

EXPLANATORY NOTES

BILL No. 57

An Act to amend *The Information Services Corporation Act*

Clause of Bill

- 1 *The Information Services Corporation Amendment Act, 2026.*
- 2 *The Information Services Corporation Act – SS 2013, c.I-9.001.*
- 3 **Existing Provision**

Interpretation

2(1) In this Act:

(a) “**agent**” means:

(i) with respect to a government mentioned in subclause (f)(i), an agent of that government, and includes:

(A) a municipal or public body, other than a municipal or public body in Saskatchewan, empowered to perform a function of that government;

(B) a corporation empowered to perform a function or duty on behalf of that government; or

(C) a corporation controlled, directly or indirectly, by that government;

but does not include a member of the Executive Council or a person performing a function or duty in connection with the administration or management of an estate or property of an individual; and

(ii) with respect to a government mentioned in subclause (f)(ii), a person empowered to perform a function or duty on behalf of that government;

...

(f) “**government**” means:

(i) the Crown in right of Canada or of a province or territory of Canada; or

(ii) the government of a foreign state or of a political subdivision of a foreign state;

...

(i) “**minister**” means the member of the Executive Council to whom for the time being the administration of this Act is assigned;

(j) “**person**” includes a trust and any government or agent of a government;

...

(m) “**specified limit**” means the limit on shareholdings specified in subsection 15(1);

2013, c.I-9.001, s.2; 2021, c6, s.23-14.

Explanation

Subsections 2(a), (f), (i), (j) and (m) provide definitions that are used exclusively in provisions, below, proposed for repeal. If the substantive provisions, below, are repealed then these adjustments to the definitions sections should be made to remove redundant terms [subsections 2(a), (f), (l) and (m) in their entirety] or phrases [“and any government or agent of a government” in subsection 2(j)] and provide consistency with the remainder of the legislation.

4 Existing Provisions

Rules re affiliates, control and votes

3 For the purposes of this Act:

(a) a corporation is affiliated with another corporation if:

- (i) one is the subsidiary of the other; or
- (ii) both of them are controlled by the same person;

(b) a corporation with share capital is controlled by a person if shares of the corporation carrying voting rights sufficient to elect a majority of the directors of the corporation are held, directly or indirectly, other than by way of security only, by or on behalf of that person;

(c) a corporation without share capital is controlled by a government mentioned in subclause 2(1)(f)(i) if all or a majority of its members or directors are appointed or designated, either by their personal names or by their names of office:

- (i) by a statute or regulations made pursuant to a statute;
- (ii) by the Governor in Council or the Lieutenant Governor in Council of a province or territory, as the case may be;
- (iii) by a minister of the Crown in right of Canada or of a province or territory, as the case may be; or
- (iv) by any combination of the means described in subclauses (i) to (iii);

(d) a corporation is controlled by a person if the corporation is, in the opinion of the board, then in fact effectively controlled by that person either directly or indirectly and through any of the following means:

- (i) the holding of shares of the corporation or any other corporation;
- (ii) the holding of a significant portion of the outstanding debt of the corporation;
- (iii) any other means;

(e) a corporation is a subsidiary of another corporation if it is controlled by that other corporation;

(f) a person is deemed to beneficially own voting shares if:

(i) the voting shares are beneficially owned by a corporation controlled by that person or by an affiliate of that corporation; or

(ii) the voting shares are beneficially owned by that person through a trustee, legal representative, agent or other intermediary; and

(g) a corporation is deemed to beneficially own voting shares if those voting shares are beneficially owned by its affiliates.

2013, c.I-9.001, s.3.

Rules re associates

4(1) Subject to the regulations, for the purposes of this Act, a person is associated with another person if:

(a) one of them is a corporation of which the other is an officer or director;

(b) both are partners in the same partnership;

(c) one of them is a corporation that is controlled by the other person;

(d) both are corporations that are controlled by the same person;

(e) both are parties to a voting trust that relates to voting shares;

(f) one of them is a government and the other is an agent of that government;

(g) both are agents of the same government;

(h) both are holders of the same voting shares whether as shareholders or as beneficial owners; or

(i) both are associated within the meaning of any of clauses (a) to (h) with the same person.

