled without any repayment of capital in respect of them,

(ii) except as may be prescribed, the articles of amalgamation shall be the same as the articles of the amalgamating holding corporation, and

(iii) no securities shall be issued by the amalgamated corporation in connection with the amalgamation and the stated capital of the amalgamated corporation shall be the same as the stated capital of the amalgamating holding corporation.

Horizontal short-form amalgamation

(2) Two or more wholly-owned subsidiary corporations of the same holding body corporate may amalgamate and continue as one corporation without complying with sections 151 and 152 if

(a) the amalgamation is approved by a resolution of the directors of each amalgamating corporation; and

(b) the resolutions provide that

(i) the shares of all but one of the amalgamating subsidiary corporations shall be cancelled without any repayment of capital in respect of them,

(ii) except as may be prescribed, the articles of amalgamation shall be the same as the articles of the amalgamating subsidiary corporation whose shares are not cancelled, and

(iii) the stated capital of the amalgamating subsidiary corporations whose shares are cancelled shall be added to the stated capital of the amalgamating subsidiary corporation whose shares are not cancelled. *2018,c.22,s.153.*

154. Sending of articles

(1) Subject to subsection 152(6), after an amalgamation has been adopted under section 152 or approved under section 153, articles of amalgamation in the form approved by the Director shall be sent to the Director together with the documents required by sections 17 and 81.

Attached declarations

(2) The articles of amalgamation shall have attached to them a statutory declaration of a director or an officer of each amalgamating corporation that establishes that

(a) there are reasonable grounds for believing that

(i) each amalgamating corporation is and the amalgamated corporation will be able to pay its liabilities as they become due, and

(ii) the realizable value of the amalgamated corporation's assets will not be less than the aggregate of its liabilities and stated capital of all classes; and

(b) there are reasonable grounds for believing that

(i) no creditor will be prejudiced by the amalgamation, or

(ii) adequate notice has been given to all known creditors of the amalgamating corporations and no creditor objects to the amalgamation otherwise than on grounds that are frivolous or vexatious.

Adequate notice

(3) For the purposes of subsection (2), adequate notice is given if

(a) a notice in writing is sent to each known creditor having a claim against the corporation that exceeds $1,000;

(b) a notice is published once in a newspaper published or distributed in the place where the corporation has its registered office and reasonable notice of it is given in each province where the corporation carries on business; and

(c) each notice states that the corporation intends to amalgamate with one or more specified corporations in accordance with this Act and that a creditor of the corporation may object to the amalgamation within 30 days from the date of the notice.

Certificate of amalgamation

(4) On receipt of articles of amalgamation, the Director shall issue a certificate of amalgamation in accordance with section 222. *2018,c.22,s.154.*

155. Effect of certificate

On the date shown in a certificate of amalgamation

(a) the amalgamation of the amalgamating corporations and their continuance as one corporation become effective;

(b) the property of each amalgamating corporation continues to be the property of the amalgamated corporation;

(c) the amalgamated corporation continues to be liable for the obligations of each amalgamating corporation;

(d) an existing cause of action, claim or liability to prosecution is unaffected;

(e) a civil, criminal or administrative action or proceeding pending by or against an amalgamating corporation may be continued to be prosecuted by or against the amalgamated corporation;

(f) a conviction against, or ruling, order or judgment in favour of or against, an amalgamating corporation may be enforced by or against the amalgamated corporation; and

(g) the articles of amalgamation are deemed to be the articles of incorporation of the amalgamated corporation and the certificate of amalgamation is deemed to be the certificate of incorporation of the amalgamated corporation. *2018,c.22,s.155.*

156. Continuance

(1) A body corporate incorporated otherwise than by or under an Act of the Legislature may, if so authorized by the laws of the jurisdiction where it is incorporated, apply to the Director for a certificate of continuance.

Amendments in articles of continuance

(2) A body corporate that applies for continuance under subsection (1) may, without so stating in its articles of continuance, effect by those articles any amendment to its Act of incorporation, articles, letters patent or memorandum or articles of association if the amendment is an amendment a corporation incorporated under this Act may make to its articles.

Articles of continuance

(3) Articles of continuance in the form approved by the Director shall be sent to the Director together with the documents required by sections 26 and 81.

Certificate of continuance

(4) On receipt of articles of continuance, the Director shall issue a certificate of continuance in accordance with section 222.

Effect of certificate

(5) On the date shown in the certificate of continuance

(a) the body corporate becomes a corporation to which this Act applies as if it had been incorporated under this Act;

(b) the articles of continuance are deemed to be the articles of incorporation of the continued corporation; and

(c) the certificate of continuance is deemed to be the certificate of incorporation of the continued corporation.

Copy of certificate

(6) The Director shall forthwith send a copy of the certificate of continuance to the appropriate official or public body in the jurisdiction in which continuance under this Act was authorized.

Rights preserved

(7) When a body corporate is continued as a corporation under this Act,

(a) the property of the body corporate continues to be the property of the corporation;

(b) the corporation continues to be liable for the obligations of the body corporate;

(c) an existing cause of action, claim or liability to prosecution is unaffected;

(d) a civil, criminal or administrative action or proceeding pending by or against the body corporate may be continued to be prosecuted by or against the corporation; and

(e) a conviction against, or ruling, order or judgment in favour of or against, the body corporate may be enforced by or against the corporation.

Issued shares

(8) Subject to the *Securities Transfer Act* and subsection (9), a share of a body corporate that was issued before the body corporate was continued under this Act is deemed to have been issued in compliance with this Act and with the provisions of the articles of continuance irrespective of whether the share is fully paid and irrespective of any designation, rights, privileges, restrictions or conditions set out on or referred to in the certificate representing the share, and continuance under this section does not deprive a holder of any right or privilege that the holder claims under, or relieve the holder of any liability in respect of, an issued share.

Convertible shares

(9) Where a corporation continued under this Act had, before it was so continued, issued a share certificate in registered form that is convertible to bearer form, the corporation shall not, if a holder of the share certificate exercises the conversion privilege attached to the certificate, issue a share certificate in bearer form.

Definition of "share"

(10) For the purposes of subsections (8) and (9), "**share**" includes an instrument referred to in subsection 36(1), a share warrant or a similar instrument. *2018,c.22,s.156; 2019,c.20,s.6.*

157. Continuance - other jurisdictions

(1) Subject to subsection (9), a corporation may apply to the appropriate official or public body of another jurisdiction requesting that the corporation be continued as if it had been incorporated under the laws of that other jurisdiction if the corporation

(a) is authorized by the shareholders in accordance with this section to make the application; and

(b) establishes that its proposed continuance in the other jurisdiction will not adversely affect creditors or shareholders of the corporation.

Notice of meeting

(2) A notice of a meeting of shareholders complying with section 104 shall be sent in accordance with that section to each shareholder and shall state that a dissenting shareholder is entitled to be paid the fair value of the shareholder's shares in accordance with section 159, but failure to make that statement does not invalidate a discontinuance under this Act.

Right to vote

(3) Each share of the corporation carries the right to vote in respect of a continuance whether or not it otherwise carries the right to vote.

Shareholder approval

(4) An application for continuance becomes authorized when the shareholders voting on it have approved of the continuance by a special resolution.

Termination

(5) The directors of a corporation may, if authorized by the shareholders at the time of approving an application for continuance under this section, abandon the application without further approval of the shareholders.

Discontinuance

(6) On receipt of a notice satisfactory to the Director that the corporation has been continued under the laws of another jurisdiction, the Director shall file the notice and issue a certificate of discontinuance in accordance with section 222.

Notice deemed to be articles

(7) For the purposes of section 222, a notice referred to in subsection (6) is deemed to be articles that are in the form approved by the Director.

Rights preserved

(8) This Act ceases to apply to the corporation on the date shown in the certificate of discontinuance.

Prohibition

(9) A corporation shall not be continued as a body corporate under the laws of another jurisdiction unless those laws provide in effect that

(a) the property of the corporation continues to be the property of the body corporate;

(b) the body corporate continues to be liable for the obligations of the corporation;

(c) an existing cause of action, claim or liability to prosecution is unaffected;

(d) a civil, criminal or administrative action or proceeding pending by or against the corporation may be continued to be prosecuted by or against the body corporate; and

(e) a conviction against, or ruling, order or judgment in favour of or against, the corporation may be enforced by or against the body corporate. *2018,c.22,s.157; 2019,c.20,s.7.*

158. Borrowing powers

(1) Unless the articles or bylaws of or a unanimous shareholder agreement relating to a corporation otherwise provide, the directors of a corporation may, without authorization of the shareholders,

(a) borrow money on the credit of the corporation;

(b) issue, reissue, sell, pledge or hypothecate debt obligations of the corporation;

(c) give a guarantee on behalf of the corporation to secure performance of an obligation of any person; and

(d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the corporation, owned or subsequently acquired, to secure any obligation of the corporation.

Delegation of borrowing powers

(2) Notwithstanding subsection 90(2) and clause 96(a), unless the articles or bylaws of or a unanimous shareholder agreement relating to a corporation otherwise provide, the directors may, by resolution, delegate the powers referred to in subsection (1) to a director, a committee of directors or an officer.

Extraordinary sale, lease or exchange

(3) A sale, lease or exchange of all or substantially all the property of a corporation other than in the ordinary course of business of the corporation requires the approval of the shareholders in accordance with subsections (4) to (8).

Notice of meeting

(4) A notice of a meeting of shareholders complying with section 104 shall be sent in accordance with that section to each shareholder and shall

(a) include or be accompanied by a copy or summary of the agreement of sale, lease or exchange; and

(b) state that a dissenting shareholder is entitled to be paid the fair value of the shareholder's shares in accordance with section 159, but failure to make that statement does not invalidate a sale, lease or exchange referred to in subsection (3).

Shareholder approval

(5) At the meeting referred to in subsection (4), the shareholders may authorize the sale, lease or exchange and may fix or authorize the directors to fix any of the terms and conditions of it.

Right to vote

(6) Each share of the corporation carries the right to vote in respect of a sale, lease or exchange referred to in subsection (3) whether or not it otherwise carries the right to vote.

Class vote

(7) The holders of shares of a class or series of shares of the corporation are entitled to vote separately as a class or series in respect of a sale, lease or exchange referred to in subsection (3) only if the class or series is affected by the sale, lease or exchange in a manner different from the shares of another class or series.

Shareholder approval

(8) A sale, lease or exchange referred to in subsection (3) is adopted when the holders of each class or series entitled to vote on it have approved of the sale, lease or exchange by a special resolution.

