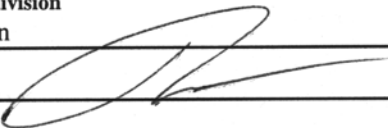
 Industry Canada Industrie Canada	POLICY STATEMENT ÉNONCÉ DE POLITIQUE 3.1
Corporations Canada	Date January 2, 2007
Reference or division - Référence ou division External Distribution	Cancels - Annule May 25, 2006
Signature and title - Signature et titre 	Page 1 of 16

**CANADA BUSINESS CORPORATIONS ACT
INCORPORATION KIT**

*This kit is intended only as a guide to users;
it does not replace or take precedence over the CBCA.*

Why use this kit?

The purpose of this kit is to help you submit an application to incorporate a business under the CBCA. By ensuring that you provide all the required information with your initial application, you can help Corporations Canada process your incorporation documents swiftly.

In this kit, you will find:

- general information about the role of Corporations Canada;
- information about what information must be provided to Corporations Canada in order to obtain a Certificate of Incorporation;
- information concerning the various ways that an application can be filed;
- information about choosing a name;
- the forms to use for incorporating and suggestions about how to fill out key parts of Forms 1 and 2. Note that all the forms can be obtained at the following address: www.corporationscanada.ic.gc.ca;
- how to reach Corporations Canada.

We suggest that you consult with legal counsel or other professional advisers to consider other features that might be desirable in your corporate structure or to advise you on choosing a name or trade mark for your corporation.

What documents must be filed in order to obtain a Certificate of Incorporation?

An application for a Certificate of Incorporation must include the following documents:

- Form 1: Articles of Incorporation;
- Form 2: Initial Registered Office Address and First Board of Directors;
- If you requested prior approval of your name: the letter from the Director appointed under the CBCA (Director) approving your name (please enclose a copy of the NUANS® report);
- If you did not request prior approval of your name: a NUANS® report not more than 90 days old as well as information pertinent to the name. If you are requesting a numbered name, it is not necessary to file a NUANS® report;
- Payment of the \$250 filing fee, or **\$200 if the transaction is completed through the Corporations Canada Online Filing Centre.**

There is no requirement that any form of "proof of facts" (such as affidavits) be submitted with Articles of Incorporation. It is the responsibility of the applicant, not the Director, to verify that the contents of the articles meet all requirements of the CBCA.

What does Corporations Canada do?

Corporations Canada will check that your articles are complete and in proper form, and that the proposed name is acceptable. If so, the Director will issue a Certificate of Incorporation showing the date of receipt of your articles as the effective date of incorporation. If you prefer, you may request a later incorporation date instead.

A notice setting out your corporation's name and incorporation date and other information will appear on Corporations Canada's Website.

Please note that Corporations Canada processes applications for incorporation within established timeframes, based on the method by which documents are submitted. For more information on this point, please consult Corporations Canada's Website under the heading "General Information / Services and Contacts".

What happens when an application for incorporation is deficient or incomplete?

Applications for incorporation that are deficient or incomplete will be returned to the applicant with a deficiency notice stating the nature of the deficiency.

The original filing date cannot be preserved when an application is rejected for being incomplete. In other words, the original effective date is forfeited. An application is incomplete if it does not have all the necessary forms and schedules attached and is not signed. Examples of incomplete applications include Form 2: Initial Registered Office Address and First Board of Directors being missing from an application for incorporation, or item 4 of Form 1: Articles of Incorporation indicating that the information is on Schedule 1 and there is no such schedule. In this case, a notice will be sent to the applicant indicating that the application is incomplete.

Where an application is complete, but is rejected for being deficient (e.g., missing a consent for a corporate name), the effective date of the certificate can be the date of receipt of the original application if the applicant expressly requests this date when the application is resubmitted with the deficiency corrected.

The fee will be returned if you advise the Director in writing that you are withdrawing your application.

How to file your Articles of Incorporation and pay the fees

ONLINE INCORPORATION

You can file the documents needed to incorporate your business on line, at Corporations Canada's Online Filing Centre at www.corporationscanada.ic.gc.ca. Please refer to the website for the procedures for incorporation. The fee is \$200 payable by credit card (American Express®, MasterCard® or Visa®).

The certificate of Incorporation will be sent to you by e-mail in PDF format.

