

BILL

No. 191

An Act to amend *The Business Corporations Act*

(Assented to _____)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows:

Short title

1 This Act may be cited as *The Business Corporations Amendment Act, 2019*.

RSS 1978, c B-10 amended

2 *The Business Corporations Act* is amended in the manner set forth in this Act.

New section 2.1

3 **The following section is added after section 2:**

“Individual with significant control

2.1(1) For the purposes of this Act, any 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, with respect to 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.

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

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

(b) a right, or combination of rights, mentioned 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.

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

- (a) any number of shares that carry 25% 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% or more of all of the corporation's outstanding shares measured by fair market value".

Section 20 amended

4 Subsection 20(1) is amended:

- (a) **by striking out "and" after clause (e);**
- (b) **by adding "and" after clause (f); and**
- (c) **by adding the following clause after clause (f):**

"(g) subject to subsection 21.1(7), a register of individuals with significant control that complies with section 21.1".

New sections 21.1 to 21.4

5 The following sections are added after section 21:

"Individuals with significant control

21.1(1) A corporation shall prepare and maintain, at its registered office or at any other place in Saskatchewan designated by the directors, a register of individuals with significant control over the corporation that contains the following:

- (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, including, as applicable, a description of the individual's interest and rights with respect to shares of the corporation;
- (e) any other prescribed information;
- (f) a description of each step taken in accordance with subsection (2).

(2) At least once during each financial year of a corporation, the corporation shall take reasonable steps, including any prescribed 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.

(3) If the corporation becomes aware of any information mentioned 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 after becoming aware of it.

(4) If a corporation requests information mentioned in any of clauses (1)(a) to (e) from one of its shareholders, the shareholder shall, to the best of the shareholder's knowledge, provide that information to the corporation.

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

(6) 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.

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

- (a) a distributing corporation; or
- (b) a member of a prescribed class.

“Inability to identify individuals

21.2 A corporation to which section 21.1 applies shall take any prescribed steps if it is unable to identify any individuals with significant control over the corporation.

“Disclosure

21.3(1) At the request of the Director, a corporation to which section 21.1 applies shall disclose any information in its register of individuals with significant control over the corporation to the Director.

(2) Shareholders and creditors of a corporation or their personal representatives, on sending to the corporation or its agent the affidavit mentioned in subsection (3), may on application require the corporation or its agent to:

- (a) allow the applicant access to the register of the corporation mentioned in subsection 21.1(1) during the usual business hours of the corporation; and
- (b) on payment of a reasonable fee, provide the applicant with an extract from the register mentioned in clause (a).

(3) The affidavit required pursuant to subsection (2) must 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 pursuant to subsection (2) will not be used except as permitted in accordance with subsection (5).

(4) If the applicant is a body corporate, the affidavit required pursuant to subsection (2) must be made by a director or officer of the body corporate.

(5) Information obtained pursuant to 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.

“Offences re register

21.4(1) If a corporation contravenes subsection 21.1(1), any director or officer of the corporation who knowingly authorizes, permits or acquiesces in the contravention is guilty of an offence, whether or not the corporation has been prosecuted or convicted.

(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 mentioned in subsection 21.1(1) is guilty of an offence.

(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 mentioned in subsection 21.1(1) is guilty of an offence.

(4) Every shareholder who knowingly contravenes subsection 21.1(4) commits an offence.

(5) A person who, without reasonable cause, contravenes subsection 21.3(5) is guilty of an offence.

(6) A person who commits an offence described in any of subsections (1) to (5) 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”.

Section 304 amended

6 The following clauses are added after clause 304(e.4):

“(e.5) prescribing circumstances for the purposes of clause 2.1(1)(c);

“(e.6) respecting registers mentioned in subsection 21.1(1), including prescribing:

(i) the form of the register;

(ii) information for the purposes of clause 21.1(1)(e);

(iii) classes for the purposes of clause 21.1(7)(b); and

(iv) steps to be taken by a corporation for the purposes of subsection 21.1(2) or section 21.2”.

Coming into force

7 This Act comes into force by order of the Lieutenant Governor in Council.

FOURTH SESSION
Twenty-eighth Legislature
SASKATCHEWAN

B I L L

No. 191

An Act to amend *The Business Corporations Act*

Received and read the

First time

Second time

Third time

And passed

Honourable Don Morgan
