



Syllabus

Business Organizations

(Revised for January 2019)

Candidates are advised that the syllabus may be updated from time-to-time without prior notice.

Candidates are responsible for obtaining the most current syllabus available.



Business Organizations

BASIC REQUIREMENTS:

To succeed in this examination students must demonstrate that they are acquainted with the three most common forms of organization used to carry on business: the sole proprietorship, the partnership and the corporation. Students must be able to explain the nature of the interests at stake in a business enterprise, including those of owners, managers, employees, creditors and the public, and the ways in which the law governing sole proprietorships, partnerships and corporations mediates among the interests of these stakeholders. In particular, the examination will focus on the corporation and the rights and responsibilities of three stakeholder groups: shareholders, directors and officers.

REQUIRED MATERIALS:

P. Puri, A. I. Anand, E. M. Iacobucci, I. B. Lee, J. G. MacIntosh, Cases, Materials and Notes on Partnerships and Canadian Business Corporations, 6th ed. (Toronto: Carswell, 2016) (referred to as "*Casebook*" in syllabus)*

J. A. VanDuzer, *The Law of Partnerships and Corporations* 4th ed. (Toronto: Irwin Law, 2018) (referred to as "*VanDuzer*" in syllabus)*

Consolidated Canada Business Corporations Act and Regulations (Toronto: Carswell, latest edition)(referred to as "**CBCA**" in syllabus)

Consolidated Ontario Business Corporations Act, Related Statutes and Regulations (Toronto: Carswell, latest edition)[contains Ontario partnerships legislation] (referred to as "**OBCA**" in syllabus)**

*** Please note that the corporate and partnership legislation may have been amended in some ways since the publication of the Casebook and VanDuzer. Students must review the relevant current provisions of the statutes for each section of the course. Where a statute has been amended, the provisions of the amended statute prevail over any description of the law in the Casebook or VanDuzer that is inconsistent with the amendment.**

**** Students taking this examination for qualification in provinces other than Ontario should refer to the corresponding provisions of the local provincial legislation wherever provisions of Ontario legislation are referred to. A table of concordance showing the provisions of each provincial corporate statute that correspond to the provisions of the *Canada Business Corporations Act* is provided in Consolidated *Canada Business Corporations Act* and Regulations.**



OTHER RESOURCES:

W. Gray, CANADA BUSINESS CORPORATIONS ACT (Toronto: Carswell, first published 1994, now looseleaf)

W. Gray & C.W. Halladay, GUIDE TO CBCA REFORM: ANALYSIS AND PRECEDENTS (Toronto: Carswell, 2003)

C. C. Nicholls, CORPORATE LAW (Toronto, Emond Montgomery, 2005)

B. Welling, CORPORATE LAW IN CANADA, 3d ed. (Toronto: Carswell, 2006)

K. P. McGuinness, THE LAW AND PRACTICE OF CANADIAN BUSINESS CORPORATIONS, 2d ed. (Toronto: Butterworths, 2007)



I - INTRODUCTION

What is a Business?

Basic Forms of Business Organization

Sole Proprietorships
Partnerships
Corporations
Other Methods of Carrying on Business

Required Reading: Casebook pp. 1-4
VanDuzer pp. 1-25

II - PARTNERSHIPS

(a) What is a Partnership?

Required Reading: Casebook pp. 4-30
VanDuzer pp. 28-51

Statutory References: *Partnerships Act*, R.S.O. 1990, c. P.5
(referred to as "P.A." in Syllabus), ss.
1-5, 45
Business Names Act, R.S.O. 1990, c.
B.17, ss. 1, 2, 6 7, 10

(b) How Does a Partnership Carry on Business?

(i) Relations Between Partners

Required Reading: Casebook pp. 39-41
VanDuzer pp. 51-57

Statutory References: P.A. ss. 20-31

(ii) Relations With Third Parties

Required Reading: Casebook pp. 41-43
VanDuzer pp. 57-70

Statutory References: P.A. ss. 6-19



(c) Dissolution of the Partnership

Required Reading: VanDuzer pp. 70-72

Statutory References: P.A. ss. 26, 32-44

(d) Partnership Agreements

Required Reading: VanDuzer pp. 73-81

(e) Other Relationships

(i) Joint Ventures

Required Reading: Casebook pp. 57-58
VanDuzer pp. 81-84

Statutory References: P.A. ss. 2, 3, 32(b)

(ii) Limited Partnerships

Required Reading: Casebook pp. 43-54
VanDuzer pp. 84-92

Statutory References: *Limited Partnerships Act*, R.S.O.
1990, c. L.16, ss. 2-18, 21, 22, 24-6,
33