Termination

(9) The directors of a corporation may, if authorized by the shareholders approving a proposed sale, lease or exchange, and subject to the rights of third parties, abandon the sale, lease or exchange without further approval of the shareholders. *2018,c.22,s.158.*

159. Right to dissent

(1) Subject to sections 160 and 194, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under clause 161(4)(d) that affects the holder or if the corporation resolves to

(a) amend its articles under section 142 or 143 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;

(b) amend its articles under section 142 to add, change or remove any restriction on the business or businesses that the corporation may carry on;

(c) amalgamate otherwise than under section 153;

(d) be continued under section 157; or

(e) sell, lease or exchange all or substantially all its property under subsection 158(3).

Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 145 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares

(3) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares

(4) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 161(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of the shareholder's right to dissent.

Notice of resolution

(7) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection.

Demand for payment

(8) A dissenting shareholder shall, within 20 days after receiving a notice under subsection (7) or, if the shareholder does not receive the notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder dissents; and

(c) a demand for payment of the fair value of such shares.

Share certificate

(9) A dissenting shareholder shall, within 30 days after sending a notice under subsection (8), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture

(10) A dissenting shareholder who fails to comply with subsection (9) has no right to make a claim under this section.

Endorsing certificate

(11) A corporation or its transfer agent shall endorse on any share certificate received under subsection (9) a notice that the holder is a dissenting shareholder under this section and shall immediately return the share certificates to the dissenting shareholder.

Suspension of rights

(12) On sending a notice under subsection (8), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of the shares as determined under this section except where

(a) the shareholder withdraws that notice before the corporation makes an offer under subsection (13);

(b) the corporation fails to make an offer in accordance with subsection (13) and the shareholder withdraws the notice; or

(c) the directors revoke a resolution to amend the articles under subsection 142(2) or 143(5), terminate an amalgamation agreement under subsection 152(6) or an application for continuance under subsection 157(5), or abandon a sale, lease or exchange under subsection 158(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(13) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (8), send to each dissenting shareholder who has sent that notice

(a) a written offer to pay for the shareholder's shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms

(14) Every offer made under subsection (13) for shares of the same class or series shall be on the same terms.

Payment

(15) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (13) has been accepted, but any such offer lapses if the corporation does not receive an acceptance of it within 30 days after the offer has been made.

Corporation may apply to Court

(16) Where a corporation fails to make an offer under subsection (13), or if a dissenting shareholder fails to accept an offer, the corporation may, within 50 days after the action approved by the resolution is effective or within any further period that the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

(17) If a corporation fails to apply to the court under subsection (16), a dissenting shareholder may apply to the court for the same purpose within a further period of 20 days or within any further period that the court may allow.

No security for costs

(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (16) or (17).

Parties

(19) On an application to the court under subsection (16) or (17),

(a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and

(b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of the shareholder's right to appear and be heard in person or by counsel.

Powers of court

(20) On an application to the court under subsection (16) or (17), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

(21) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of the court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies

(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (23), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies

(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving a notice under subsection (24), may

(a) withdraw the notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to full rights as a shareholder; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities. *2018,c.22,s.159.*

160. Definition of "reorganization"

(1) In this section, "**reorganization**" means an order of the court made under

(a) section 194;

(b) the *Bankruptcy and Insolvency Act* (Canada) approving a proposal; or

(c) any other Act of Parliament or an Act of the Legislature that affects the rights among the corporation, its shareholders and creditors.

Powers of Court

(2) If a corporation is subject to an order referred to in subsection (1), its articles may be amended by the order to effect any change that might lawfully be made by an amendment under section 142.

Further powers

(3) If the court makes an order referred to in subsection (1), the court may also

(a) authorize the issue of debt obligations of the corporation, whether or not convertible into shares of any class or having attached any rights or options to acquire shares of any class, and fix the terms of them; and

(b) appoint directors in place of or in addition to all or any of the directors then in office.

Articles of reorganization

(4) After an order referred to in subsection (1) has been made, articles of reorganization in the form approved by the Director shall be sent to the Director together with the documents required by sections 26 and 88, if applicable.

Certificate of reorganization

(5) On receipt of articles of reorganization, the Director shall issue a certificate of amendment in accordance with section 222.

Effect of certificate

(6) A reorganization becomes effective on the date shown in the certificate of amendment and the articles of incorporation are amended accordingly.

No dissent

(7) A shareholder is not entitled to dissent under section 159 if an amendment to the articles of incorporation is effected under this section. *2018,c.22,s.160; 2019,c.20,s.8.*

161. Definition of "arrangement"

(1) In this section, "**arrangement**" includes

(a) an amendment to the articles of a corporation;

(b) an amalgamation of two or more corporations;

(c) an amalgamation of a body corporate with a corporation that results in an amalgamated corporation subject to this Act;

(d) a division of the business carried on by a corporation;

(e) a transfer of all or substantially all the property of a corporation to another body corporate in exchange for property, money or securities of the body corporate;

(f) an exchange of securities of a corporation for property, money or other securities of the corporation or property, money or securities of another body corporate;

(g) a going-private transaction or a squeeze-out transaction in relation to a corporation;

(h) a liquidation and dissolution of a corporation; and

(i) any combination of the foregoing.

Where corporation insolvent

(2) For the purposes of this section, a corporation is insolvent

(a) where it is unable to pay its liabilities as they become due; or

(b) where the realizable value of the assets of the corporation are less than the aggregate of its liabilities and stated capital of all classes.

Application to court for approval of arrangement

(3) Where it is not practicable for a corporation that is not insolvent to effect a fundamental change in the nature of an arrangement under any other provision of this Act, the corporation may apply to the court for an order approving an arrangement proposed by the corporation.

Powers of court

(4) In connection with an application under this section, the court may make any interim or final order it thinks fit including, without limiting the generality of the foregoing,

(a) an order determining the notice to be given to any interested person or dispensing with notice to any person other than the Director;

(b) an order appointing counsel, at the expense of the corporation, to represent the interests of the shareholders;

(c) an order requiring a corporation to call, hold and conduct a meeting of holders of securities or options or rights to acquire securities in such manner as the court directs;

(d) an order permitting a shareholder to dissent under section 159; and

(e) an order approving an arrangement as proposed by the corporation or as amended in any manner the court may direct.

Articles of arrangement

(5) After an order referred to in clause (4)(e) has been made, articles of arrangement in the form approved by the Director shall be sent to the Director together with the documents required by sections 26 and 88, if applicable.

Certificate of arrangement

(6) On receipt of articles of arrangement, the Director shall issue a certificate of arrangement in accordance with section 222.

Effect of certificate

(7) An arrangement becomes effective on the date shown in the certificate of arrangement. *2018,c.22,s.161; 2019,c.20,s.9.*

PART XV - LIQUIDATION AND DISSOLUTION

162. Application of Part

(1) This Part, other than sections 163 and 167, does not apply to a corporation that is an insolvent person or a bankrupt as those terms are defined in the *Bankruptcy and Insolvency Act* (Canada).

Staying proceedings

(2) Any proceedings taken under this Part to dissolve or to liquidate and dissolve a corporation shall be stayed if the corporation is at any time found, in a proceeding under the *Bankruptcy and Insolvency Act* (Canada), to be an insolvent person as defined in that Act. *2018,c.22,s.162.*

163. Revival

(1) Where a corporation is dissolved under this Part any interested person may apply to the Director to have the corporation revived.

Articles of revival

(2) Articles of revival in the form approved by the Director shall be sent to the Director.

Certificate of revival

(3) On receipt of articles of revival, the Director shall issue a certificate of revival in accordance with section 222 if

(a) the corporation has fulfilled all the conditions precedent that the Director considers reasonable; and

(b) there is no valid reason for refusing to issue the certificate.

Date of revival

(4) A corporation is revived on the date shown on the certificate of revival.

Rights preserved

(5) Subject to any reasonable terms that may be imposed by the Director, to the rights acquired by any person after its dissolution and to any changes to the internal affairs of the body corporate after its dissolution, the revived corporation is, in the same manner and to the same extent as if it had not been dissolved,

(a) restored to its previous position in law, including the restoration of any rights and privileges whether arising before its dissolution or after its dissolution and before its revival; and

(b) liable for the obligations that it would have had if it had not been dissolved whether they arise before its dissolution or after its dissolution and before its revival.

Legal actions

(6) Any legal action respecting the affairs of a revived corporation taken between the time of its dissolution and its revival is valid and effective.

Definition of "interested person"

(7) In this section and section 164, "**interested person**" includes

(a) a shareholder, a director, an officer, an employee and a creditor of the dissolved corporation;

(b) a person who has a contractual relationship with the dissolved corporation;

(c) a person who, although at the time of dissolution of the corporation was not a person described in clause (a), would be such a person if a certificate of revival is issued under this section; and

(d) a trustee in bankruptcy for the dissolved corporation. *2018,c.22,s.163.*

164. Revival

(1) Any interested person may apply to the Director to revive a body corporate where

(a) the body corporate was dissolved under section 235; or

(b) the body corporate was

(i) dissolved under the *Companies Act* R.S.P.E.I. 1988, Cap. C-14, before or after the coming into force of this Act, and

(ii) not incorporated under Part II of the *Companies Act*.

Articles of revival

(2) Articles of revival in the form approved by the Director shall be sent to the Director.

Certificate of revival

(3) The Director may issue a certificate of revival

(a) for the purpose of enabling the body corporate to apply for continuance under section 236; or

(b) for the purpose of carrying out particular acts specified in the certificate

and the certificate shall state that the revival remains in effect for a time limited by the certificate.

Director's directions

(4) In a certificate under subsection (3), the Director may

(a) give directions as to the holding of meetings of shareholders, the appointment of directors and meetings of directors;

(b) in the case of a body corporate revived for the purpose of enabling it to apply for continuance under section 236, give directions regarding any matter that the shareholders are required or authorized to provide for pursuant to section 233(4) and (6);

(c) specify any provisions of the *Companies Act* that are not to apply to the body corporate during the period of its revival, or declare that any provisions of the *Companies Act* are to apply to the body corporate with the variations required by the order;

(d) change the name of the body corporate to a number designated or name approved by the Director; and

(e) give any other directions the Director thinks fit.

Application of *Companies Act*

(5) Subject to clause (4)(c), the *Companies Act* applies to a body corporate revived under this section.

Dissolution if no continuance

(6) A body corporate revived under this section is dissolved on the expiration of the time limited by the certificate unless it is sooner continued as a corporation under section 233.

Date of revival

(7) A body corporate is revived on the date shown on the certificate of revival.