(2) Notwithstanding subsection (1), for the purposes of this Act, two corporations are deemed not to be associated with each other by virtue of clause (1)(i) by reason only that each is associated with the same person pursuant to clause (1)(a).

(3) Notwithstanding subsection (1), two or more persons are associated for the purposes of this Act if the board is satisfied that:

(a) those persons are parties to an agreement or arrangement under which they act in concert with respect to their interests in ISC; or

(b) those persons have been acting and are continuing to act in concert with respect to their interests in ISC.

2013, c.I-9.001, s.4.

Explanation

Section 3 establishes the rules to determine relationship between entities (e.g. controlled, affiliated, etc.) for the purpose of this legislation. This section is only applicable to an assessment of whether a group of associated persons has breached the 15% ownership limit in section 15. If the 15% ownership limitation is repealed as suggested below, this related provision will be null and should also fall away.

Section 4 establishes the rules to determine whether persons are considered “associated” for the purpose of this legislation. This section is only applicable to an assessment of whether a group of associated persons has breached the 15% ownership limit in section 15. If the 15% ownership limitation is repealed as suggested below, this related provision will be null and should also fall away.

5 Existing Provisions

PART III Conditions Relating to Voting Shares

Interpretation of Part

14 In this Part:

- (a) “distribution” means a distribution as defined in *The Securities Act, 1988*;
- (b) “hold”, with respect to a share, means to hold as a shareholder, as a beneficial owner or partly as a shareholder and partly as a beneficial owner;
- (c) “underwriter” means an underwriter as defined in *The Securities Act, 1988*.

2013, c.I-9.001, s.14.

Limitation on holding of voting shares

15(1) Subject to subsections (2) and (3):

- (a) no one person shall hold, other than by pledge, hypothecation, mortgage or other form of security for indebtedness or other obligation, voting shares to which are attached more than 15% of the total number of votes attached to the issued and outstanding voting shares; and
- (b) no group of associated persons shall hold, other than by pledge, hypothecation, mortgage or other form of security for indebtedness or other obligation, voting shares to which are attached more than 15% of the total number of votes attached to the issued and outstanding voting shares.

(2) For the purposes of this Act, the specified limit does not apply to:

- (a) the Crown in right of Saskatchewan with respect to any voting shares held by that government;
- (b) any agent of the Crown in right of Saskatchewan with respect to any voting shares held by that agent; or
- (c) a person acting as an underwriter in connection with a distribution of voting shares during the period:
 - (i) commencing on the commencement date of that distribution; and
 - (ii) ending 150 days after the commencement date of that distribution.

(3) Subject to subsections 16(2) and 17(2), for the purposes of this Act, the specified limit does not apply, for the period prescribed in the regulations, with respect to voting shares acquired by a person or group of associated persons who:

- (a) are designated by the board in accordance with the regulations or are prescribed in the regulations; and
- (b) comply with any conditions prescribed in the regulations.

2013, c.I-9.001, s.15.

Prohibition re dividends on certain voting shares

16(1) Subject to subsection (2), if a person or group of associated persons holds a number of voting shares in contravention of subsection 15(1), ISC shall not pay any dividends with respect to any of the voting shares held by that person or group of associated persons.

(2) ISC may pay a dividend to a person or group of persons described in subsection 15(3), but only with respect to the voting shares that are held by the person or group of associated persons that are not in excess of the specified limit.

(3) If dividends are paid by ISC with respect to voting shares in contravention of this section and the regulations, ISC may recover the amount of the dividends so paid from the shareholders to whom they were paid whether or not ISC had knowledge of the contravention.

2013, c.I-9.001, s.16.

