

EXTENSION OF HOLDING PERIOD FOR A TEMPORARY INVESTMENT**Legislative Authorities**

- subsections 471(1), (2), (3) or (5) and 933(1), (2) or (4) of *Bank Act* (BA)
- subsections 456(1), (2), (3) or (5) of *Trust and Loan Companies Act* (TLCA)
- subsections 498(1), (2), (3) or (5), 557(1), (2), (3) or (5) and 974(1), (2) or (4) of *Insurance Companies Act* (ICA)
- subsections 393(1), (2), (3) or (5) of *Cooperative Credit Associations Act* (CCAA)

Information Requirements

- proposed extension period (see Administrative Guidance below)
- where the proposed extension period is finite, details of the temporary investment, including date and rationale for the original acquisition, list of majority shareholders, nature of business activities of the entity, most recent financial statements of the entity, rationale for requesting the extension and the plan for divestiture
- where the application is for a further finite extension period, details of all actions that were taken to dispose of the investment, the reason why the plan for divestiture did not work out and a revised plan for divestiture
- where the proposed extension period is indeterminate, the information requirements to be provided are set out in the document, Substantial Investment, DA No. 13, that is also part of this Appendix

Administrative Guidance

The extension period must be of finite duration for an investment in an entity that the RE wishes to retain as a temporary investment. A request for a finite extension period should be made under one of the following subsections as appropriate and will be subject to such terms and conditions as the Superintendent considers necessary:

- subsections 471(1) or 933(1) of BA, 456(1) of TLCA, 498(1), 557(1) or 974(1) of ICA, and 393(1) of CCAA are for use in instances where it is known prior to acquisition that the temporary investment will be held for a finite period in excess of two years.
- subsections 471(2) of BA, 456(2) of TLCA, 498(2) or 557(2) of ICA, and 393(2) of CCAA are transitional provisions for use in instances where an FI that existed before June 1, 1992 and had a substantial investment in an entity on September 27, 1990, wishes to increase that substantial investment by way of a temporary investment that is to be held for a finite period in excess of two years.
- subsections 471(3) or 933(2) of BA, 456(3) of TLCA, 498(3), 557(3) or 974(2) of ICA and

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393(2) of CCAA are for use in instances where an RE wishes to extend the holding period of an existing temporary investment for a finite period in excess of two years or for a further finite period beyond that specified by the Superintendent at the time the acquisition was made.

The extension period may be of an indeterminate duration, where an RE wishes to extend the holding period of an existing temporary investment in an entity that would have qualified as a permitted investment if the RE had, prior to acquisition, obtained the approval of the Superintendent. A request for an indeterminate extension period should be made under one of the following subsections as appropriate and will be subject to such terms and conditions as the Superintendent considers necessary:

- subsections 471(5) or 933(4) of BA, 456(5) of TLCA, 498(5), 557(5) or 974(4) of ICA, and 393(5) of CCAA.

REs should note that none of the legislative authorities set out above can be used to extend the holding period of control of, or substantial investment in, an entity requiring the approval of the Minister. Within 90 days of acquiring such an investment by way of a temporary investment, the RE must either dispose of the investment or obtain the Minister's consent to hold the investment for a longer period of up to indeterminate duration under subsections 471(4) or 933(3) of BA, 456(4) of TLCA, 498(4), 557(4) or 974(3) of ICA, and 393(4) of CCAA.