Rights preserved

(8) Subject to subsection (4), to the rights acquired by any person after its dissolution and to any changes to the internal affairs of the body corporate after its dissolution, the revived body corporate is, in the same manner and to the same extent as if it had not been dissolved,

(a) restored to its previous position in law, including the restoration of any rights and privileges whether arising before its dissolution or after its dissolution and before its revival; and

(b) liable for the obligations that it would have had if it had not been dissolved whether they arise before its dissolution or after its dissolution and before its revival.

Legal actions

(9) Any legal action respecting the affairs of a revived body corporate taken between the time of its dissolution and its revival is valid and effective. *2018,c.22,s.164.*

165. Dissolution before commencing business

(1) A corporation that has not issued any shares may be dissolved at any time by resolution of all the directors.

Dissolution if no property

(2) A corporation that has no property and no liabilities may be dissolved by special resolution of the shareholders or, where it has issued more than one class of shares, by special resolutions of the holders of each class whether or not they are otherwise entitled to vote.

Dissolution where property disposed of

(3) A corporation that has property or liabilities or both may be dissolved by special resolution of the shareholders or, where it has issued more than one class of shares, by special resolutions of the holders of each class whether or not they are otherwise entitled to vote, if

(a) by the special resolution or resolutions the shareholders authorize the directors to cause the corporation to distribute any property and discharge any liabilities; and

(b) the corporation has distributed any property and discharged any liabilities before it sends articles of dissolution to the Director pursuant to subsection (4).

Articles of dissolution

(4) Articles of dissolution in the form approved by the Director shall be sent to the Director.

Certificate of dissolution

(5) On receipt of articles of dissolution, the Director shall issue a certificate of dissolution in accordance with section 222.

Effect of certificate

(6) The corporation ceases to exist on the date shown in the certificate of dissolution. *2018,c.22,s.165.*

166. Proposing liquidation and dissolution

(1) The directors may propose, or a shareholder who is entitled to vote at an annual meeting of shareholders may, in accordance with section 106, make a proposal for the voluntary liquidation and dissolution of a corporation.

Notice of meeting

(2) Notice of any meeting of shareholders at which voluntary liquidation and dissolution is to be proposed shall set out the terms of it.

Shareholders resolution

(3) A corporation may liquidate and dissolve by special resolution of the shareholders or, where the corporation has issued more than one class of shares, by special resolutions of the holders of each class whether or not they are otherwise entitled to vote.

Statement of intent to dissolve

(4) A statement of intent to dissolve in the form that the Director fixes shall be sent to the Director.

Certificate of intent to dissolve

(5) On receipt of a statement of intent to dissolve, the Director shall issue a certificate of intent to dissolve in accordance with section 222.

Effect of certificate

(6) On issue of a certificate of intent to dissolve, the corporation shall cease to carry on business except to the extent necessary for the liquidation, but its corporate existence continues until the Director issues a certificate of dissolution.

Liquidation

(7) After issue of a certificate of intent to dissolve, the corporation shall

(a) immediately cause notice of it to be sent to each known creditor of the corporation;

(b) without delay take reasonable steps to give notice of it in each province in Canada where the corporation was carrying on business at the time it sent the statement of intent to dissolve to the Director;

(c) proceed to collect its property, to dispose of properties that are not to be distributed in kind to its shareholders, to discharge all its obligations and to do all other acts required to liquidate its business; and

(d) after giving the notice required under clauses (a) and (b) and adequately providing for the payment or discharge of all its obligations, distribute its remaining property, either in money or in kind, among its shareholders according to their respective rights.

Supervision by court

(8) Any interested person may, at any time during the liquidation of a corporation, apply to the court for an order that the liquidation be continued under the supervision of the court as provided in this Part, and on application the court may make that order and any further order it thinks fit.

Notice to Director

(9) An applicant under this section shall give the Director notice of the application and the Director is entitled to appear and to be heard in person or by counsel.

Revocation

(10) At any time after issue of a certificate of intent to dissolve and before issue of a certificate of dissolution, a certificate of intent to dissolve may be revoked by sending to the Director a statement of revocation of intent to dissolve in the form approved by the Director , if the revocation is approved in the same manner as the resolution under subsection (3).

Certificate of revocation of intent to dissolve

(11) On receipt of a statement of revocation of intent to dissolve, the Director shall issue a certificate of revocation of intent to dissolve in accordance with section 222.

Effect of certificate

(12) On the date shown in the certificate of revocation of intent to dissolve, the revocation is effective and the corporation may continue to carry on its business or businesses.

Right to dissolve

(13) If a certificate of intent to dissolve has not been revoked and the corporation has complied with subsection (7), the corporation shall prepare articles of dissolution.

Articles of dissolution

(14) Articles of dissolution in the form approved by the Director shall be sent to the Director.

Certificate of dissolution

(15) On receipt of articles of dissolution, the Director shall issue a certificate of dissolution in accordance with section 222.

Effect of certificate

(16) The corporation ceases to exist on the date shown in the certificate of dissolution. *2018,c.22,s.166.*

167. Dissolution by Director

(1) Subject to subsections (2) and (3), the Director may

(a) dissolve a corporation by issuing a certificate of dissolution under this section if the corporation

(i) has not commenced business within three years after the date shown in its certificate of incorporation,

(ii) has not carried on its business for three consecutive years,

(iii) is in default for a period of one year in sending to the Director any fee, notice or document required by this Act, or

(iv) does not have any directors or is in the situation described in subsection (4); or

(b) apply to the court for an order dissolving the corporation, in which case section 172 applies.

Publication

(2) The Director shall not dissolve a corporation under this section until the Director has

(a) given 120 days' notice of the decision to dissolve the corporation to the corporation and to each director of it; and

(b) published notice of that decision in a publication generally available to the public.

Certificate of dissolution

(3) Unless cause to the contrary has been shown or an order has been made by the court under section 199, the Director may, after the expiration of the period referred to in subsection (2), issue a certificate of dissolution in the form approved by the Director.

Exception - non-payment of incorporation fee

(4) Despite anything in this section, the Director may dissolve a corporation by issuing a certificate of dissolution if the required fee for the issuance of a certificate of incorporation has not been paid.

Effect of certificate

(5) The corporation ceases to exist on the date shown in the certificate of dissolution. *2018,c.22,s.167.*

168. Grounds for dissolution

(1) The Director or any interested person may apply to the court for an order dissolving a corporation if the corporation has

(a) failed for two or more consecutive years to comply with the requirements of this Act with respect to the holding of annual meetings of shareholders;

(b) contravened subsection 23(2) or section 28, 126 or 128; or

(c) procured any certificate under this Act by misrepresentation.

Notice to Director

(2) An applicant under this section shall give the Director notice of the application, and the Director is entitled to appear and to be heard in person or by counsel.

Dissolution order

(3) On an application under this section or section , the court may order that the corporation be dissolved or that the corporation be liquidated and dissolved under the supervision of the court, and the court may make any other order it thinks fit.

Certificate

(4) On receipt of an order under this section, section 167 or 169, the Director shall

(a) if the order is to dissolve the corporation, issue a certificate of dissolution in the form approved by the Director; or

(b) if the order is to liquidate and dissolve the corporation under the supervision of the court, issue a certificate of intent to dissolve in the form approved by the Director and publish notice of the order in a publication generally available to the public.

Effect of certificate

(5) The corporation ceases to exist on the date shown in the certificate of dissolution. *2018,c.22,s.168.*

169. Further grounds

(1) The court may order the liquidation and dissolution of a corporation or any of its affiliated corporations on the application of a shareholder,

(a) if the court is satisfied that in respect of the corporation or any of its affiliates

(i) any act or omission of the corporation or any of its affiliates effects a result,

(ii) the business or affairs of the corporation or any of its affiliates are or have been carried on or conducted in a manner, or

(iii) the powers of the directors of the corporation or any of its affiliates are or have been exercised in a manner

that is oppressive or unfairly prejudicial to or that unfairly disregards the interests of any security holder, creditor, director or officer; or

(b) if the court is satisfied that

(i) a unanimous shareholder agreement entitles a complaining shareholder to demand dissolution of the corporation after the occurrence of a specified event and that event has occurred, or

(ii) it is just and equitable that the corporation should be liquidated and dissolved.

Alternative order

(2) On an application under this section, the court may make any order it thinks fit.

Application of section 195

(3) Section 195 applies to an application under this section. *2018,c.22,s.169.*

170. Application for supervision

(1) An application to the court to supervise a voluntary liquidation and dissolution under subsection 166(8) shall state the reasons, verified by an affidavit of the applicant, why the court should supervise the liquidation and dissolution.

Court supervision

(2) If the court makes an order applied for under subsection 166(8), the liquidation and dissolution of the corporation shall continue under the supervision of the court in accordance with this Act. *2018,c.22,s.170.*

171. Application to court

(1) An application to the court under subsection 169(1) shall state the reasons, verified by an affidavit of the applicant, why the corporation should be liquidated and dissolved.

Show cause order

(2) On an application under subsection 169(1), the court may make an order requiring the corporation and any person having an interest in the corporation or claim against it to show cause, at a time and place specified in the order, within four weeks after the date of the order, why the corporation should not be liquidated and dissolved.

Powers of court

(3) On an application under subsection 169(1), the court may order the directors and officers of the corporation to furnish the court with all material information known to or reasonably ascertainable by them, including

(a) financial statements of the corporation;

(b) the name and address of each shareholder of the corporation; and

(c) the name and address of each known creditor or claimant, including any creditor or claimant with unliquidated, future or contingent claims, and any person with whom the corporation has a contract.

Publication

(4) A copy of an order made under subsection (2) shall be

(a) published as directed in the order, at least once in each week before the time appointed for the hearing, in a newspaper published or distributed in the place where the corporation has its registered office; and

(b) served on each person named in the order.

