



---

<b>BULLETIN NUMBER:</b>	<b>TR-2006-02</b> (REPLACES INFORMATION BULLETIN TR-2002-002)
<b>TITLE:</b>	<b>INCORPORATING A TRUST COMPANY IN BRITISH COLUMBIA</b>
<b>LEGISLATION:</b>	<b><i>FINANCIAL INSTITUTIONS ACT, COMPANY ACT</i></b>
<b>DATE:</b>	<b>JUNE 2006</b>
<b>DISTRIBUTION:</b>	<b>All Interested Applicants</b>

---

## **INTRODUCTION**

The requirements of the *Financial Institutions Act* (“*FIA*”) must be met in order to form a corporation for the purpose of carrying on trust business in the Province of British Columbia. (A company wanting a deposit authorization or a deposit and trust authorization must apply to the federal Office of the Superintendent of Financial Institutions.) The process is a two-phased approval: first, the applicant must incorporate as a trust company in British Columbia; second, the applicant trust company must apply for a Business Authorization.

## **PHASE ONE: INCORPORATION**

The procedure for incorporation has three steps: Application, Evaluation, and Approval.

### **Application**

An **Application for Incorporation** form must be completed and filed with the Superintendent of Financial Institutions at the Financial Institutions Commission (the “Commission”).

The following items must accompany the application:

1. Cheque for \$5,000 made payable to the Minister of Finance (this fee is non-refundable);
2. Proposed memorandum of incorporation and articles;
3. Notice of the company’s registered office and records office;

4. Completed **Personal Information Returns** for each of the proposed directors and senior officers. Subscribers who will own or control 10% or more of the voting shares must also complete a **Personal Information Return**.
5. Business plan that provides the following information:
  - Names and addresses of the proposed first directors and senior officers;
  - Resumes for the proposed senior officers;
  - Services that the proposed trust company intends to offer to the public;
  - Financial plan for the company, including three-year *pro forma* balance sheets and income statements, with detailed explanations about the assumptions used in the forecasts;
  - Evidence that the subscribers possess the financial and managerial capacity to properly carry on the business of a trust company;
  - Preliminary activities the proposed trust company will carry on prior to receiving a Business Authorization; and
  - Estimated date of submission for the **Application for Business Authorization**.

### Evaluation

1. Once the above-noted items have been received and evaluated and the Commission is satisfied that the applicant meets the requirements of the *FIA* and the Regulations, the Commission will consent to the incorporation.
2. The Commission will not consent to the incorporation of the trust company if it believes, on reasonable grounds, that it is not in the public interest to consent to the incorporation.

### Approval

If the incorporation is approved by the Commission, the Registrar of Companies will issue the *Certificate of Incorporation*.

### **PHASE TWO: OBTAINING A BUSINESS AUTHORIZATION**

A trust company is not permitted to carry on trust business in British Columbia unless it has received a Business Authorization from the Commission. The trust company must apply for this authorization within one year of the date of its incorporation. The procedure for applying for a business authorization also has three steps: Application, Evaluation, and Approval.

### Application

An **Application for Business Authorization** form must be completed and filed with the Commission. The form must be accompanied by a cheque for \$2,500 (made payable to the Minister of Finance). This fee is non-refundable.

A trust company incorporated in British Columbia must satisfy the Commission that it meets the following requirements before it is issued a *Certificate of Business Authorization*:

1. Business Plan

A trust company must submit its business plan to the Commission, noting any changes made since the **Application for Incorporation** was submitted. The Commission must be satisfied that the proposed plan of operations is feasible.

2. Financial Statements

A trust company must submit any changes made to the three-year *pro forma* financial statements since the **Application for Incorporation**, and submit interim financial statements ending the month preceding this application including a balance sheet and an income statement.

3. Capital Adequacy

The Commission must be satisfied that the trust company's capital base is adequate and is at least equal to the minimum amount set by the Regulations.

The minimum capital requirement for a trust company authorized to carry on trust business is the amount determined by multiplying the total value of the assets that the company holds in trust by 0.5%.

4. Directors

A trust company must have at least five directors, of which at least 1/3 must be unaffiliated directors. The definition of unaffiliated directors is contained in Part 1, subsection 1(1) of the *FIA*. The majority of the directors must be persons who ordinarily reside in Canada, and one director must be ordinarily resident in British Columbia. Each director must also meet the qualification provisions of section 114 of the *Company Act*.

5. Committees

The names of the members of the following committees must be provided:

- a) Audit Committee;
- b) Investment and Loan Committee; and
- c) Conduct Review Committee.

Requirements for the functions and the obligatory composition of these committees are outlined in the *FIA* and the Regulations.

## Evaluation and Approval

Once the Commission is satisfied that all the requirements of the *FIA* and the Regulations have been met, the Commission will issue the *Certificate of Business Authorization*.

## CONTACTS

An Application for Incorporation, Personal Information Return, and an Application for Business Authorization can be obtained on our website or by phoning or writing the Commission at:

**Financial Institutions Commission**

1200 – 13450 102<sup>nd</sup> Avenue  
Surrey, British Columbia  
V3T 5X3

Telephone: (604) 953-5300  
Fax: (604) 953-5301  
Web site: [www.fic.gov.bc.ca](http://www.fic.gov.bc.ca)  
E-mail: [ficom@ficombc.ca](mailto:ficom@ficombc.ca)

Copies of the *Financial Institutions Act*, Regulations, and the *Company Act* can be obtained from:

**Crown Publications**

521 Fort Street  
Victoria, British Columbia  
V8W 1E7

Telephone: (250) 386-4636  
Fax: (250) 386-0221  
Web site: <http://www.crownpub.bc.ca>  
E-mail: [crown@pinc.com](mailto:crown@pinc.com)

The Registrar of Companies can be contacted at:

**The Registrar of Companies**

Corporate Registry, Incorporations  
2<sup>nd</sup> Floor  
940 Blanshard Street  
Victoria, British Columbia  
V8W 3E6

Telephone: (250) 356-8626 or  
(604) 775-1047  
(toll free from Greater  
Vancouver)  
Fax: (250) 356-8923  
Web site: [www.fin.gov.bc.ca/registries](http://www.fin.gov.bc.ca/registries)

At the Financial Institutions Commission, we issue information bulletins to provide technical interpretations and positions regarding certain provisions contained in the *Financial Institutions Act* and Regulations. While the comments in a particular part of an information bulletin may relate to provisions of the law in force at the time they were made, these comments are not a substitute for the law. The reader should consider the comments in light of the relevant provisions of the law in force at the time, taking into account the effect of any relevant amendments to those provisions or relevant court decisions occurring after the date on which the comments were made. Subject to the above, an interpretation or position contained in an information bulletin generally applies as of the date on which it was published, unless otherwise specified.