BY FAX

You can also file the Articles of Incorporation and the necessary documents by fax at 613-941-0999. Please note that the forms may be signed by reproducing a hand-written signature or in digital format. The \$250 fee must be paid by credit card (American Express®, MasterCard® or Visa®) or deposit to an account opened with Industry Canada.

The Certificate of Incorporation will be sent to you by fax.

BY MAIL OR COURIER

You can file the necessary documents and pay the \$250 fee by sending them to the following address:

Corporations Canada
Industry Canada
9th floor, Jean Edmonds Tower South
365 Laurier Avenue West
Ottawa, Ontario K1A 0C8

The \$250 fee must be paid by cheque payable to the Receiver General for Canada, by credit card (American Express®, MasterCard® or Visa®) or by deposit to an account opened with Industry Canada.

The Certificate of Incorporation will be sent to you by mail or by the delivery method requested.

IN PERSON

You may attend in person and file a maximum of 4 applications for incorporation, from Monday to Friday, between 8:30 a.m. and 2:30 p.m., at:

Corporations Canada
Industry Canada
9th floor, Jean Edmonds Tower South
365 Laurier Avenue West
Ottawa, Ontario K1A 0C8

You must have with you all the necessary documents. The \$250 fee must be paid in cash, by cheque payable to the Receiver General for Canada, by credit card (American Express®, MasterCard® or Visa®) or by deposit to an account opened with Industry Canada.

You will be given the Certificate of Incorporation.

REGIONAL OFFICES

If you have received prior approval for your name, or if you are requesting a numbered name, you can send the necessary documents, with your fee to one of the following regional offices:

Toronto

Corporations Canada
Industry Canada
3rd floor, 151 Yonge Street
Toronto, Ontario M5C 2W7
Telephone: 416-954-2714
Fax: 416-973-8714

Vancouver

Corporations Canada
Industry Canada
2000-300 West Georgia Street
Vancouver, B.C. V6B 6E1
Telephone: 604-666-9875
Fax: 604-666-4274

Montreal

Corporations Canada
Industry Canada
5 Place Ville-Marie
7th floor, Suite 700
Montreal, Quebec H3B 2G2
Telephone: 514-496-1797
Fax: 514-283-2247

The \$250 fee must be paid by cheque payable to the Receiver General for Canada, by credit card

(American Express®, MasterCard® or Visa®) or by deposit to an account opened with Industry Canada.

You will be given the Certificate of Incorporation.

The first step for incorporation: Choosing a name

The name that you propose must be approved by the Director. The Director will examine your application to verify that it meets the requirements of the CBCA and the Regulations. The name proposed must be distinctive, must not cause confusion with any existing name or trade-mark used in Canada, and must not be prohibited or misleading.

You may request approval of the name

- before filing the Articles of Incorporation
- when you file the Articles of Incorporation

How to submit an application for a name decision to the Director

Whether you apply for pre-approval or request approval when you file the Articles of Incorporation, you are responsible for providing all of the facts relevant to the name you are proposing, as well as a NUANS® report.

INFORMATION RELEVANT TO THE NAME PROPOSED

You **must submit** the information relating to the circumstances that led to your choosing the name in question to the Director **in writing**. You can use the **Corporate Name Information Form**, or you can submit a letter to the Director describing your corporation's activities and addressing the following points:

- **WHAT TYPE OF BUSINESS** will the proposed corporation conduct? How is this dissimilar to the activities of existing businesses with similar names? Even if your NUANS® report does not turn up names that appear to be similar to yours, the Director still needs this information to ensure that your proposed name does not suggest government sponsorship or that the proposed corporation will be carrying on the business of a bank or a trust, loan or insurance company, or merely describe, or misdescribe the business of your corporation.
- **WHERE** will the proposed corporation carry on its business? You must show that this territory is not the same as that of other businesses with similar names and similar activities.
- **WITH WHAT TYPE OF CLIENTS** will the proposed corporation conduct business (e.g., retailers, computer programmers, general public)? Indicate whether they are different from the types of people with whom existing businesses with similar names, engaging in similar activities and operating in the same territory will do business.
- What is the **DERIVATION OF THE DISTINCTIVE ELEMENT(S)** of the proposed name? For example, what is the derivation of the word “Amtech” in the name “Amtech Enterprises Inc.”? If you have a valid reason for wanting that distinctive element, the Director is less likely to conclude that you may be trying to trade on the goodwill of an existing business with a similar name.
- Is the proposed corporation **RELATED** to existing businesses with similar names or trade-marks? If so, you need the consent of their owners in writing.

