

FEDERAL CORPORATIONS AND ANNUAL GENERAL MEETINGS IN LIGHT OF COVID-19

FRIDAY, APRIL 3, 2020

In recognition that in-person annual general meetings during the COVID-19 pandemic would be contrary to public health advice regarding social distancing, Corporations Canada posted a notice on March 26, 2020 concerning annual general meetings for federally incorporated not-for-profits and business corporations. The notice outlines various options that may be available to federal corporations in order for them to comply with their obligations under the *Canada Not-for-profit Corporations Act* or the *Canada Business Corporations Act*, including possibly holding virtual meetings, partial virtual meetings, or delaying calling the annual general meeting through a written application to Corporations Canada.

For the full text of the notice from Corporations Canada, see below:

Annual meetings of federal corporations during the COVID-19 outbreak

By law, federally incorporated businesses and not-for-profit corporations have to hold an annual general meeting of shareholders or members every year. This is so that shareholders and members can make governance decisions based on current information, and have confidence to continue to support the business or not-for-profit.

Under normal circumstances, federally incorporated businesses and not-for-profits have to call an annual general meeting within 15 months of the previous annual general meeting and no more than six months after the organization's last financial year-end.

We recognize that hosting in-person annual general meetings during the COVID-19 outbreak would contradict public health advice to practice physical distancing and self-isolation to prevent the spread of the virus. As it is unsafe to host public

gatherings at this time, we have outlined some options for federal corporations to consider to remain compliant under the *Canada Business Corporations Act* and the *Canada Not-for-profit Corporations Act*.

Hold a virtual meeting

Some corporations have the right to hold meetings virtually using digital technologies. To see if this is a valid option, check the corporation's by-laws to make sure there are no restrictions on participation in meetings by digital means.

Depending on the by-laws, a corporation could have two options:

- **Virtual meeting:** Participants attend exclusively through a digital channel that allows participants to speak with each other during the meeting. The corporation's by-laws must specifically allow virtual meetings.
- **Partially virtual meeting:** Some participants attend in-person and others participate through a digital channel that allows participants to speak to each other during the meeting. A partially virtual meeting may be a viable alternative if the by-laws do not permit virtual meetings.

Under both options, participants can vote digitally as long as:

- it is not prohibited by the corporation's by-laws
- it complies with regulations, meaning that the corporation gathers votes in a way that allows them to be verified, tallied and presented while maintaining votes anonymous.

If the corporation's by-laws prohibit virtual meetings or are silent on holding them, the board of directors may change the by-laws with the change effective until the next meeting of shareholders or members (when the change can be confirmed or rejected).

Delay calling the annual general meeting

Not-for-profit corporations can apply to delay the calling of their annual general meeting when it would be detrimental to call the meeting within the normal timeframe. Not-for-profits have to apply by email to IC.corporationscanada.IC@canada.ca at least 30 business days before sending the notice calling the meeting. More information is available by consulting [Extending the time for calling an annual meeting of members](#).

To delay an annual general meeting, federally incorporated businesses need court approval.

If you have any questions, please [contact us](#).

Relevant resources

[Risk-informed decision-making for mass gatherings during COVID-19 global outbreak](#)

[Canada Business Corporations Act](#), paragraphs 132(4) and 133(3)

[Canada Not-for-profit Corporations Act](#), paragraph 160(2)

To discuss how this may impact your charity or not-for-profit, call toll-free at 1-877-942-0001 or email tcarter@carters.ca.



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