Prohibition re voting

17(1) Subject to subsection (2), if a person or group of associated persons holds a number of voting shares in contravention of subsection 15(1), no person shall exercise the voting rights attached to any of the voting shares held by the person or group of associated persons.

(2) No person or group of associated persons described in subsection 15(3) shall exercise the voting rights attached to those voting shares that are held by that person or group of associated persons in excess of the specified limit.

(3) If voting rights are exercised in contravention of this section at a meeting of the shareholders of ISC and the votes so cast did not affect the outcome of the vote, the vote or other proceedings at that meeting are not affected by reason of the exercise of the voting rights in contravention of this section.

2013, c.I-9.001, s.17.

Determination of voting shares in excess of specified limit

18 For the purposes of this Act, the voting shares in excess of the specified limit must be determined based on the order inverse to the order of registration of the voting shares in the securities register of ISC.

2013, c.I-9.001, s.18.

Presumptions, etc., re holding voting shares

19(1) If, in the case of the issue or transfer of any voting shares, it appears that the number of voting shares that would be held by the purchaser or the transferee, as shown by the securities register of ISC, would not be more than 15% of the voting shares if the offer to purchase were accepted or the transfer allowed, the board is entitled to assume that the purchaser or transferee is not and will not be associated with any other person.

(2) The board may establish reasonable presumptions, procedures and rules that are consistent with this Act and the regulations for the purpose of implementing and enforcing sections 15, 16 and 17 according to their intent.

2013, c.I-9.001, s.19.

Reliance on statements, rules and knowledge

20(1) In this section, “determination” means a determination made for the purposes of this Act respecting any or all of the following:

- (a) whether any voting shares are held in contravention of subsection 15(1);
- (b) whether any dividends have been paid in contravention of subsection 16(1) or (2);
- (c) whether any voting rights were exercised in contravention of subsection 17(1) or (2);
- (d) whether a person is associated with any other person;
- (e) whether there exist any other circumstances relevant to the implementation and enforcement by ISC or the board of sections 15, 16 and 17 according to their intent.

(2) In making a determination, the board and any of its directors, officers, employees or agents may rely on:

(a) any conclusion made in good faith by any of them in accordance with any presumption, procedure or rule established pursuant to subsection 19(2);

(b) any information received pursuant to section 22; or

(c) the knowledge of any of its directors, officers, employees or agents.

(3) ISC and its directors, officers, employees or agents are not liable in an action for anything done or omitted to be done by any of them in good faith as a result of any determinations made by any of them on the basis of the conclusions, the information or the knowledge mentioned in subsection (2).

2013, c.I-9.001, s.20.

Explanation

Section 14 sets out definitions applicable to Part III. All substantive sections in Part III (sections 15-20) are proposed for repeal, as set out below. If these sections are repealed, then section 14 will be null and should also fall away.

Section 15 establishes the general 15% ownership limit for voting shares of ISC. Repealing this section removes all restrictions on voting share ownership in ISC.

Section 16 confirms that a shareholder may not receive a dividend on shares held in excess of the 15% ownership limit. If the 15% ownership limitation is repealed as suggested above, this related provision will be null and should also fall away.

Section 17 confirms that a shareholder may not exercise voting rights on shares held in excess of the 15% ownership limit. If the 15% ownership limitation is repealed as suggested above, this related provision will be null and should also fall away.

Section 18 applies solely to mechanisms to determine the 15% ownership limit. If the 15% ownership limitation is repealed as suggested above, this related provision will be null and should also fall away.

Section 19 applies solely to mechanisms to determine the 15% ownership limit. If the 15% ownership limitation is repealed as suggested above, this related provision will be null and should also fall away.

Section 20 applies solely to mechanisms to determine the 15% ownership limit. If the 15% ownership limitation is repealed as suggested above, this related provision will be null and should also fall away.