Person responsible

(5) Publication and service of an order under this section shall be effected by the corporation or by another person and in the manner that the court may order. *2018,c.22,s.171.*

172. Powers of court

In connection with the dissolution or the liquidation and dissolution of a corporation, the court may, if it is satisfied that the corporation is able to pay or adequately provide for the discharge of all its obligations, make any order it thinks fit including, without limiting the generality of the foregoing,

(a) an order to liquidate;

(b) an order appointing a liquidator, with or without security, fixing the liquidator's remuneration and replacing a liquidator;

(c) an order appointing inspectors or referees, specifying their powers, fixing their remuneration and replacing inspectors or referees;

(d) an order determining the notice to be given to any interested person, or dispensing with notice to any person;

(e) an order determining the validity of any claims made against the corporation;

(f) an order, at any stage of the proceedings, restraining the directors and officers from

(i) exercising any of their powers, or

(ii) collecting or receiving any debt or other property of the corporation, and from paying out or transferring any property of the corporation, except as permitted by the court;

(g) an order determining and enforcing the duty or liability of any present or former director, officer or shareholder

(i) to the corporation, or

(ii) for an obligation of the corporation;

(h) an order approving the payment, satisfaction or compromise of claims against the corporation and the retention of assets for such purpose, and determining the adequacy of provisions for the payment or discharge of obligations of the corporation, whether liquidated, unliquidated, future or contingent;

(i) an order disposing of or destroying the documents and records of the corporation;

(j) on the application of a creditor, the inspectors or the liquidator, an order giving directions on any matter arising in the liquidation;

(k) after notice has been given to all interested parties, an order relieving a liquidator from any omission or default on such terms as the court thinks fit and confirming any act of the liquidator;

(l) subject to section 178, an order approving any proposed interim or final distribution to shareholders in money or in property;

(m) an order disposing of any property belonging to creditors or shareholders who cannot be found;

(n) on the application of any director, officer, security holder, creditor or the liquidator,

(i) an order staying the liquidation on any terms and conditions as the court thinks fit,

(ii) an order continuing or discontinuing the liquidation proceedings, or

(iii) an order to the liquidator to restore to the corporation all its remaining property; and

(o) after the liquidator has rendered a final account to the court, an order dissolving the corporation. *2018,c.22,s.172.*

173. Effect of order

The liquidation of a corporation commences when the court makes an order for it. *2018,c.22,s.173.*

174. Cessation of business and powers

(1) If the court makes an order for liquidation of a corporation,

(a) the corporation continues in existence but shall cease to carry on business, except the business that is, in the opinion of the liquidator, required for an orderly liquidation; and

(b) the powers of the directors and shareholders cease and vest in the liquidator, except as specifically authorized by the court.

Delegation by liquidator

(2) The liquidator may delegate any powers vested in the liquidator by clause (1)(b) to the directors or shareholders. *2018,c.22,s.174.*

175. Appointment of liquidator

(1) When making an order for the liquidation of a corporation or at any time thereafter, the court may appoint any person, including a director, an officer or a shareholder of the corporation or any other body corporate, as liquidator of the corporation.

Vacancy

(2) Where an order for the liquidation of a corporation has been made and the office of liquidator is or becomes vacant, the property of the corporation is under the control of the court until the office of liquidator is filled. *2018,c.22,s.175.*

176. Duties of liquidator

A liquidator shall

(a) immediately after appointment give notice of it to the Director and to each claimant and creditor known to the liquidator;

(b) without delay publish notice by insertion once a week for two consecutive weeks in a newspaper published or distributed in the place where the corporation has its registered office and take reasonable steps to give notice of the appointment in each province where the corporation carries on business, requiring any person

(i) indebted to the corporation, to render an account and pay to the liquidator at the time and place specified any amount owing,

(ii) possessing property of the corporation, to deliver it to the liquidator at the time and place specified, and

(iii) having a claim against the corporation, whether liquidated, unliquidated, future or contingent, to present particulars thereof in writing to the liquidator not later than two months after the first publication of the notice;

(c) take into custody and control the property of the corporation;

(d) open and maintain a trust account for the moneys of the corporation;

(e) keep accounts of the moneys of the corporation received and paid out by the liquidator;

(f) maintain separate lists of the shareholders, creditors and other persons having claims against the corporation;

(g) if at any time the liquidator determines that the corporation is unable to pay or adequately provide for the discharge of its obligations, apply to the court for directions;

(h) deliver to the court, at least once in every twelve-month period after appointment or more often as the court may require, financial statements of the corporation in the form required by section 125 or in another form that the liquidator may think proper or as the court may require; and

(i) after the final accounts are approved by the court, distribute any remaining property of the corporation among the shareholders according to their respective rights. *2018,c.22,s.176.*

177. Powers of liquidator

(1) A liquidator may

(a) retain lawyers, accountants, engineers, appraisers and other professional advisers;

(b) bring, defend or take part in any civil, criminal or administrative action or proceeding in the name and on behalf of the corporation;

(c) carry on the business of the corporation as required for an orderly liquidation;

(d) sell by public auction or private sale any property of the corporation;

(e) do all acts and execute any documents in the name and on behalf of the corporation;

(f) borrow money on the security of the property of the corporation;

(g) settle or compromise any claims by or against the corporation; and

(h) do all other things necessary for the liquidation of the corporation and distribution of its property.

Due diligence

(2) A liquidator is not liable if the liquidator exercised the care, diligence and skill that a reasonably prudent person would have exercised in comparable circumstances, including reliance in good faith on

(a) financial statements of the corporation represented to the liquidator by an officer of the corporation or in a written report of the auditor of the corporation fairly to reflect the financial condition of the corporation; or

(b) a report of a person whose profession lends credibility to a statement made by the professional person.

Application for examination

(3) If a liquidator has reason to believe that any person has in the person's possession or under the person's control, or has concealed, withheld or misappropriated, any property of the corporation, the liquidator may apply to the court for an order requiring that person to appear before the court at the time and place designated in the order and to be examined.

Power of court

(4) If the examination referred to in subsection (3) discloses that a person has concealed, withheld or misappropriated property of the corporation, the court may order that person to restore it or pay compensation to the liquidator. *2018,c.22,s.177.*

178. Costs of liquidation

(1) A liquidator shall pay the costs of liquidation out of the property of the corporation and shall pay or make adequate provision for all claims against the corporation.

Final accounts

(2) Within one year after appointment, and after paying or making adequate provision for all claims against the corporation, the liquidator shall apply to the court

(a) for approval of the final accounts and for an order permitting the liquidator to distribute in money or in kind the remaining property of the corporation to its shareholders according to their respective rights; or

(b) for an extension of time, setting out the reasons for it.

Shareholder application

(3) If a liquidator fails to make the application required by subsection (2), a shareholder of the corporation may apply to the court for an order for the liquidator to show cause why a final accounting and distribution should not be made.

Publication

(4) A liquidator shall give notice of the intention to make an application under subsection (2) to the Director, to each inspector appointed under section 185, to each shareholder and to any person who provided a security or fidelity bond for the liquidation, and shall publish the notice in a newspaper published or distributed in the place where the corporation has its registered office, or as otherwise directed by the court.

Final order

(5) If the court approves the final accounts rendered by a liquidator, the court shall make an order

(a) directing the Director to issue a certificate of dissolution;

(b) directing the custody or disposal of the documents and records of the corporation; and

(c) subject to subsection (6), discharging the liquidator.

Delivery of order

(6) The liquidator shall immediately send a certified copy of the order referred to in subsection (5) to the Director.

Certificate of dissolution

(7) On receipt of the order referred to in subsection (5), the Director shall issue a certificate of dissolution in accordance with section 222.

Effect of certificate

(8) The corporation ceases to exist on the date shown in the certificate of dissolution. *2018,c.22,s.178.*

179. Right to distribution in money

(1) If in the course of liquidation of a corporation the shareholders resolve or the liquidator proposes to

(a) exchange all or substantially all the property of the corporation for securities of another body corporate that are to be distributed to the shareholders; or

(b) distribute all or part of the property of the corporation to the shareholders in kind,

a shareholder may apply to the court for an order requiring the distribution of the property of the corporation to be in money.

Powers of court

(2) On an application under subsection (1), the court may order

(a) all the property of the corporation to be converted into and distributed in money; or

(b) the claims of any shareholder applying under this section to be satisfied by a distribution in money, in which case subsections 159(20) to (22) apply. *2018,c.22,s.179.*

180. Custody of records

(1) A person who has been granted custody of the documents and records of a dissolved corporation remains liable to produce those documents and records for six years following the date of its dissolution or until the expiration of any shorter period as may be ordered under subsection 178(5).

Offence

(2) A person who, without reasonable cause, contravenes subsection (1) is guilty of an offence and liable on summary conviction to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months or to both. *2018,c.22,s.180.*

181. Definition of "shareholder"

(1) In this section, "**shareholder**" includes the heirs and personal representatives of a shareholder.

Continuation of actions

(2) Notwithstanding the dissolution of a body corporate under this Act,

(a) a civil, criminal or administrative action or proceeding commenced by or against the body corporate before its dissolution may be continued as if the body corporate had not been dissolved;

(b) a civil, criminal or administrative action or proceeding may be brought against the body corporate within two years after its dissolution as if the body corporate had not been dissolved; and

(c) any property that would have been available to satisfy any judgment or order if the body corporate had not been dissolved remains available for such purpose.

Service

(3) Service of a document on a corporation after its dissolution may be effected by serving the document on a person shown in the last notice filed under section 81 or 88.

Service on dissolved body corporate

(4) Service of a document on a body corporate to which the *Companies Act* applied that has been dissolved by section 235 of this Act, may be effected by serving the document on a person shown as a director in the last annual return filed by the company pursuant to the *Companies Act*.

Reimbursement

(5) Notwithstanding the dissolution of a body corporate under this Act, a shareholder to whom any of its property has been distributed is liable to any person claiming under subsection (2) to the extent of the amount received by that shareholder on the distribution, and an action to enforce that liability may be brought within two years after the date of the dissolution of the body corporate.

Representative action

(6) The court may order an action referred to in subsection (5) to be brought against the persons who were shareholders as a class, subject to such conditions as the court thinks fit and, if the plaintiff establishes a claim, the court may refer the proceedings to a referee or other officer of the court who may

(a) add as a party to the proceedings each person who was a shareholder found by the plaintiff;

(b) determine, subject to subsection (5), the amount that each person who was a shareholder shall contribute towards satisfaction of the plaintiff's claim; and

(c) direct payment of the amounts so determined. *2018,c.22,s.181.*

182. Unknown claimants

(1) On the dissolution of a body corporate under this Act, the portion of the property distributable to a creditor or shareholder who cannot be found shall be converted into money and paid to the Minister of Finance and Affordability.

Constructive satisfaction

(2) A payment under subsection (1) is deemed to be in satisfaction of a debt or claim of that creditor or shareholder.

Recovery

(3) A person who establishes an entitlement to any moneys paid to the Minister of Finance and Affordability under this Act shall be paid by the Minister of Finance and Affordability an equivalent amount out of the Operating Fund. *2018,c.22,s.182; 2026,c.11,s.3.*

183. Vesting in Crown

(1) Subject to subsection 181(2) and section 182, property of a body corporate that has not been disposed of at the date of its dissolution under this Act vests in the Government.

