

## EXPLANATORY NOTE

(This note is not part of the Ministerial Order.)

### Issues

As per section 7 of the *Time Limits and Other Periods Act (COVID-19)*, which is Part 3 of *An Act respecting further COVID-19 measures*, the Minister of Industry may make orders temporarily suspending or extending certain time limits for certain Acts and Regulations for which the Minister is responsible set out in the Schedule to the *Time Limits and Other Periods Act (COVID-19)*.

A Ministerial Order is required to suspend or extend certain time limits or other periods in relation to the *Canada Business Corporations Act*, the *Canada Not-for-profit Corporations Act*, the *Canada Cooperatives Act*, the *Boards of Trade Act*, and the *National Security Review of Investments Regulations*

- *Canada Business Corporations Act*, the *Canada Not-for-profit Corporations Act*, the *Canada Cooperatives Act*, and the *Boards of Trade Act*

Under normal circumstances, federal business corporations, not-for-profit corporations and cooperatives are required to call an annual meeting of shareholders or members within 15 months of the previous annual meeting and no more than six months after the organization's last financial year-end. Financial statements must also be presented at the annual meeting. As a result of the exceptional and unprecedented circumstances produced by COVID-19, including social distancing requirements and restrictions relating to large gatherings, businesses, not-for-profit corporations and cooperatives have been unable to call an annual meeting within the legislated or prescribed times. The Ministerial Order provides needed flexibility by extending the time limits for calling an annual meeting and for presenting the financial statements by six months or until December 31, 2020, whichever ends earlier.

Boards of trade are required to hold quarterly meetings but have been unable to hold these meetings due to social distancing requirements and restrictions on large gatherings. Normally one of the quarterly meetings is used as an annual general meeting to elect directors and review financial statements. Boards of trade are also required to file an annual summary by June 1, which includes information on directors elected at the annual general meeting. The Ministerial Order suspends the requirement to hold a quarterly meeting to September 30, 2020. The Ministerial Order also extends the time for filing an annual summary to December 1, 2020.

- *National Security Review of Investments Regulations*

All investments by non-Canadians into Canada are subject to a multi-step national security review process under *Part IV.1* of the *Investment Canada Act*. This includes investments where no application for net benefit review or notification is required, such as the acquisition of less than control of a Canadian entity.

This proposed Ministerial Order will have the effect of prudently extending the first two periods of the national security review process under ss.25.2 and 25.3 of the *Investment Canada Act (ICA)*, allowing sufficient time for a rigorous scrutiny of proposed investments for potential national security harm to Canada. This review process has been made more challenging due to operational restrictions as a result of COVID-19, for both the Government of Canada and investment parties. The temporary extension of

time will ensure required information can be made available by parties, and carefully considered by investigative bodies under the ICA. The initial review period would be lengthened by 15 days for investments requiring a filing and 135 days for other investments, reflecting the respective operational needs in order to continue to protect national security and to ensure the integrity of all investments by non-Canadians into Canada. In addition, the extended review period would be lengthened by 45 days.