- Does the proposed corporation have a FOREIGN PARENT with a similar name that carries on business or is known in Canada? If so, you need consent in writing, and you must add (CANADA) or OF CANADA to the proposed name.
- Did you make an EARLIER RESERVATION of a name similar to another name on the NUANS® report? Your request may be denied if it appears that an earlier reservation for the same name has been made by someone else.
- Are you enclosing the CONSENT IN WRITING OF AN INDIVIDUAL WHOSE NAME APPEARS in the corporate name (other than an incorporator of the proposed corporation)? The consenting individual must also indicate that he or she has or had a material interest in the proposed corporation.

If you are satisfied that your corporate name is not likely to cause confusion, outline in your letter to the Director the arguments on which you have based your conclusion.

NUANS® REPORT

You must provide a search, that is, a NUANS® report under the federal rules for determining whether the name you are proposing is available. A NUANS® report is a five-page document setting out the business names (3 pages) and trade-marks registered in Canada (2 pages) that sound or look similar to the name you are proposing. The list is drawn from a national data bank of existing and reserved trade names as well as trade-marks that have been registered and applied for in Canada.

A NUANS® report may be obtained in two ways:

1. A NUANS® report may be requested from a private company known as a search house. You can find a list of these firms on Corporations Canada's Website at www.corporationscanada.ic.gc.ca by following the links "Online Filing" and "Corporations Canada Online Filing Centre", or in the Yellow Pages of your telephone directory under INCORPORATING COMPANIES, INCORPORATION NAME SEARCH, SEARCHERS OF RECORDS or TRADE MARK AGENTS - REGISTERED. There is a fee for this service.
2. A NUANS® report may be ordered on-line at the Corporations Canada Online Filing Centre, at www.corporationscanada.ic.gc.ca from the NUANS® Real-Time System. The fee is \$20 payable by credit card (American Express®, MasterCard® or Visa®). The system provides direct access to the NUANS® search service but does not provide the professional assistance and recommendations often available from a registered NUANS® search house. Applicants should note that a NUANS® report that is generated may be rejected if the proposed name does not meet the requirements of the CBCA name regulations.

When you order a NUANS® report, that report has a life of 90 days from the date it is requested. A search house can advise you whether your proposed name is likely to be accepted by the Director. The final decision, however, always rests with the Director.

If you intend to do business in the Province of Quebec: Please note that the Province of Quebec does not currently provide corporate name data to NUANS®. It is your responsibility to search the Quebec corporations' database (CIDREQ) to verify that the chosen corporate name is not used in Quebec by another business. You do not have to provide a CIDREQ report with your Articles of Incorporation.

NUANS® REPORT: SPECIAL CASES

Numbered name

Instead of a name, you may ask the Director to assign your proposed corporation a number. Some incorporators do this when they have to incorporate a corporation urgently and do not have enough time to have a name approved. A numbered name must be requested when the Articles of Incorporation are submitted and the applicable fee paid. Obviously you do not submit a NUANS® report.

If you subsequently wish to adopt a trade name, you will have to order a NUANS® report, ask the Director to approve the name and pay a \$200 fee for filing Form 4: Articles of Amendment to change the corporation's name.

Bilingual name

If your proposed corporation intends to carry on business in a region or regions where both English and French are spoken, you may wish to consider adopting a bilingual corporate name.

The procedure is the same as for a unilingual name, except that one NUANS® report is required for each name or variation requested. For example, two NUANS® reports must be filed in order to verify that the phonetically dissimilar English and French forms of a name are both distinctive.

Where the English and French forms are phonetically similar except for a legal element (e.g., Ltd./Ltée), only one NUANS® report will be necessary.

Decision of the Director

If your request for pre-approval is accepted, the name in question will be reserved for you for the life of the search report. If the Director has not made a decision within that 90-day period, you will have to submit a fresh request to reserve a name by ordering another NUANS® report.

If you have requested pre-approval and the Director's decision is favourable, your Articles of Incorporation will probably be processed promptly when you file them, provided that all other relevant information is submitted at the same time. Remember to include the letter approving your name when you submit your Articles of Incorporation.

If your proposed name is not available, you can still submit a written request for the Director to re-examine the decision, having regard to the additional information. However, you will save time and money if you include all relevant information in your initial application.