Return of property on revival

(2) If a body corporate is revived as a corporation under section 163, any property, other than money, that vested in the Government pursuant to subsection (1), that has not been disposed

of shall be returned to the corporation and there shall be paid to the corporation out of the Operating Fund

(a) an amount equal to any money received by the Government pursuant to subsection (1); and

(b) where property other than money vested in the Government pursuant to subsection (1) and that property has been disposed of, an amount equal to the lesser of

(i) the value of any such property at the date it vested in the Government, and

(ii) the amount realized by the Government from the disposition of that property. *2018,c.22,s.183; 2022,c.62,s.5.*

PART XVI - INVESTIGATION

184. Investigation

(1) A security holder may apply, *ex parte* or on any notice as the court may require, for an order directing an investigation to be made of the corporation and any of its affiliated corporations.

Grounds

(2) If, on an application under subsection (1), it appears to the court that

(a) the business of the corporation or any of its affiliates is or has been carried on with intent to defraud any person;

(b) the business or affairs of the corporation or any of its affiliates are or have been carried on or conducted, or the powers of the directors are or have been exercised in a manner that is oppressive or unfairly prejudicial to or that unfairly disregards the interests of a security holder;

(c) the corporation or any of its affiliates was formed for a fraudulent or unlawful purpose or is to be dissolved for a fraudulent or unlawful purpose; or

(d) persons concerned with the formation, business or affairs of the corporation or any of its affiliates have in connection therewith acted fraudulently or dishonestly,

the court may order an investigation to be made of the corporation and any of its affiliated corporations.

Notice to Director

(3) A security holder who makes an application under subsection (1) shall give the Director reasonable notice of it and the Director is entitled to appear and to be heard in person or by counsel.

No security for costs

(4) An applicant under this section is not required to give security for costs.

Hearings *in camera*

(5) An *ex parte* application under this section shall be heard *in camera*.

Consent to publish proceedings required

(6) No person may publish anything relating to *ex parte* proceedings under this section except with the authorization of the court or the written consent of the corporation being investigated. *2018,c.22,s.184.*

185. Powers of court

(1) In connection with an investigation under this Part, the court may make any order it thinks fit including, without limiting the generality of the foregoing,

(a) an order to investigate;

(b) an order appointing an inspector, fixing the remuneration of an inspector, and replacing an inspector;

(c) an order determining the notice to be given to any interested person, or dispensing with notice to any person;

(d) an order authorizing an inspector to enter any premises in which the court is satisfied there might be relevant information, and to examine any thing and make copies of any document or record found on the premises;

(e) an order requiring any person to produce documents or records to the inspector;

(f) an order authorizing an inspector to conduct a hearing, administer oaths, and examine any person on oath, and prescribing rules for the conduct of the hearing;

(g) an order requiring any person to attend a hearing conducted by an inspector and to give evidence on oath;

(h) an order giving directions to an inspector or any interested person on any matter arising in the investigation;

(i) an order requiring an inspector to make an interim or final report to the court;

(j) an order determining whether a report of an inspector should be published and, if so, ordering the Director to publish the report in whole or in part or to send copies to any person the court designates;

(k) an order requiring an inspector to discontinue an investigation; and

(l) an order requiring the corporation to pay the costs of the investigation.

Copy of report

(2) An inspector shall send to the Director a copy of every report made by the inspector under this Part. *2018,c.22,s.185.*

186. Power of inspector

(1) An inspector under this Part has the powers set out in the order appointing the inspector.

Exchange of information

(2) In addition to the powers set out in the order appointing the inspector, an inspector appointed to investigate a corporation may furnish to, or exchange information and otherwise cooperate with, any public official in Canada or elsewhere who is authorized to exercise investigatory powers and who is investigating, in respect of the corporation, any allegation of improper conduct that is the same as or similar to the conduct described in subsection 184(2).

Court order

(3) An inspector shall on request produce to an interested person a copy of any order made under subsection 185(1). *2018,c.22,s.186.*

187. Hearing in camera

(1) Any interested person may apply to the court for an order that a hearing conducted by an inspector under this Part be heard *in camera* and for directions on any matter arising in the investigation.

Right to counsel

(2) A person whose conduct is being investigated or who is being examined at a hearing conducted by an inspector under this Part has a right to be represented by counsel. *2018,c.22,s.187.*

188. Absolute privilege - defamation

Any oral or written statement or report made by an inspector or any other person in an investigation under this Part has absolute privilege. *2018,c.22,s.188.*

189. Solicitor-client privilege

Nothing in this Part shall be construed as affecting solicitor-client privilege. *2018,c.22,s.189.*

190. Inquiries

The Director may make inquiries of any person relating to compliance with this Act. *2018,c.22,s.190.*

PART XVII - REMEDIES, OFFENCES AND PENALTIES

191. Definitions

In this Part,

(a) "**action**" means an action under this Act;

(b) "**complainant**" means

(i) a registered holder or beneficial owner, and a former registered holder or beneficial owner, of a security of a corporation or any of its affiliates,

(ii) a director or an officer or a former director or officer of a corporation or any of its affiliates,

(iii) any other person who, in the discretion of the court, is a proper person to make an application under this Part. *2018,c.22,s.191.*

192. Commencing derivative action

(1) Subject to subsection (2), a complainant may apply to the court for leave to bring an action in the name and on behalf of a corporation or any of its subsidiaries, or intervene in an action to which any of those bodies corporate is a party, for the purpose of prosecuting, defending or discontinuing the action on behalf of the body corporate.

Conditions precedent

(2) No action may be brought and no intervention in an action may be made under subsection (1) unless the court is satisfied that

(a) the complainant has given notice to the directors of the corporation or its subsidiary of the complainant's intention to apply to the court under subsection (1) not less than fourteen days before bringing the application, or as otherwise ordered by the court, if the directors of the corporation or its subsidiary do not bring, diligently prosecute or defend or discontinue the action;

(b) the complainant is acting in good faith; and

(c) it appears to be in the interests of the corporation or its subsidiary that the action be brought, prosecuted, defended or discontinued. *2018,c.22,s.192.*

193. Powers of court

In connection with an action brought or intervened in under section 192, the court may at any time make any order it thinks fit including, without limiting the generality of the foregoing,

(a) an order authorizing the complainant or any other person to control the conduct of the action;

(b) an order giving directions for the conduct of the action;

(c) an order directing that any amount adjudged payable by a defendant in the action shall be paid, in whole or in part, directly to former and present security holders of the corporation or its subsidiary instead of to the corporation or its subsidiary; and

(d) an order requiring the corporation or its subsidiary to pay reasonable legal fees incurred by the complainant in connection with the action. *2018,c.22,s.193.*

194. Application to court *re* oppression

(1) A complainant may apply to the court for an order under this section.

Grounds

(2) If, on an application under subsection (1), the court is satisfied that in respect of a corporation or any of its affiliates

(a) any act or omission of the corporation or any of its affiliates effects a result;

(b) the business or affairs of the corporation or any of its affiliates are or have been carried on or conducted in a manner; or

(c) the powers of the directors of the corporation or any of its affiliates are or have been exercised in a manner

that is oppressive or unfairly prejudicial to or that unfairly disregards the interests of any security holder, creditor, director or officer, the court may make an order to rectify the matters complained of.

Powers of court

(3) In connection with an application under this section, the court may make any interim or final order it thinks fit including, without limiting the generality of the foregoing,

(a) an order restraining the conduct complained of;

(b) an order appointing a receiver or receiver-manager;

(c) an order to regulate a corporation's affairs by amending the articles or bylaws or creating or amending a unanimous shareholder agreement;

(d) an order directing an issue or exchange of securities;

(e) an order appointing directors in place of or in addition to all or any of the directors then in office;

(f) an order directing a corporation, subject to subsection (6), or any other person, to purchase securities of a security holder;

(g) an order directing a corporation, subject to subsection (6), or any other person, to pay a security holder any part of the monies that the security holder paid for securities;

(h) an order varying or setting aside a transaction or contract to which a corporation is a party and compensating the corporation or any other party to the transaction or contract;

(i) an order requiring a corporation, within a time specified by the court, to produce to the court or an interested person financial statements in the form required by section 160 or an accounting in such other form as the court may determine;

(j) an order compensating an aggrieved person;

(k) an order directing rectification of the registers or other records of a corporation under section 196;

(l) an order liquidating and dissolving the corporation;

(m) an order directing an investigation under Part XVI to be made; and

(n) an order requiring the trial of any issue.

Duty of directors

(4) If an order made under this section directs amendment of the articles or bylaws of a corporation,

(a) the directors shall forthwith comply with subsection 160(4); and

(b) no other amendment to the articles or bylaws shall be made without the consent of the court, until the court otherwise orders.

Exclusion

(5) A shareholder is not entitled to dissent under section 159 if an amendment to the articles is effected under this section.

Limitation

(6) A corporation shall not make a payment to a shareholder under clause (3)(f) or (g) if there are reasonable grounds for believing that

(a) the corporation is or would after that payment be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

Alternative order

(7) An applicant under this section may apply in the alternative for an order under section 169. *2018,c.22,s.194.*

195. Evidence of shareholder approval not decisive

(1) An application made or an action brought or intervened in under this Part shall not be stayed or dismissed by reason only that it is shown that an alleged breach of a right or duty owed to the corporation or its subsidiary has been or may be approved by the shareholders of the body corporate, but evidence of approval by the shareholders may be taken into account by the court in making an order under section 169, 193 or 194.

Court approval to discontinue

(2) An application made or an action brought or intervened in under this Part shall not be stayed, discontinued, settled or dismissed for want of prosecution without the approval of the court given on any terms the court thinks fit and, if the court determines that the interests of any complainant may be substantially affected by the stay, discontinuance, settlement or dismissal, the court may order any party to the application or action to give notice to the complainant.

No security for costs

(3) A complainant is not required to give security for costs in any application made or action brought or intervened in under this Part.

Interim costs

(4) In an application made or an action brought or intervened in under this Part, the court may at any time order the corporation or its subsidiary to pay to the complainant interim costs, including legal fees and disbursements, but the complainant may be held accountable for the interim costs on final disposition of the application or action. *2018,c.22,s.195.*

196. Application to court to rectify records

(1) If the name of a person is alleged to be or to have been wrongly entered or retained in, or wrongly deleted or omitted from, the registers or other records of a corporation, the corporation, a security holder of the corporation or any aggrieved person may apply to a court for an order that the registers or records be rectified.

Notice to Director

(2) An application under this section shall give the Director notice of the application and the Director is entitled to appear and to be heard in person or by counsel.