6 Existing Provision

General Appointment to board by Lieutenant Governor in Council

21(1) Subject to subsection (3), in lieu of voting the voting shares held by the Crown Investments Corporation of Saskatchewan on any resolution electing members of the board, the Lieutenant Governor in Council may annually appoint to the board a number of members equal to the number A calculated in accordance with the following formula:

$$A = \frac{B}{C} \times D$$

where:

B is the number of voting shares held by the Crown Investments Corporation of Saskatchewan on the day that is 60 days before ISC's annual general meeting;

C is the total number of voting shares issued and outstanding on the day that is 60 days before ISC's annual general meeting; and

D is the number of members of the board.

(2) The amount A calculated pursuant to subsection (1) is to be rounded to the nearest whole number.

(3) Notwithstanding subsection (1), in no event shall the number of members of the board appointed by the Lieutenant Governor in Council be less than two.

(4) If a director appointed to the board pursuant to this section dies, resigns or otherwise becomes incapable of carrying out his or her duties, the Lieutenant Governor in Council may appoint a person to replace that director.

(5) Directors appointed pursuant to this section cease to hold office, unless reappointed for a further term, at the time the directors elected at the next annual general meeting assume office.

(6) Notice of the Lieutenant Governor in Council's decision to appoint directors pursuant to this section must be given to ISC in the manner prescribed in the regulations

2013, c.I-9.001, s.21.

Explanation

Subsection 21(1) is proposed for repeal with a new subsection substituted to establish a new mechanism for appointments by the Lieutenant Governor in Council to the ISC Board of Directors, as follows:

21(1) The Lieutenant Governor in Council may annually appoint 2 persons as member of the board.

Subsections 21(2) and (3) are recommended for repeal as they apply solely to the existing mechanism to calculate the number of appointments, which relies on CIC's

common share ownership. If the new mechanism is approved as suggested above, these two subsections are null and should fall away.

Subsections 21(4) and (5) are recommended to be retained in their current form, as they describe director replacement and term limits provisions which continue to be relevant.

Subsection 21(6) is proposed for repeal with a new subsection substituted that describes the method by which the Lieutenant Governor in Council gives notice of director appointments. This language does not change the substantive notice requirements and simply utilizes updated legislative and regulatory drafting language, as follows:

21(6) In accordance with the regulations, the Lieutenant Governor in Council shall give notice to ISC of the directors appointed pursuant to this section.

Subsection 21(7) is recommended as an addition to confirm that the amending legislation does not terminate or otherwise affect the current appointments of the ISC Board of Directors, as follows:

21(7) Notwithstanding subsection (1), if more than 2 members of the board who hold office immediately before the coming into force of *The Information Services Corporation Amendment Act, 2026* were appointed by the Lieutenant Governor in Council, each of those members continues to hold office until ISC's next annual general meeting.

7 Existing Provision

Regulations

23 The Lieutenant Governor in Council may make regulations:

...

(c) for the purposes of section 4, prescribing rules to determine if persons or a group of associated persons are or are not associated;

(d) for the purposes of section 15:

(i) prescribing the manner in which the board may designate persons or groups of associated persons to whom the specified limit does not apply;

(ii) prescribing persons or groups of associated persons to whom the specified limit does not apply;

(iii) prescribing the period during which the specified limit does not apply to persons or groups of associated persons, including authorizing the board to set that period; and

(iv) prescribing the conditions that must be complied with by persons or groups of associated persons to whom the specified limit does not apply;

(e) for the purposes of section 16, prescribing persons or groups of associated persons to whom dividends may be payable;

(f) for the purposes of section 21, prescribing the manner in which notice must be given to ISC respecting the decision to appoint directors; ...

2013, c.I-9.001, s.23.

Explanation

Subsections 23(c) through (e) apply solely sections that have been recommended for repeal, above. If these sections are repealed, the related provisions will be null and should also fall away.

A slight wording change is recommended to subsection 23(f) to align to and reflect the updated language proposed to subsection 21(6), above, as follows:

23(f) for the purposes of subsection 21(6), respecting the notice to be given to ISC of the directors appointed by the Lieutenant Governor in Council.

Prepared on behalf of the Minister of Crown Investments Corporation