Where to submit a request for approval of a name

A request for pre-approval may be made on-line at Corporations Canada's Online Filing Centre at www.corporationscanada.ic.gc.ca. Please refer to the Web site for the procedures.

As well, you can submit your request for pre-approval by fax, mail or in person. Requests for pre-approval may not be obtained from the regional offices.

Please refer to the item HOW TO FILE YOUR ARTICLES OF INCORPORATION AND PAY THE FEES on page 2 of this kit for contact information.

No fee is payable for a request for approval of a name.

How to fill out Form 1: Articles of Incorporation

Please see Form 1 for complete instructions on how to fill out the Articles of Incorporation.

Item 1, Corporation name

- Write in the proposed name.

If the name has been pre-approved, attach the letter of approval with your Articles of Incorporation. If you are not doing that, or if the name was not examined before you file the Articles of Incorporation, the name will have to be approved when they are filed.

- If you are incorporating under a numbered name to be assigned by the Director, leave a blank space on the left, write in the word “Canada,” and add the legal element of your choice, such as Inc., Ltd., Corp., etc.

Example:

_____ CANADA Inc.

- If you are incorporating under a bilingual name, the English and French forms must be entered here.

Example:

CARS ABC Inc.

AUTOS ABC Inc.

Item 2, The province or territory in Canada in which the registered office is situated

- Enter only the province or territory in Canada in which the registered office is to be situated. Do not enter to street address of the registered office. The street address is provided using Form 2: Initial Registered Office Address and First Board of Directors.

Item 3, Description of the classes of shares

The CBCA sets out certain requirements for details regarding shares, including the following:

- All shares must be without nominal or par value.
- The CBCA gives incorporators broad discretion to designate a class of shares as common, preferred or Class A or B shares, or any other designation. Some incorporators designate classes of shares simply as Class A, Class B and “other”.
- You do not need to place a limit on the number of shares that the corporation is authorized to issue.
- You do not need to specify a maximum aggregate consideration for the issuance of shares.
- Restrictions may be placed on any class of shares.

Where there is more than one class of shares, the rights, privileges, restrictions and conditions attaching to each class must be specified. At least one class of shares is to be voting, there must be a class that carries the right to receive dividends and one class that carries the right to receive the remaining property of the corporation on dissolution. If only one class of shares is created, that class will carry all those rights.

The Articles of Incorporation may authorize the issuance of certain classes of shares in a series. In that case, the Articles may also fix the number of shares in a class and determine the rights attaching to them, unless, before the shares in a series are issued at a later date, the Director prepares amending clauses

specifying the number, rights, privileges and restrictions attaching to the series before it is issued and files those clauses with the Director.

The following sample clauses are often used by incorporators and are acceptable to the Director to cover some very basic kinds of shares. The corporation may choose to issue one class of shares only. If two or more classes of shares are issued, you must specify the rights, privileges, restrictions and conditions attaching to each class.

You may vary the composition and complexity of share structures for particular situations in countless ways. The clauses given here are only examples of the most common kinds of share structures used by many incorporators; and **they are by no means mandatory or exhaustive**. You may wish to seek legal advice if you want to use other clauses to be sure that they are permitted under the CBCA.

Examples:

- For a single class of shares:

“The corporation is authorized to issue an unlimited number of shares of one class.”

or

“Unlimited number of shares in a single class.”

- For two or more classes of shares:

“The corporation is authorized to issue an unlimited number of Class A and Class B shares. The Class A shareholders shall be entitled to vote at all shareholder meetings, except meetings at which only holders of a specified class of share entitle their holders to vote and to receive such dividend as the board of directors in their discretion shall declare. Subject to the provisions of the *Canada Business Corporations Act*, the Class B shares shall be non-voting. Upon liquidation or dissolution, the holders of Class A and Class B shares shall share equally the remaining property of the corporation.”

or

“The corporation is authorized to issue Class A and Class B shares with the following rights, privileges, restrictions and conditions:

1. Class A shares, without nominal or par value, the holders of which are entitled:
 - (a) to vote at all meetings of shareholders except meetings at which only holders of a specified class of shares are entitled to vote; and
 - (b) to receive the remaining property of the corporation upon dissolution.
2. Class B shares, without nominal or par value, the holders of which are entitled:
 - (a) to a dividend as fixed by the board of directors;
 - (b) upon the dissolution or liquidation of the corporation, to repayment of the amount paid for such share (plus any declared and unpaid dividends) in priority to the Class A shares, but they shall not confer a right to any further participation in profits or assets.