Powers of court

(3) In connection with an application under this section, the court may make any order it thinks fit including, without limiting the generality of the foregoing,

(a) an order requiring the registers or other records of the corporation to be rectified;

(b) an order restraining the corporation from calling or holding a meeting of shareholders or paying a dividend before the rectification;

(c) an order determining the right of a party to the proceedings to have the party's name entered or retained in, or deleted or omitted from, the registers or records of the corporation, whether the issue arises between two or more security holders or alleged security holders, or between the corporation and any security holders or alleged security holders; and

(d) an order compensating a party who has incurred a loss. *2018,c.22,s.196.*

197. Application for directions

The Director may apply to the court for directions in respect of any matter concerning the Director's duties under this Act, and on application the court may give the directions and make any further order it thinks fit. *2018,c.22,s.197.*

198. Notice of refusal by Director

(1) If the Director refuses to file any articles or other document that this Act requires the Director to file before the articles or other document become effective, the Director shall, within 20 days after receiving them or 20 days after receiving any approval that may be required under any other Act, whichever is later, give written notice of the refusal to the person who sent the articles or document, giving reasons.

Deemed refusal

(2) If the Director does not file or give written notice of the refusal to file any articles or document within the time limited for it in subsection (1), the Director is deemed for the purposes of section 199 to have refused to file the articles or document. *2018,c.22,s.198.*

199. Appeal from Director's decision

A person who is aggrieved by a decision of the Director referred to in any of clauses (a) to (i) may apply to the court for an order, including an order requiring the Director to change the decision

(a) to refuse to file in the form submitted any articles or other document required by this Act to be filed;

(b) to give a name, to change or revoke a name, or to refuse to reserve, accept, change or revoke a name under section 10;

(c) to grant, or to refuse to grant, an exemption that may be granted under this Act and the regulations;

(d) to refuse to issue a certificate of discontinuance under section 157 or a certificate attesting that as of a certain date the corporation exists under subsection 225(2);

(e) to issue, or to refuse to issue, a certificate of revival under section 163, or the decision with respect to the terms for revival imposed by the Director;

(f) to correct, or to refuse to correct, articles, a notice, a certificate or other document under section 227;

(g) to cancel, or to refuse to cancel, the articles and related certificate under section 228; or

(h) to dissolve a corporation under section 167,

and the court may make any order it thinks fit. *2018,c.22,s.199.*

200. Restraining or compliance order

If a corporation or any director, officer, employee, agent, auditor, trustee, receiver, receiver-manager or liquidator of a corporation does not comply with this Act, the regulations, articles, bylaws, or a unanimous shareholder agreement, a complainant or a creditor of the corporation may, in addition to any other right the person has, apply to the court for an order directing any of those persons to comply with, or restraining any of those persons from acting in breach of, any provisions of this Act, the regulations, articles, bylaws, or the unanimous shareholder agreement, and on application the court may make the order requested and any further order it thinks fit. *2018,c.22,s.200.*

201. Summary application to court

Where this Act states that a person may apply to the court, the application may be made in a summary manner by petition, originating notice of motion, or otherwise as the rules of the court provide, and subject to any order respecting notice to interested parties or costs, or any other order the court thinks fit. *2018,c.22,s.201.*

202. Appeal of final order

(1) An appeal lies to the Court of Appeal from any final order made by the court under this Act.

Appeal with leave

(2) An appeal lies to the Court of Appeal from any order other than a final order made by the court, only with leave of the Court of Appeal, in accordance with the rules of the Court of Appeal. *2018,c.22,s.202.*

203. Offences with respect to reports

(1) A person who makes or assists in making a report, return, notice or other document required by this Act or the regulations to be sent to the Director or to any other person that

(a) contains an untrue statement of a material fact; or

(b) omits to state a material fact required in it or necessary to make a statement contained in it not misleading in the light of the circumstances in which it was made,

is guilty of an offence and liable on summary conviction to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months or to both.

Officers, etc., of bodies corporate

(2) Where a body corporate commits an offence under subsection (1), any director or officer of the body corporate who knowingly authorized, permitted or acquiesced in the commission of the offence is a party to and guilty of the offence and is liable on summary conviction to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months or to both, whether or not the body corporate has been prosecuted or convicted.

Immunity

(3) No person is guilty of an offence under subsection (1) or (2) if the person did not know, and in the exercise of reasonable diligence could not have known, of the untrue statement or omission.

Register of individuals with significant control

(4) For greater certainty, a register referred to in subsection 28.1(1) or an extract from it is not a report, return, notice or other document for the purposes of this section. *2018,c.22,s.203; 2019,c.20,s.10.*

204. Offence, fine

Every person who, without reasonable cause, contravenes a provision of this Act or the regulations, for which contravention no punishment is otherwise provided, is guilty of an offence and on summary conviction is liable,

(a) if the person is an individual, to a fine of not more than $2,500, or to imprisonment for a term of not more than one month, or to both; and

(b) if the person is a corporation, to a fine of not more than $5,000. *2018,c.22,s.204.*

205. Order to comply

(1) Where a person is guilty of an offence under this Act or the regulations, the court in which proceedings in respect of the offence are taken may, in addition to any penalty it may impose, order that person to comply with the provisions of this Act or the regulations for the contravention of which the person has been convicted.

Limitation period

(2) A prosecution for an offence under this Act may be instituted at any time within but not later than two years after the time when the subject-matter of the complaint arose.

Civil remedy not affected

(3) No civil remedy for an act or omission is suspended or affected by reason that the act or omission is an offence under this Act. *2018,c.22,s.205.*

PART XVIII - DOCUMENTS IN ELECTRONIC OR OTHER FORM

206. Definitions

In this Part,

(a) "**electronic document**" means any form of representation of information or of concepts fixed in any medium in or by electronic, optical or other similar means and that can be read or perceived by a person or by any means;

(b) "**information system**" means a system used to generate, send, receive, store or otherwise process an electronic document. *2018,c.22,s.206.*

207. Application

This Part does not apply to a notice, document or other information sent to or issued by the Director pursuant to this Act or to any prescribed notice, document or other information. *2018,c.22,s.207.*

208. Use not mandatory

(1) Nothing in this Act or the regulations requires a person to create or provide an electronic document.

Consent and other requirements

(2) Despite anything in this Part or in the *Electronic Commerce Act*, a requirement under this Act or the regulations to provide a person with a notice, document or other information is not satisfied by the provision of an electronic document unless

(a) the addressee has consented, in the manner prescribed, and has designated an information system for the receipt of the electronic document; and

(b) the electronic document is provided to the designated information system, unless otherwise prescribed.

Revocation of consent

(3) An addressee may revoke the consent referred to in clause (2)(a) in the manner prescribed. *2018,c.22,s.208.*

209. Creation and provision of information

(1) A requirement under this Act or the regulations that a notice, document or other information be created or provided, is satisfied by the creation or provision of an electronic document if

(a) the bylaws or the articles of the corporation do not provide otherwise; and

(b) the regulations, if any, have been complied with.

Creation of information in writing

(2) A requirement under this Act or the regulations that a notice, document or other instrument be created in writing is satisfied by the creation of an electronic document if, in addition to the conditions in subsection (1),

(a) the information in the electronic document is accessible so as to be usable for subsequent reference; and

(b) the regulations pertaining to this subsection, if any, have been complied with.

Provision of information in writing

(3) A requirement under this Act or the regulations that a notice, document or other information be provided in writing is satisfied by the provision of an electronic document if, in addition to the conditions set out in subsection (1),

(a) the information in the electronic document is accessible by the addressee and capable of being retained by the addressee, so as to be usable for subsequent reference; and

(b) the regulations pertaining to this subsection, if any, have been complied with.

Copies

(4) A requirement under this Act or the regulations for one or more copies of a document to be provided to a single addressee at the same time is satisfied by the provision of a single version of the electronic document.

Registered mail

(5) A requirement under this Act or the regulations to provide a document by registered mail is not satisfied by the sending of an electronic document unless prescribed.

Statutory declarations and affidavits

(6) A statutory declaration or an affidavit required under this Act or the regulations may be created or provided in an electronic document if

(a) the person who makes the statutory declaration or affidavit signs it with his or her secure electronic signature;

(b) the authorized person before whom the statutory declaration or affidavit is made signs it with his or her secure electronic signature; and

(c) the requirements of section 208 and subsections (1) to (5) are complied with.

Definitions

(7) For the purposes of this section, "electronic document" and "secure electronic signature" have the same meaning as in subsection 31(1) of the *Personal Information Protection and Electronic Documents Act* (Canada).

Clarification

(8) For the purposes of complying with clause (6)(c), the references to an "electronic document" in section 208 and in subsections (1) to (5) are to be read as references to an "electronic document" as defined in subsection 31(1) of the *Personal Information Protection and Electronic Documents Act* (Canada).

Signatures

(9) A requirement under this Act or the regulations for a signature or for a document to be executed, except with respect to a statutory declaration or an affidavit, is satisfied if, in relation to an electronic document, the prescribed requirements pertaining to this section, if any, are met and if the signature results from the application by a person of a technology or a process that permits the following to be proved:

(a) the signature resulting from the use by a person of the technology or process is unique to the person;

(b) the technology or process is used by a person to incorporate, attach or associate the person's signature to the electronic document;

(c) the technology or process can be used to identify the person using the technology or process. *2018,c.22,s.209.*

PART XIX - GENERAL

210. Notice to directors and shareholders

(1) A notice or document required by this Act, the regulations, the articles or the bylaws to be sent to a shareholder or director of a corporation may be sent by prepaid mail addressed to, or may be delivered personally to,

(a) the shareholder at the shareholder's latest address as shown in the records of the corporation or its transfer agent; and

(b) the director at the director's latest address as shown in the records of the corporation or in the last notice filed under section 81 or 88.

Effect of notice

(2) A director named in a notice sent by a corporation to the Director under section 81 or 88 and filed by the Director is presumed for the purposes of this Act to be a director of the corporation referred to in the notice.

Deemed receipt

(3) A notice or document sent in accordance with subsection (1) to a shareholder or director of a corporation is deemed to be received at the time it would be delivered in the ordinary course of mail unless there are reasonable grounds for believing that the shareholder or director did not receive the notice or document at that time or at all.

Undelivered notices

(4) If a corporation sends a notice or document to a shareholder in accordance with subsection (1) and the notice or document is returned on two consecutive occasions because the shareholder cannot be found, the corporation is not required to send any further notices or documents to the shareholder until the shareholder informs the corporation in writing of the shareholder's new address. *2018,c.22,s.10.*

211. Notice to and service on a corporation

A notice or document required to be sent to or served on a corporation may be sent by registered mail to the registered office of the corporation shown in the last notice filed under section 17 and, if so sent, is deemed to be received or served at the time it would be delivered in the ordinary course of mail unless there are reasonable grounds for believing that the corporation did not receive the notice or document at that time or at all. *2018,c.22,s.11.*

212. Waiver of notice

Where a notice or document is required by this Act or the regulations to be sent, the sending of the notice or document may be waived or the time for the notice or document may be waived or abridged at any time with the consent in writing of the person entitled to it. *2018,c.22,s.12.*

213. Certificate of Director

(1) Where this Act requires or authorizes the Director to issue a certificate or to certify any fact, the certificate shall be signed by the Director or by a Deputy Director authorized under section 219.

