

## Publisher's Note

An Update has Arrived in Your Library for:

|   |
|---|
| <b>Please circulate this notice to anyone in your office who may be interested in this publication.</b><br><i>Distribution List</i> |
| <input type="checkbox"/>  |
| <input type="checkbox"/>  |
| <input type="checkbox"/>  |
| <input type="checkbox"/>  |

|   |
|---|
| <b>Alberta Corporation Manual</b><br>Release No. 3, December 2025 |
|---|

### What's New in this Update:

This release features significant revisions to the commentary in Chapter 8 (Borrowing).

---

**Thomson Reuters®**

**Customer Support**

1-416-609-3800 (Toronto & International)

1-800-387-5164 (Toll Free Canada & U.S.)

E-mail [CustomerSupport.LegalTaxCanada@TR.com](mailto:CustomerSupport.LegalTaxCanada@TR.com)

This publisher's note may be scanned electronically and photocopied for the purpose of circulating copies within your organization.

## Highlights

**Chapter 8—Borrowing—III. Corporate Authority to Borrow—§ 8:9. Confirming Borrowing Authority**—Under the common law, it was necessary for a person dealing with a corporation (in a loan transaction or otherwise) to be acquainted with the particular statute pursuant to which the corporation was constituted and to scrutinize its public constating documents to ensure the contractual authority of the corporation and the persons acting on its behalf. These actions were necessary safeguards to protect the person from having the transaction attacked as either not properly authorized by the corporation or not within the specified powers of the corporation. Under the common law, a person was deemed to have constructive knowledge of all public corporate documents. Accordingly, if such documents prohibited certain actions by the corporation or required certain internal actions to be taken by the corporation that it had not, in fact, taken, a person dealing with the corporation was deemed to have constructive knowledge of such prohibitions or restrictions, and the corporation could rely on this to void the transaction (see *Royal British Bank v. Turquand* (1856), 119 E.R. 886 (Ex. Ch.)). The ABCA has adopted provisions which, to a large extent, abolish this common law position (see *Communities Economic Development Fund v. Canadian Pickles Corp.*, [1991] 3 S.C.R. 388 [Man.]).

**Chapter 8—Borrowing—III. Corporate Authority to Borrow—§ 8:21. Common Events of Default**—Most credit agreements, even those in which the loan is payable on demand, provide for “events of default”, the consequence of which is to entitle the bank to accelerate all amounts outstanding under the credit agreement such that they are immediately due and payable, and any security held by the bank then becomes enforceable. In the case of a demand loan, events of default are likely of little practical significance to a bank and, to the extent that they provide grace periods for defaults to be cured, may even add confusion to the demand nature of the loan. Occasionally, their inclusion is rationalized on the basis that the time for payment otherwise required after demand may be lessened if it can be established that demand was made in the face of an event of default. Another rationalization put forward is the perceived advantage of creating an automatic acceleration in certain serious default events such as a successful bankruptcy petition against the borrower. Whether there is any real advantage in this context, it is questionable.