3. The holders of Class B shares shall be entitled to vote at all meetings of shareholders.”

or

“The holders of Class B shares shall not, subject to the provisions of the *Canada Business Corporations Act*, be entitled to vote at any meetings of shareholders.”

- For shares in a series:

“The directors may authorize the issue of one or more series within each class of shares, and may fix the number of shares in each series, and determine the rights, privileges, restrictions and conditions attaching to the shares of each series subject to the limits provided in the articles.” (As noted earlier, you may create a series of shares immediately in the Articles, rather than waiting until later.)

- Share redemption:

If a fixed price is not stated, a redemption formula that can be determined in dollars must be used.

“The said Class X shares or any part thereof shall be redeemable at the option of the corporation without the consent of the holders thereof (at a price of \$__ per share) or (at a price equal to the amount paid per share) plus any declared and unpaid dividend.”

Item 4, Restrictions, if any, on share transfers

Constrained Share Corporations

- Restrictions, if any, on the transfer of shares are normally limited to the consent of the directors and/or shareholders. Exceptions may occur in special cases when the incorporators establish a constrained share corporation, as described in Part IX (Constrained Share Corporations) of the CBCA Regulations.

Example:

"No shares of the capital of the corporation shall be transferred without either (a) the sanction of a majority of the directors of the corporation or alternatively (b) the sanction of the majority of the shareholders of the Corporation."

or

"No shares of the corporation shall be transferred without the approval of the directors evidenced by a resolution of the board, provided that the approval of any transfer of shares may be given as aforesaid after the said transfer has been effected upon the records of the corporation, in which event, unless the said resolution stipulates otherwise, the said transfer shall be valid and take effect as from the date of its entry upon the books of the corporation."

Non-distributing Corporations

- You may wish to further restrict the transfer of shares or securities to prevent the corporation from becoming a “reporting issuer” under provincial securities legislation and not be designated as a “distributing corporation” under the Act. A corporation is a “distributing corporation” under the definition in subsection 2(1) of the Regulations if the corporation:

- is a reporting issuer within the meaning of any applicable securities legislation, unless it is subject to an exemption from that legislation;

- has filed a prospectus or similar document in relation to the public distribution of its shares;
- has securities that are listed and posted for trading on a stock exchange in or outside Canada;
- is a distributing corporation that is involved in or results from a statutory procedure, such as an amalgamation or reorganization.

Under subsections 2(6) and 2(7) of the CBCA, the Director may determine that a corporation is not or was not a distributing corporation if the Director is satisfied that the determination would not be prejudicial to the public interest.

In order to avoid being a reporting issuer under provincial securities legislation, and consequently a “distributing corporation”, National Instrument 45-106 requires that:

- The corporation’s securities be subject to restrictions on transfer that are contained in the issuer’s constating document or security holders’ agreements ; and
- The corporation’s securities, excluding non-convertible debt securities, must be beneficially owned, directly or indirectly, by not more than 50 persons, not including employees and former employees of the issuer or its affiliates, provided that each person is counted as one beneficial owner unless the person is created or used solely to purchase or hold securities of the issuer in which case each beneficial owner or each beneficiary of the person, as the case may be, must be counted as a separate beneficial owner; and
- The corporation’s securities be distributed only to persons described in securities legislation or regulations.

To comply with the first requirement, you should make a statement that restricts the transfer of the corporations’s shares at **Item 4 - Restrictions, if any, on share transfers** AND a statement that restricts the transfer of the corporation’s securities at **Item 7 - Other provisions, if any**:

Example:

Item 4 - Restrictions, if any, on share transfers

"No shares of the capital of the corporation shall be transferred without either (a) the sanction of a majority of the directors of the corporation or alternatively (b) the sanction of the majority of the shareholders of the Corporation."

Item 7 - Other provisions, if any

"The corporation’s securities, other than non-convertible debt securities, shall not be transferred without either (a) the sanction of a majority of the directors of the corporation, or (b) the sanction of the majority of the shareholders of the Corporation, or alternatively (c), if applicable, the restriction contained in security holders’ agreements."