Evidence

(2) Except in a proceeding under section 168 to dissolve a corporation, a certificate referred to in subsection (1) or a certified copy of it, when introduced as evidence in any civil, criminal or administrative action or proceeding, is conclusive proof of the facts so certified without proof of the signature or official character of the person appearing to have signed the certificate. *2018,c.22,s.13.*

214. Certificate of corporation

(1) A certificate issued on behalf of a corporation stating any fact that is set out in the articles, the bylaws, a unanimous shareholder agreement, the minutes of the meetings of the directors, a committee of directors or the shareholders, or in a trust indenture or other contract to which the corporation is a party, may be signed by a director, an officer or a transfer agent of the corporation.

Proof

(2) When introduced as evidence in any civil, criminal or administrative action or proceeding,

(a) a fact stated in a certificate referred to in subsection (1);

(b) a certified extract from a securities register of a corporation; or

(c) a certified copy of minutes or extract from minutes of a meeting of shareholders, directors or a committee of directors of a corporation,

is, in the absence of evidence to the contrary, proof of the facts so certified without proof of the signature or official character of the person appearing to have signed the certificate.

Security certificate

(3) An entry in a securities register of, or a security certificate issued by, a corporation is, in the absence of evidence to the contrary, proof that the person in whose name the security is registered is owner of the securities described in the register or in the certificate. *2018,c.22,s.14.*

215. Copies

Where a notice or document is required to be sent to the Director under this Act, the Director may accept a photostatic or photographic copy of it. *2018,c.22,s.15.*

216. Content and form of notices and documents

The Director may establish the requirements for the content and approve the form, including electronic or other forms, of notices and documents sent to or issued by the Director pursuant to this Act, including

(a) the notices and documents that may be transmitted in electronic or other form;

(b) the persons or classes of persons who may transmit the notices and documents;

(c) their signature in electronic or other form, or their execution, adoption or authorization in a manner that is to have the same effect for the purposes of this Act as their signature;

(d) the time and circumstances when electronic notices and documents are to be considered to be sent or received, and the place where they are considered to have been sent or received; and

(e) any matter necessary for the purposes of the application of this section. *2018,c.22,s.116.*

217. Exemption

In the prescribed circumstances, the Director may, on any conditions that the Director considers appropriate, exempt from the application of any provision of this Act requiring notices or documents to be sent to the Director any notices or documents or classes of notices or documents containing information similar to that contained in notices or documents required to be made public pursuant to any other Act of the Legislature, Act of Parliament or Act of the legislature of a province as the Director specifies. *2018,c.22,s.17.*

218. Proof required by Director

(1) The Director may require that a document or a fact stated in a document required by this Act or the regulations to be sent to the Director shall be verified in accordance with subsection (2).

Form of proof

(2) A document or fact required by this Act or by the Director to be verified may be verified by affidavit or by statutory declaration under the *Notaries and Commissioners Act* R.S.P.E.I. 1988, Cap. N-3.3, before a commissioner or notary public. *2018,c.22,s.218; 2022,c.82,s.26.*

219. Appointment of Director and Deputy Directors

In accordance with the *Civil Service Act* R.S.P.E.I. 1988, Cap. C-8, there may be appointed a Director of Corporations and one or more Deputy Directors of Corporations who shall carry out the duties and exercise the powers of the Director under this Act. *2018,c.22,s.219.*

220. Regulations

(1) The Lieutenant Governor in Council may make regulations

(a) prescribing any matter required or authorized by this Act to be prescribed;

(b) defining anything that, by this Act, is to be defined by regulation;

(c) requiring the payment of a fee in respect of the filing, examination or copying of any document, or in respect of any action that the Director is required or authorized to take under this Act, and prescribing the amount of the fee or the manner of determining the fee;

(d) respecting the payment of fees, including the time when and the manner in which the fees are to be paid, the additional fees that may be charged for the late payment of fees and the circumstances in which any fees previously paid may be refunded in whole or in part;

(e) prescribing rules with respect to exemptions permitted by this Act;

(f) prescribing that, for the purpose of subsection 125(1), the standards, as they exist from time to time, of an accounting body named in the regulations shall be followed;

(g) prescribing any matter necessary for the purposes of the application of Part XVIII, including the time and circumstances when an electronic document is to be considered to have been provided or received and the place where it is considered to have been provided or received;

(h) prescribing the manner of, and conditions for, participating in a meeting by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting;

(i) prescribing, for the purposes of subsection 110(3), the manner of, and conditions for, voting at a meeting of shareholders by means of a telephonic, electronic or other communication facility;

(j) prescribing information to be included in the register in subsection 28.1(1);

(k) respecting steps to be taken by a corporation under subsection 28.1(2);

(l) prescribing one or more classes of corporations for the purpose of subsection 28.1(7);

(m) respecting steps to be taken by a corporation under section 28.2;

(n) prescribing, for the purposes of subclause 28.4(1)(d)(iv) a public officer, corporation, agency or other entity;

(o) prescribing, for the purposes of subsection 28.4(4), a law that provides for the imposition or collection of a tax, royalty or duty.

Incorporation by reference

(2) The regulations may incorporate any material by reference regardless of its source and either as it exists on a particular date or as amended from time to time. *2018,c.22,s.220; 2019,c.20,s.11.*

221. Fee to be paid before service performed

The fee in respect of the filing, examination, or copying of any document, or in respect of any action that the Director is required or authorized to take, shall be paid to the Director on the filing, examination, or copying or before the Director takes the action in respect of which the fee is payable. *2018,c.22,s.221.*

222. Definition of "statement"

(1) In this section, "**statement**" means a statement of intent to dissolve and a statement of revocation of intent to dissolve referred to in section 166.

Filing of articles and statements

(2) Where this Act requires that articles or a statement relating to a corporation be sent to the Director,

(a) the articles or the statement shall be signed by a director or an officer of the corporation or, in the case of articles of incorporation, by an incorporator; and

(b) on receiving the articles or statement in the form that the Director fixes, any other required documents and the required fees, the Director shall

(i) record the date of the filing,

(ii) issue the appropriate certificate,

(iii) file the certificate and the articles or statement, or a copy, image or photographic, electronic or other reproduction of the certificate and of the articles or statement,

(iv) send the certificate, or a copy, image or photographic, electronic or other reproduction of the certificate, to the corporation or its agent, and

(v) publish a notice of the issuance of the certificate in a publication generally available to the public.

Date of certificate

(3) A certificate referred to in subsection (2) issued by the Director may be dated as of the day the Director receives the articles, statement or court order pursuant to which the certificate is issued or as of any later day specified by the court or person who signed the articles or statement.

Alternative date

(4) Notwithstanding subsection (3), a certificate of discontinuance may be dated as of the day on which the corporation amalgamates pursuant to another Act or is continued. *2018,c.22,s.222.*

223. Signature

(1) A signature required on a certificate issued by the Director under this Act may be printed or otherwise mechanically reproduced on the certificate or may be reproduced in accordance with the regulations.

Authority to sign notices

(2) The notices referred to in subsections 26(2) and (4) and subsections 81(1) and 88(1), and the annual return referred to in section 224, may be signed by any individual who has the relevant knowledge of the corporation and who is authorized to do so by the directors, or, in the case of the notice referred to in subsection 81(1), the incorporators.

Execution of documents

(3) Any articles, notice, resolution, requisition, statement or other document required or permitted to be executed or signed by more than one individual for the purposes of this Act may be executed or signed in several documents of similar form, each of which is executed or signed by one or more of the individuals, and the documents, when duly executed or signed by all individuals required or permitted, as the case may be, to do so, shall be deemed to constitute one document for the purposes of this Act. *2018,c.22,s.223; 2019,c.20,s.12.*

224. Annual return

Every corporation shall, on the prescribed date, send to the Director an annual return in the form approved by the Director and the Director shall file it. *2018,c.22,s.224.*

224.1 Shareholder information

(1) Every corporation, other than a distributing corporation, shall send to the Director with the annual return referred to in section 224 a list, in the form approved by the Director, of all persons who were shareholders of the corporation on the date of the annual return, setting out the full name and address of each shareholder and the number and class of shares held by each shareholder, and the Director shall file the list.

Initial shareholder information

(2) Every corporation that is incorporated or continued under this Act after the coming into force of this section, other than a distributing corporation, shall send to the Director, in the form approved by the Director, within 60 days after the date shown on the certificate of incorporation or continuance, as the case may be, an initial list of all shareholders of the corporation as shown in the corporation's records, setting out the full name and address of each shareholder and the number and class of shares held by each shareholder, and the Director shall file the initial list. *2019,c.20,s.13.*

225. Certificate

(1) The Director may provide any person with a certificate stating that a corporation

(a) has sent to the Director a document required to be sent under this Act;

(b) has paid all required fees; or

(c) exists as of a certain date.

Director may refuse to issue certificate of existence

(2) For greater certainty, the Director may refuse to issue a certificate described in clause (1)(c) if the Director has knowledge that the corporation is in default of sending a document required to be sent under this Act or is in default of paying a required fee. *2018,c.22,s.225.*

226. Alteration

The Director may alter a notice or document, other than an affidavit or statutory declaration, if authorized by the person who sent the document or by that person's representative. *2018,c.22,s.226.*

227. Corrections at request of Director

(1) If a certificate or other document containing an error is issued to a corporation by the Director, the directors or shareholders of the corporation shall, on the request of the Director, pass the resolutions and send to the Director the documents required to comply with this Act, and take such other steps as the Director may reasonably require so that the Director may correct the certificate or document.

No prejudice

(2) A document issued under subsection (1) may bear the date of the document it replaces.

Notice

(3) If a corrected certificate materially amends the terms of the original certificate, the Director shall without delay give notice of the correction in a publication generally available to the public. *2018,c.22,s.227.*

228. Cancellation of articles by Director

(1) In the prescribed circumstances, the Director may cancel the articles and related certificate of a corporation.

No prejudice

(2) Before proceeding under subsection (1), the Director must be satisfied that the cancellation would not prejudice any of the shareholders or creditors of the corporation.

