

Publisher's Note

An Update has Arrived in Your Library for:

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

CORPORATE MEETINGS LAW AND PRACTICE Nathan and Voore Release No. 2 • March 2026
--

Release Updates

This publication is a guide to the meetings of shareholders and directors in Canada and the legal principles relating to the preparation for, and the conduct of, any corporate meeting. It provides easy access to legal information on problems that could arise before, during or following a meeting. It also includes national coverage of the law concerning contested meetings, quorum requirements, voting rights, notice and disclosure requirements, proxies, shareholder proposals and meeting procedures.

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

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

What's New in this Update

This release features the addition of an updated version of Appendix F—National Policy 11-201—Electronic Delivery Of Documents, amended on June 9, 2023. This release features the addition of an updated version of Appendix MM—Diversity of Boards of Directors and Senior Management, updated on August 28, 2025. This release also features the addition of Appendix MM.5—Diversity of Boards of Directors and Senior Management of Federal Distributing Corporations – 2024 annual report. This release also features updates to Appendix PS—Procedural Summaries including the addition of the following summaries pursuant to British Columbia's *Business Corporations Act*: Meetings of Directors, Financial Records, Dissent Proceedings, and Court Proceedings.

Highlights:

- **Summaries of Major Corporate Events under British Columbia's Business Corporations Act—Meetings of Directors Pursuant to British Columbia's Business Corporations Act—Case Law—Proceedings of Directors**—The respondents replied to the Husband's letter and stated that his request for a copy of the special resolution had been denied pursuant to s. 46(3)(a) and (b) of the *BCA*. The portion of s. 46(3) of the *BCA* that was in the respondent's letter did not concern proposed special resolutions for a shareholders meeting, and were irrelevant. The meeting was held on January 16, 2020. A special resolution was passed that apparently gave the "power" to the directors to "cancel" the Husband's shares. Neither this resolution nor the minutes of the meeting were provided to the Husband. Justice Norel concluded that the respondents acted without authority. Neither the *BCA* nor the Articles authorized a forced acquisition and cancellation of the Husband's shares by the respondents. There was no right of redemption attached to the shares: *BCA* s. 61, s. 75(a) and s. 77, and Articles clauses 7.1, 9.2, 10.8 and 11.2(2). In Justice Norel's view, cancelling the Husband's shares had nothing to do with the viability of JJFF. It was in fact contrary to the best interests of JJFF as they had now fully alienated the primary covenantor on the FCC mortgages. Justice Norel explained that JJFF was a closely held corporation between non-arm's length shareholders. There was obviously a relationship of trust between the spouses. The Husband had a vested interest in the well-being and affairs of JJFF as a 49% shareholder, as having invested a substantial sum, and as the person most at risk on the FCC mortgages. As for the other three reasonable expectations, Justice Norel noted that were all legal rights that the Husband had under the *BCA* and Articles. Those were not trivial rights. They struck at the core of procedural fairness and the Husband's property rights. The breach of those reasonable expectations was oppressive and

unfairly prejudicial to the Husband. It resulted in the Husband being stripped of any authority in the management of JJFF, almost immediately after separation, despite being a shareholder, an investor of substantial family property, a director, and the person most at risk on the mortgages. The end result was that his entire ownership in JJFF was cancelled to the sole benefit of the respondents and he was left with nothing but a huge potential liability. Even if the respondents had some authority within the *BCA* and Articles to do what they did, for the same reasons, their actions were oppressive and unfairly prejudicial to the Husband's interests as a shareholder. The respondents' conduct, particularly with respect to the January 16, 2020, meeting, showed a lack of probity and fair dealing toward the Husband: *Adair v. Baryla*, 2025 CarswellBC 932, 2025 BCSC 565 (B.C.S.C.).

- **Summaries of Major Corporate Events under British Columbia's Business Corporations Act—Financial Records—Case Law—Financial Statements**—The *BCA* requires companies to hold annual general meetings: s. 182(1). This requirement can be waived by a unanimous resolution of shareholders: s. 182(2)(c). The *BCA* also requires companies to produce annual financial statements: s. 198(2). Every corporation must have an auditor: s. 203(1). The auditor must report in the prescribed manner on the annual financial statements of the company: s. 212(1). This requirement can only be waived by a unanimous resolution of shareholders: s. 203(2). It was uncontested that H.N. Co. had historically failed to hold AGMs. It was also uncontested that, with the exception of the fiscal year ending in September 2022, the company had never produced an audited financial statement. There was never a unanimous resolution of H.N. Co.'s shareholders waiving the *BCA* requirements. In Justice Francis' view, it was objectively reasonable for Kimberly to expect that the directors of H.N. Co. would comply with the statutory requirements. She explicitly asked for audited financial statements and was rebuffed, with no adequate explanation. Compliance with the *BCA* is mandatory. Companies cannot pick and choose which sections of the legislation to comply with on the basis of financial expedience. In Justice Francis' view, it was an objectively reasonable expectation on the part of Kimberly that AGMs would take place, and audited financial statements would be prepared, absent a unanimous waiver by the shareholders. Justice Francis concluded that Kimberly's interests as a shareholder had been peculiarly harmed. Jim used the vehicle of H.N. Co. as a way to advance his interests, as well as Dana's interests, at the expense of Kimberly. It was evident in Jim's failure to comply with the *BCA* requirements to hold AGMs and provide audited financial statements, which deprived Kimberly of the information she needed, as shareholder, to understand the value of her interest in the company. Jim's self-

dealing was particularly problematic. The only shareholder without access to information about the financial affairs of the company was Kimberly. Kimberly was therefore distinctly and particularly prejudiced by Jim's failure to account for his disclosable interest in the 2018 Accretive Share Sale and the 2018 Columbia Septic Share Sale, as well as his failure to obtain a fair market valuation before selling a company asset to his son. In this context, Jim's overall conduct as director was oppressive and/or unfairly prejudicial to Kimberly as shareholder. Justice Francis explained that there were two reasons why a just and equitable remedy could not be crafted at this time. First, the value of Kimberly's interest in the company was a matter of some dispute and inconsistency in the evidence. Second, the extent to which Jim must account under s. 148 of the *BCA* was a matter about which further evidence was required. A significant impediment to crafting a remedy at this stage was that the value of the company, and the value of Kimberly's shares, was not discernable on the evidence. Given the lack of clarity about the value of the company shares, it was not appropriate to order a remedy that involved any kind of quantification of Kimberly's interest. The primary relief Kimberly sought at this stage was an order that audited financial statements be produced by the company for the year ending September 30, 2014 and for each corporate year end after that, with the exception of September 30, 2022,. Justice Francis concluded that it was appropriate to order audited financial statements commencing with the corporate year ending September 30, 2018 and for each year thereafter, with the exception of the year ending September 30, 2022. It was appropriate that the cost be borne by the company, and not Jim personally, since they are a normal cost of corporate business, mandated by the *BCA: Tassone v. Smith*, 2025 CarswellBC 251, 2025 BCSC 163 (B.C.S.C.).