There are other exemptions in provincial securities legislation that prevent a corporation from becoming a “reporting issuer”, and consequently being designated as “distributing corporation” under the CBCA. You may want to consult with legal counsel or other professional advisers to consider the impact of securities legislation on your corporation.

Item 5, Minimum and maximum number of directors

- You may specify a minimum and maximum number or a fixed number of directors. However, to permit cumulative voting, the number of directors must be fixed. Moreover, if the corporation is a “distributing” corporation, there must be at least three directors.

Example:

“A minimum of 1 and a maximum of 7.”

or

“Five directors.”

Item 6, Restrictions, if any, on the businesses the corporation may carry on

- A CBCA corporation has all the rights of a natural person, and normally one would not wish to limit this power.

Example:

If there are to be no restrictions, simply state “NONE.”

- If, however, there are reasons why you wish to restrict the business of the corporation, the following preamble is suggested:

“The business of the corporation shall be limited to the following: ...”

It should be noted that section 3 of the CBCA itself prohibits CBCA corporations from carrying on the business of a bank or an insurance or trust and loan company, or carry on business as a degree-granting institution.

Item 7, Other provisions, if any

The CBCA allows you to include a number of additional provisions in the Articles of Incorporation. As well, incorporators occasionally include clauses to satisfy requirements of other legislation or institutions.

The following list illustrates the kinds of wording generally adopted for the most frequently occurring features. The suggested clauses are merely examples of those most commonly used; the listing is not definitive, nor is the wording mandatory. You may wish to seek legal advice if you want to use other clauses to be sure that they are permitted under the CBCA.

- You may want a provision that restricts the transfer of the corporation’s securities in order to comply with certain requirements of provincial securities legislation (National Instrument 45-106). **SEE INFORMATION PROVIDED AT ITEM 4 RESTRICTIONS, IF ANY, ON SHARE TRANSFERS.**
- Directors' borrowing power:
A provision regarding directors' borrowing powers and the delegation of those powers is sometimes used to limit the authority of directors and/or to satisfy lending institutions:

Example:

“If authorized by a by-law which is duly adopted by the directors and confirmed by ordinary resolution, the directors of the corporation may from time to time:

- (i) borrow money on the credit of the corporation;

- (ii) issue, reissue, sell or pledge debt obligations of the corporation; and
- (iii) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the corporation, owned or subsequently acquired, to secure any debt obligation of the corporation.

Any such by-law may provide for the delegation of such powers by the directors to such officers or directors of the corporation to such extent and in such manner as may be set out in the by-law.

Nothing herein limits or restricts the borrowing of money by the corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the corporation.”

- Cumulative voting by directors:

This clause is allowed only if the number of directors is a fixed number:

Example:

“There shall be cumulative voting for directors.”

- Increase the majority vote by shareholders:

Example:

“In order to effect any (ordinary and/or special) resolution* passed at a meeting of shareholders,** a majority of not less than _____ per cent of the votes cast by the shareholders who voted in respect of that resolution shall be required.”

- Specify the **foreign** form of your corporate name for use **outside Canada**:

Example:

“It is hereby provided that the corporation may use and may be equally designated by the following form outside Canada:”

(Note: do not use **item 7** to state the **English** or **French** form of the corporate name, for use **inside Canada**; use **item 1**.)

- Specify voting rights on fractional shares:

Example:

*

The CBCA specifies a simple majority for an ordinary resolution and two-thirds majority for a special resolution. Therefore, any figure set out in the articles must be greater than these statutory majorities.

**

Other than a resolution to remove a director (see subsection 6(4) of the CBCA).

“A holder of a fractional share shall be entitled to exercise voting rights and to receive dividends in respect of said fractional share.”

- Specify that some shareholders have a pre-emptive right:

Example:

“It is hereby provided that no shares of a class of shares shall be issued unless the shares have first been offered to the shareholders holding shares of that class, and those shareholders have a pre-emptive right to acquire the offered shares in proportion to their holdings of the shares of that class, at such price and on such terms as those shares are to be offered to others.”

- Under the CBCA, directors are not required to own shares of the corporation. However, where incorporators do wish to provide for directors to own shares, the following wording is normally used:

Example:

“No person otherwise qualified shall be elected or appointed as a director unless such person beneficially owns at least one share issued by the corporation.”

- You may prescribe how shareholders will fill a vacancy on the board of directors:

Example:

“Any vacancy on the board of directors shall be filled by a vote of the shareholders.”