Request to Director to cancel articles

(3) In the prescribed circumstances, the Director may, at the request of a corporation or of any other interested person, cancel the articles and related certificate of the corporation if

(a) the cancellation is approved by the directors of the corporation; and

(b) the Director is satisfied that the cancellation would not prejudice any of the shareholders or creditors of the corporation and that the cancellation reflects the original intention of the corporation or the incorporators, as the case may be.

Application to court

(4) If, in the view of the Director, of the corporation or of any interested person who requests a cancellation, a cancellation of articles and a related certificate would prejudice any of the shareholders or creditors of a corporation, the Director, the corporation or the person, as the case may be, may apply to the court for an order that the articles and certificate be cancelled and for an order determining the rights of the shareholders or creditors.

Notice to Director

(5) An applicant under subsection (4) shall give the Director notice of the application, and the Director is entitled to appear and to be heard in person or by counsel.

Return of certificate

(6) The Director may demand the surrender of the original document, and may issue a corrected certificate or file the corrected articles, notice or other document. *2018,c.22,s.228.*

229. Inspection

(1) A person who has paid the required fee is entitled during usual business hours to examine a document required by this Act or the regulations to be sent to the Director, except a report sent to the Director under subsection 185(2), and to be furnished with copies of or extracts from it.

Copies

(2) The Director shall furnish any person with a copy, extract, certified copy or certified extract of a document required by this Act or the regulations to be sent to the Director, except a report sent under subsection 185(2). *2018,c.22,s.229.*

230. Records of Director

(1) Records required by this Act to be maintained by the Director

(a) may be in bound or loose-leaf form or in photographic film form; or

(b) may be entered or recorded by any system of mechanical or electronic data processing or by any other information storage device that is capable of reproducing any required information in intelligible form within a reasonable time.

Obligation to furnish

(2) Where records are maintained by the Director otherwise than in written form,

(a) the Director shall furnish any copy required to be furnished under subsection 229(2) in intelligible form; and

(b) a report reproduced from those records, if it is certified by the Director, is admissible in evidence to the same extent as the original records would have been.

Retention of records

(3) The Director is not required to produce any document, other than a certificate and attached articles or statement filed under section 222, after the expiration of the prescribed period. *2018,c.22,s.230.*

231. Form of publication

Information or notices required by this Act to be summarized in a publication generally available to the public or published by the Director may be made available to the public or

published by any system of mechanical or electronic data processing or by any other information storage device that is capable of reproducing any required information or notice in intelligible form within a reasonable time. *2018,c.22,s.231.*

232. Definition of "charter"

(1) In this section, "**charter**" includes

(a) an act of incorporation and any amendments to it; and

(b) letters patent of incorporation and any letters patent supplementary to them.

Amendment of charter

(2) In connection with a continuance under this Act, the shareholders of a body corporate incorporated or continued by or under an Act of the Legislature other than this Act who are entitled to vote at annual meetings of shareholders may, notwithstanding any provision in any other Act of the Legislature or any provision in the charter of the body corporate,

(a) by special resolution, authorize the directors of the body corporate to apply under section 156 for a certificate of continuance; and

(b) by the same resolution, make any amendment to the charter of the body corporate that a corporation incorporated under this Act may make to its articles.

Change of class rights

(3) Notwithstanding subsection (2), the shareholders of a body corporate may not, by a special resolution under that subsection, make any change of the nature referred to in subsection 145(1) that affects a class or series of shares, unless

(a) the charter of the body corporate otherwise provides in respect of an amendment of the nature referred to in clause 145(1)(a), (b) or (e); or

(b) the holders of the class or series of shares approve the change in accordance with section 145.

Authorizing continuance

(4) Subject to subsections (6) and (7), the directors of a body corporate incorporated or continued by or under an Act of the Legislature other than this Act may, notwithstanding any provision in any other Act of the Legislature or any provision in the charter of the body corporate, apply under section 156 for a certificate of continuance where the articles of continuance do not make any amendment to the charter of the body corporate other than an amendment required to conform to this Act.

No dissent

(5) A shareholder is not entitled to dissent under section 159 in respect of an amendment made under subsection (2), (3) or (4).

Discretionary continuance

(6) The Lieutenant Governor in Council may, by order, require that a body corporate, incorporated by or under an Act of the Legislature to which Part I or II of the *Companies Act* does not apply, apply for a certificate of continuance under section 156 within the period that may be prescribed, except

(a) a company or society to which the *Insurance Act* applies; and

(b) a trust company to which the *Trust and Fiduciary Companies Act* R.S.P.E.I. 1988, Cap. T-7.1 applies.

Fees

(7) A body corporate that obtains a certificate of continuance under this section is not required to pay any fees otherwise payable under this Act in respect of the continuance.

Dissolution of body corporate

(8) A body corporate referred to in subsection (6) that does not make an application to obtain a certificate of continuance within the period prescribed is dissolved on the expiration of that period. *2018,c.22,s.232.*

233. Definitions

(1) In this section and sections 234 to 237,

(a) "**Prince Edward Island company**" means a body corporate incorporated or continued under the *Companies Act* which is subject to that Act on the date this Act comes into force, but does not include

(i) a body corporate incorporated under Part II of the *Companies Act*,

(ii) a revived company, or

(iii) a trust company listed in Schedule I of the *Trust and Fiduciary Companies Act*;

(b) "**revived company**" means a body corporate described in section 164 that is revived under that section for the purpose of enabling it to apply for continuance as a corporation under section 236.

Certificate of continuance, application

(2) A Prince Edward Island company may obtain a certificate of continuance under this Act by applying to the Director for the certificate of continuance in accordance with this section.

Application of section 156

(3) Subsections 156(3) to (5) and (7) to (10) apply with necessary changes to an application for a certificate of continuance under this section as if the Prince Edward Island company were a body corporate incorporated otherwise than by or under an Act of the Legislature.

Articles of continuance and bylaws

(4) Before a Prince Edward Island company makes an application for a certificate of continuance, the shareholders of the Prince Edward Island company who are entitled to vote at its shareholder meetings

(a) shall adopt articles of continuance;

(b) shall authorize the directors of the company to apply for a certificate of continuance under this section; and

(c) may adopt bylaws to become effective on the issue of the certificate of continuance.

New share certificate

(5) The bylaws of a Prince Edward Island company referred to in clause (4)(c) may authorize the directors of the company to require a shareholder of the company to surrender the shareholder's share certificate for the purpose of having it cancelled and replaced by a new share certificate that complies with section 47.

Special resolution

(6) The shareholders of a company shall act under subsection (4) by a special resolution as defined in this Act.

Proof of passing of special resolution

(7) A Prince Edward Island company shall, before a certificate of continuance is issued, provide the Director with proof satisfactory to the Director that the special resolution required by subsection (6) has been passed. *2018,c.22,s.233.*

234. Articles of continuance, change, restriction

(1) Except with the written consent of all of the shareholders of a Prince Edward Island company entitled to vote on a change under subsection 145(1), the articles of continuance of the company shall not contain anything that would result in a change from the company's letters patent, if the change is of a kind referred to in that subsection.

Consent to change, proof

(2) Where articles of continuance effect a change of a kind referred to in subsection (1), the Prince Edward Island company shall, before a certificate of continuance is issued, provide the Director with proof satisfactory to the Director that the consent required by subsection (1) has been given.

Dissent, restriction

(3) A shareholder of a Prince Edward Island company is not entitled to dissent under section 159 in respect of the adoption of articles of continuance under subsection 233(4).

Oppressive or unfair articles of continuation

(4) If, on the application of a shareholder of a Prince Edward Island company, the court is satisfied that the articles of continuance adopted or proposed to be adopted would, if the company were continued as a corporation, effect a result that is oppressive or unfairly prejudicial to or unfairly disregards the interests of that shareholder, the court may

(a) restrain the Prince Edward Island company from adopting the proposed articles of continuance or proceeding with the application for a certificate of continuance; and

(b) change the provisions of the articles of continuance before they are filed with the Director.

Court determination respecting continuance

(5) If the required majority cannot be obtained under subsection 233(6), the court may, on application by the Prince Edward Island company or a shareholder of the company,

(a) settle the terms of the articles of continuance and the bylaws; and

(b) give directions respecting the application for a certificate of continuance.

Exercise of court's powers

(6) In exercising its powers under clause (4)(b) or clause (5)(a), the court shall make as little change as practicable in the rights of shareholders and in the relative rights of classes and series of shareholders. *2018,c.22,s.234.*

235. Time period to apply for continuance

(1) An application by a Prince Edward Island company for a certificate of continuance shall be made on or before May 3, 2023, or within any period of extension granted under subsection (2).

Exception, court order giving extension

(2) In case of hardship, the court may, on application by the company made within the period set out in subsection (1) and with notice to the Director, extend that period for any additional period not exceeding one year.

Filing court order

(3) A Prince Edward Island company that obtains an order under subsection (2) shall send a copy of the order to the Director and the Director shall file it.

Dissolution by Director

(4) Where a Prince Edward Island company fails to make an application for a certificate of continuance in accordance with subsection (1) that is sufficient for the Director to issue the certificate, the Director may, subject to subsections (5) and (6), dissolve the company.

Notice, publication required

(5) The Director shall not dissolve a Prince Edward Island company under subsection (4) until the Director has

(a) given 120 days' notice of the decision to dissolve the Prince Edward Island company to the company; and

(b) published notice of the decision in a publication generally available to the public.

Certificate of dissolution

(6) Unless an order has been made by the court under subsection (2), the Director may, after the expiry of the notice period specified in clause (5)(a), issue a certificate of dissolution in the form approved by the Director.

Effect of certificate

(7) The Prince Edward Island company named in a certificate of dissolution ceases to exist on the date shown in the certificate of dissolution. *2018,c.22,s.235; 2021,c.29,s.1.*

236. Continuance of revived companies

A revived company may apply to the Director for a certificate of continuance and for that purpose

(a) subsections 156(3) to (5) and (7) to (12) apply with necessary changes to an application for a certificate of continuance under this section as if the revived company were a body corporate incorporated otherwise than by or under an Act of the Legislature; and

(b) subsections 233(4) to (6) and section 234 apply to the application as if the revived company were a Prince Edward Island company. *2018,c.22,s.236.*

237. Capital redemption reserve fund

Where a Prince Edward Island company or a revived company is continued under sections 233 or 236, the capital redemption reserve fund, if any, of the company is, on the date shown in the certificate of continuance, deemed

(a) to be cancelled; and

(b) to be added to the retained earnings of the corporation. *2018,c.22,s.237.*

238. Incorporation or revival under Part I of *Companies Act* prohibited

After this Act comes into force, no company may be incorporated or revived under Part I of the *Companies Act*. *2018,c.22,s.238.*