



THE BUSINESS CORPORATIONS ACT GENERAL ADMINISTRATIVE REQUIREMENTS SASKATCHEWAN CORPORATIONS

The provisions below are for general guidance only and do not necessarily cover all requirements.

1. After issuance of the Certificate of Incorporation, a meeting of directors of the corporation should be held at which the directors may:
 - (a) make bylaws;
 - (b) adopt forms of security* certificates and corporate records;
 - (c) authorize the issue of securities;
 - (d) appoint officers;
 - (e) appoint an auditor to hold office until the first annual meeting of the shareholders, but need not do so if the corporation does not offer or intend to offer securities to the public;
 - (f) make banking arrangements; and
 - (g) transact any other business.

Section 99

* security includes a share or debenture of similar evidence of indebtedness.

2. Every corporation incorporated in Saskatchewan is required to:
 - (a) file an annual return on or before the last day of the month following the anniversary month of incorporation, except in the year of incorporation. Pre-printed forms will be sent to the corporation prior to the anniversary.
Fee: \$50.00 or \$40 if filed electronically **Section 273;**
 - (b) file a notice of directors in (Form 6) within 15 days after any change is made among its directors.
No Fee. **Section 108;**
 - (c) file a notice of registered office in Form 3 within 15 days after any change is made in the address of its registered office. No fee. **Section 19;**
 - (d) file a notice of unanimous shareholders agreement within 15 days of the execution or termination of such agreement. No fee. **Section 140;**
 - (e) have a registered office within Saskatchewan. **Section 19;**
 - (f) have its name set out legibly on all contracts, invoices, negotiable instruments, and orders for goods issued by the corporation. **Section 267;**
 - (g) have any name, other than its own name, under which the corporation carries on business or identifies itself registered under The Business Names Registration Act. **Section 267;**

- (h) prepare and maintain records containing:
 - (i) articles and bylaws and any amendments thereto;
 - (ii) a copy of any unanimous shareholder agreements;
 - (iii) minutes of meetings and resolutions of shareholders, and of the directors and any committee thereof;
 - (iv) copies of all notices of directors required by the Act. **Sections 101 or 108;**
 - (v) a securities register for securities issued by it;
 - (vi) adequate accounting information. **Section 20;**

- (i) hold a general meeting of shareholders not later than eighteen (18) months after incorporation and not later than fifteen (15) months after the previous annual meeting. **Section 127;**

- (j) appoint an auditor, at each annual meeting, or by unanimous shareholder approval, resolve not to appoint an auditor. **Sections 156 & 157;**

- (k) send a copy of its financial statements to each shareholder, at least 21 days before each annual meeting of shareholders. **Section 153.**

Blank forms may be obtained through our web site at www.saskjustice.gov.sk.ca, or by requesting them through e-mail, by fax, phone or mailing your request to us.

The Act and Regulations may be obtained from Queens Printer at:
B19 – 3085 Albert Street
Regina, Saskatchewan
S4S 0B1
Phone: 1-800-226-7302(within Saskatchewan) or (306)787-6894

Or by accessing the Queens Printer web site at: www.qp.gov.sk.ca



LIABILITY OF DIRECTORS

If you are a director of a business corporation, co-operative, credit union or non-profit corporation, you have certain duties and obligations which may result in personal liability if you fail to discharge them. These duties arise from statute, such as the Act under which the corporation is incorporated, and from the special relationship which exists between a director and the corporation that he or she serves. These duties may also apply to an officer of the corporation.

Every director and officer of a corporation may be liable if he or she fails to:

- act honestly, in good faith and in the best interests of the corporation;
- put the interests of the corporation before his or her personal interests or the interests of others;
- be informed about and understand the business and affairs of the corporation; and
- use his or her knowledge and expertise for the benefit of the corporation.

A director may also be held personally liable for:

- misusing the corporation's property;
- condoning illegal or improper acts of employees, officers or other directors;
- declaring dividends which render the corporation insolvent;
- wages of employees;
- deductions and premiums such as employees' income tax, unemployment insurance and workers' compensation; and
- unpaid taxes such as income tax and GST.

Directors may purchase insurance to protect themselves from liability, however, the insurance will only cover a director who has acted in good faith. For example, directors cannot insure themselves against the consequences of stealing from the corporation. Similarly, a director cannot be indemnified by the corporation with respect to illegal or dishonest acts.

This is not an exhaustive review and is intended only as general information and not as a statement of law. While there is no foolproof way for a director to avoid liability, you can reduce your chances of being found liable by being aware of your duties and responsibilities. If you are uncertain about any of your activities as a director or officer of a corporation, you should seek the advice of a qualified legal advisor.

Criminal Liability of Directors and Officers

Directors and officers could be held criminally liable for any criminal offence that they commit in the course of their duties.

Criminal Liability of Corporations

Corporations can also be held accountable for *Criminal Code* offences. Newly passed legislation permits the combined acts of corporation's representatives and senior officers to constitute criminally negligent offences. This legislation also holds corporations accountable for criminal offences when senior officers commit an offence to benefit the company, direct the work of other employees to commit an offence, or fail to take all reasonable measures to stop an employee from committing an offence.

The court can now impose a number of conditions on corporations when they are found guilty of committing a criminal offence. Those conditions could include such things as mandating that corporations change their policies and procedures, making the corporation publicly announce their conviction, ordering them to pay restitution, and/or giving them up to a \$100,000 fine for summary conviction offences.



SHARES

WHAT IS A SHARE?

Generally, it is the right to a proportionate part of the assets, profits or control of a corporation. In other words, it is a proportionate or fractional interest in the assets, which is ownership, of a corporation, in its profits through the right to receive a dividend or in its control through the right to vote at meetings of shareholders.

Shares may be divided into different classes, each of which may have one or more of the rights just mentioned.

WHAT IS A SHAREHOLDER?

A shareholder is the owner of one or more of the shares of a corporation.

WHAT IS A SHARE CERTIFICATE?

A Share Certificate is a document issued by the corporation which names the owner(s) of a certain number and type or class of shares of a corporation and lists additional rights and privileges, if any.

HOW DOES A CORPORATION ISSUE SHARES?

1. The directors of a corporation must pass a resolution authorizing the issuance of a specific number of shares and for what consideration. i.e. For money or property or past services to the corporation.
2. Issue a share certificate in the shareholder(s) name for the number and class of shares purchased. (Blank Share Certificates may be obtained at most stationery stores).

WHEN DOES THE CORPORATION ISSUE SHARES?

Shares of the corporation can be issued any time after incorporation but must be issued before the corporation commences business.

If you require further information, you may wish to seek legal advice.