- You may specify a quorum of directors:

Example:

“The quorum for any meeting of the board of directors shall be _____.”

- You may provide for trust deeds for purposes of the *Quebec Special Corporate Powers Act*, if the corporation intends to carry on business in the Province of Quebec:

Example:

“The corporation, through its directors, may, as it deems expedient and notwithstanding the provisions of the *Civil Code*, hypothecate, mortgage or pledge any real or personal property, currently owned or subsequently acquired, of the corporation, to secure the payment of such debentures and other securities, or to provide only a part of these guarantees for the said purposes; and it may constitute the aforesaid hypothec, mortgage or pledge by trust deed, pursuant to sections 23 and 24 of the *Special Corporate Powers Act* (R.S.Q. 1964, c. 275), or in

any other manner.

The corporation may also hypothecate or mortgage the real property, or pledge or otherwise charge in any manner the personal property of the corporation, or provide these various kinds of guarantees, to secure the payment of loans made otherwise than by the issue of debentures, as well as the payment or performance of other debts, contracts and undertakings of the corporation.”

Item 8, Incorporator’s declaration

The Articles of Incorporation must be signed by the incorporators. If the incorporator is a body corporate (i.e. an **existing corporation** acting as the incorporator), the Articles must be signed by a person authorized by the body corporate.

An authorized officer is a person appointed by the directors. The appointment is subject to the Articles, the by-laws, or any unanimous shareholder agreement. The officer may be the chair of the board of directors, the president of the corporation, a vice-president, the secretary, treasurer or comptroller, legal counsel, general manager, a managing director or any other person who performs functions for a corporation similar to those normally performed by a person who holds one of those positions.

Form 1, which is filed with the Director through Corporations Canada’s Online Filing Centre or sent by fax, need not necessarily contain the original signatures of the incorporator(s).

However, signed copies of the original documents must be retained in the records of the corporation.

How to fill out Form 2: Initial Registered Office Address and First Board of Directors

Please refer to the form to get complete instructions.

Indicate at **item 1**, the name of the corporation as indicated in Form 1: Articles of Incorporation.

Indicate at **item 2** the address of the registered office. It must be a complete street address within the province or territory specified in the Form 1: Articles of Incorporation . Please indicate at **item 3** the mailing address if it is different from the address of the registered office.

Indicate at **item 4** the name and family name of all directors. The number of directors must correspond with the number indicated in **item 5** of the Form 1: Articles of Incorporation. You must indicate the residential address (a post office or a business address will not be accepted) of each director and indicate if he/she is Canadian resident.

Note that at least 25 per cent of the directors must be Canadian residents. However, some restrictions apply:

- If the corporation has fewer than four directors, at least one of them must be a resident Canadian.
- If the corporation is required by a federal Act or regulations to meet specific requirements respecting Canadian participation or control (e.g., corporations carrying on air transportation or telecommunications businesses), a majority (50% + 1) of its directors must be resident Canadians.
- If the corporation is carrying on one of the following businesses, a majority (50% + 1) of its directors must be resident Canadians:
 - uranium mining
 - book publishing or distribution
 - bookselling, where the sale of books is the primary part of the corporation's business
 - film or video distribution
- However, if a parent corporation belonging to one of those categories (i.e., carrying on a business referred to above, or that must meet requirements respecting Canadian participation or control under a federal Act or regulations) and its subsidiaries earn less than five per cent of their gross revenue in Canada, only one third of the corporation's directors need be resident Canadians.

Form 2 must be signed by one of the incorporators.

Additional Information and How to reach Corporations Canada

For additional information on Corporations Canada's products and services, please visit Corporations Canada's Website or call 1-866-333-5556.

You can also contact Corporations Canada at:

Client Services Section
Corporations Canada
Industry Canada
9th floor, Jean Edmonds Tower South
Ottawa, Ontario K1A 0C8
Fax: 613-941-0601
www.corporationscanada.ic.gc.ca

CHECKLIST

To speed up the processing of your application, please submit a complete application form:

DOCUMENTS REQUIRED	COMPLETED
Form 1: Articles of Incorporation, completed and signed by all incorporators	
Name Letter from the Director approving your name if you requested pre-approval or Request for approval of name and NUANS® report	
Form 2: Initial Registered Office Address and First Board of Directors	
\$250 fee (\$200 if using Corporations Canada's Electronic Filing Centre)	