

of a director in those areas in which the directors have been restricted.

A Certificate of Incorporation is issued only after the Department of Consumer and Corporate Affairs has received and approved a set of articles of incorporation. Federal corporations exist as of the date of their certificates of incorporation and they can commence operations from that date. Most provinces, however, require a form of registration to commence business.

Incorporation under Provincial Law

A provincial charter and incorporation is usually preferable when a company intends to restrict its activities to one province. It is usually necessary for a provincial company to take out a license in each of the provinces it plans to transact business. When a company does decide to restrict its activities to one province the instrument of incorporation is drawn up according to the laws of that province, and the company is responsible to one authority only. Duplication in the matter of filing prospectuses and reports is eliminated and the power to hold land or to commence business operations is obtained without recourse to two different legislative bodies.

Although the Companies Acts of the provinces vary according to history and local requirements, they are in the main, compatible with the general legislation under which federal companies are incorporated.

Provincial corporations usually have their head offices in the province of incorporation, and annual meetings are usually held there unless special permission is obtained to do otherwise.

Share capital may be held by anyone, either in Canada or a foreign country (with qualifications for commercial airline, fishing, and coastal shipping companies — as is the case under federal legislation). Incorporation fees vary from province to province.

The Letters Patent System

The Letters Patent System of Incorporation is used in the Provinces of New Brunswick, Prince Edward Island, and Quebec. The legal requirements are similar to those in the Federal Act.

The Registration System

The Registration System of Incorporation is followed in Newfoundland, Nova Scotia, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Yukon, and the Northwest Territories. Under this system, the type of incorporation which may be effected varies in each of

these jurisdictions. In general, one or more applicants may incorporate a company.

Prospectus

Any company proposing to sell securities must file a prospectus with the relevant provincial authorities in the provinces where the sale is to be undertaken. Federal companies are not exempt; in addition they must file a prospectus with the authorities in Ottawa.

Mixed Forms

Certain "mixed forms" of business organization are also possible in Canada; these include: The Holding Corporation, The Corporation as a General Partner of a Limited Partnership, The General Partnership of Corporations, and others. Each "mixed form" offers its own advantages and foreign investors should investigate these additional forms with their legal and accounting advisors to determine whether they are suitable for their business purposes.

Foreign investment in businesses in Canada has been facilitated by reforms in existing regulations and federal legislation in recent years. Corporate legislation in particular has become more flexible and streamlined by these reforms, which have made a greater number of investment vehicles and methods available to investors.