New, simplified continuance process for social companies

December 21, 2023

On Dec. 4, 2023, the *Less Red Tape, More Common Sense Act*, 2023 received Royal Assent, bringing an important amendment to the *Corporations Act* (Ontario) into force.

As set out in a previous BLG Insight: *Not-for-Profit Corporations Act*, 2010 (ONCA): Understanding share capital social clubs, social companies governed by the *Corporations Act* (Ontario) have until Oct.19, 2026 to decide whether to continue under the new *Not-for-Profit Corporations Act,* 2010 (Ontario), the *Business Corporations Act* (Ontario) or the *Co-operative Corporations Act* (Ontario) or they will be dissolved.

Section 2.1(4) of the *Corporations Act* (Ontario) previously provided that each class of shareholders needed to approve the continuance, but, as of Dec. 4, 2023, that section is repealed, and the continuance will only need to be approved by shareholders who hold shares that have the right to vote. This should greatly simplify the continuance process for clubs with legacy non-voting shareholders who are largely uninvolved in the club.

If you have any questions about the continuance process, please email any of the authors or key contacts listed below, or any other member of our Charities & Not-For-Profit group.

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