(iii) Limited Liability Partnerships

Required Reading: Casebook pp. 44-56
VanDuzer pp. 67-70

Statutory References: P.A. ss. 10, 44.1-44.4

III - THE CORPORATION

(a) Introduction

(i) General

Required Reading: VanDuzer pp. 96-105



(ii) Constitutional Matters:

Division of Powers
The Charter

Required Reading: Casebook pp. 68-69
VanDuzer pp. 106-120

(iii) Incorporation Process

Required Reading: VanDuzer pp. 121-124

Statutory References: **CBCA** ss. 5-9, 15, 19(2), 20, 21,
106(1)
Forms 1, 2
OBCA ss. 4-7, 15, 140, 145, 146
Forms 1, 2

(iv) Function of Corporate Law

Required Reading: VanDuzer pp. 124-134

(v) The Operation of Corporate Law: Rules for Corporations of Different Scales

Required Reading: VanDuzer pp. 134-138

(vi) Corporate Law and Securities Law

Required Reading: VanDuzer pp. 512-523

(b) Nature of the Corporation

(i) Separate Existence and Limited Liability

Required Reading: Casebook pp. 69-78, 80-90
VanDuzer pp. 138-142, 153-155

Statutory References: **CBCA** ss. 6, 10, 15, 45(1)
OBCA ss. 5, 10, 15, 92(1)



(ii) Disregard of Corporate Legal Personality

Required Reading:	Casebook pp. 102-130, 134-142, 147-151 VanDuzer pp. 142-153
Statutory References:	CBCA ss. 45(1) OBCA ss. 92(1)

(c) Incorporation

(i) Considerations and Process

Required Reading:	Casebook pp. 167-168, 171-177 VanDuzer pp. 159-160, 177-200
Statutory References:	CBCA ss. 2(1)(definition of “distributing corporation”), 2(6), 2(7), 5-9, 15, 16, 19, 20, 21, 22, 28, 45, 49(8)-(11), 102(2), 103-106, 109, 113-115, 126, 130, 132, 139, 140, 141, 149, 155, 160, 162, 163, 171, 173(1)(b), 174(1), 187, 188, 250, 251, 254, 263 Forms 1, 2, 22 CBCA Reg. s. 2, Schedule 5 OBCA ss. 1(1)(definition of “offering corporation”), 1(6), 4-7, 14-17, 26, 42, 54, 56(8), 92(1), 93, 101, 103, 104, 111, 115-119, 122, 126, 127, 129, 138, 139, 140, 141, 143-146, 148, 149, 153, 154, 156, 158, 160, 168, 180, 181, 256-258, 263 Forms 1, 2 <i>Business Names Act</i> , ss. 2(1), (6), 7 <i>Corporations Information Act</i> , R.S.O. 1990, c. C.39, ss. 11-4, 13, 14, 18



(ii) Corporate Names

Required Reading:	Casebook pp. 177-178 VanDuzer pp. 161-177
Statutory References:	CBCA ss. 6(1)(a), 10-13 CBCA Reg. ss. 17-32 OBCA ss. 8-12; OBCA Reg. ss.1-22 <i>Business Names Act</i> , s. 6

(iii) Pre-incorporation Contracts

Required Reading:	Casebook pp. 187-187, 196-204 VanDuzer pp. 200-208
Statutory References:	CBCA s. 14 OBCA s. 21

(d) The Corporation in Action

(i) Liability of Corporation for Crimes and Torts

Required Reading:	Casebook pp. 152-165 VanDuzer pp. 211-227
Statutory References:	NONE

(ii) Corporate Agency (Liability of Corporation in Contract)

Required Reading:	Casebook pp. 246-253 VanDuzer pp. 227-243
Statutory References:	CBCA ss. 16-8 OBCA ss. 17-9



(e) Shares and Shareholders

(i) Introduction to Shares

Required Reading:

Casebook pp. 585-605
VanDuzer pp. 247-250

Statutory References:

CBCA ss. 20, 21, 24, 48, 49, 50, 140,
257
OBCA ss. 22, 53-57, 102, 140-144,
266

(ii) Characteristics of Shares

A. General

Required Reading:

VanDuzer pp. 251-267

Statutory References:

CBCA ss. 24, 42, 43, 107, 115, 118,
134, 176, 183(4), 188(4), 189(7),
211(3), 241
OBCA ss. 22, 38, 95, 120, 127, 130,
170, 176(3), 181(3), 184(5), (6),
193(1), 248

B. No Par Value

Statutory References:

CBCA ss. 24(1), (2)
OBCA ss. 22(1), (2)

C. Series

Statutory References:

CBCA ss. 24(4), 27
OBCA ss. 22(4)-(7), 25

D. Pre-emptive Rights

Required Reading:

Casebook pp. 581-584

Statutory References:

CBCA s. 28
OBCA s. 26



(iii) Issuing and Paying for Shares and the Stated Capital Account

Required Reading:	VanDuzer pp. 267-271
Statutory References:	CBCA ss. 25, 26, 30, 38, 41, 115(3), 118, 123(4) OBCA ss. 23, 24, 28, 34, 37, 127(3), 130, 135(4)

(iv) Redemption and Repurchase of Shares

Required Reading:	VanDuzer pp. 272-276
Statutory References:	CBCA ss. 30-40 OBCA ss. 28-36

IV - MANAGEMENT AND CONTROL OF THE CORPORATION: THE BASIC LEGAL FRAMEWORK

(a) Introduction – Shareholders, Directors and Officers

Required Reading:	VanDuzer pp. 279-282
Statutory References:	CBCA ss. 102, 115, 121 OBCA ss. 115, 127, 133

(b) How Shareholders Exercise Power – Shareholder Meetings and Resolutions

Annual and Special Meetings
Calling Meetings
Notice of Meetings
Proxies and Proxy Solicitation
Shareholder Proposals
Quorum
Voting
Access to Information - Auditors and Financial Disclosure
Signed Resolutions

Required Reading:	Casebook pp. 624-625, 632-639, 643-645, 655-657, 674-679 VanDuzer pp. 283-300
Statutory References:	CBCA ss. 20-22, 103(5), 132-44, 147-159, 163, 173, 175, 183, 189, 247, 252.1-253.5, 252.7



CBCA Reg. ss. 43-57, 63, 64, 66-69
OBCA ss. 93-106, 109-114, 116,
139, 140-146.1, 148, 154-7, 159,
168, 169, 176, 181, 184, 253
OBCA Reg. ss. 23.4-24, 27-37

(c) Directors and How They Exercise Power

(i) Introduction – The Power to Manage

Required Reading: Casebook pp. 227-232

Statutory References: **CBCA** s. 102
OBCA s. 115

(ii) Qualifications

Required Reading: VanDuzer pp. 300-302

Statutory References: **CBCA** ss. 2(1) (definition of “director”
and definition of “resident Canadian”),
105, 108(1)(c), 116
CBCA Reg. ss. 13, 16
OBCA ss. 1(1)(definition of “director”
and definition of “resident Canadian”),
118, 121(1)(c), 128
OBCA Reg. s. 26

(iii) Election and Appointment of Directors

Required Reading: VanDuzer pp. 302-305

Statutory References: **CBCA** ss. 106, 108(2), 109, 111,
113, 116
OBCA ss. 115, 119, 121, 122, 124,
128

(iv) Number of Directors

Required Reading: VanDuzer pp. 305-306

Statutory References: **CBCA** ss. 6(1)(e), 102(2)
OBCA s. 115(2)



(d) Directors' Meetings

Required Reading: VanDuzer pp. 306-309

Statutory References: **CBCA** ss. 114, 115(3)
OBCA ss. 126, 127(3)

(e) Officers

(i) General

Required Reading: Casebook pp. 310-311

Statutory References: **CBCA** ss. 102(1), 104(1)(d), 115, 116, 121, 122
OBCA ss. 115(1), 117(1)(d), 127, 128, 133, 134

(ii) Delegation

Required Reading: Casebook pp. 237-238
VanDuzer pp. 311-313

Statutory References: **CBCA** s. 115
OBCA s. 127

(f) Remuneration and Indemnification

Required Reading: Casebook pp. 360-366
VanDuzer pp. 313-320

Statutory References: **CBCA** ss. 120(5)(b), 124, 125
OBCA ss. 132(5)(b), 136, 137

(g) Shareholders' Agreements and Unanimous Shareholders' Agreements

Required Reading: Casebook pp. 722-738
VanDuzer pp. 320-330

Statutory References: **CBCA** ss. 49(8), 146, 247
OBCA ss. 56(8), 108, 253



V - CORPORATE CHANGES

(a) Amendment of Articles, By-laws and Changes to Stated Capital

Required Reading:	Casebook pp. 185-186 VanDuzer pp. 334-342
Statutory References:	CBCA ss. 38, 39, 43, 103, 173-80, 190, 241 OBCA ss. 34, 35, 38, 116, 168-173, 185, 248

(b) Continuation under the Law of Another Jurisdiction

Required Reading:	Casebook pp. 172-173 VanDuzer pp. 342-346
Statutory References:	CBCA ss. 187-8 Form 11 OBCA ss. 180-1 Forms 6, 7

(c) Amalgamation

Required Reading:	VanDuzer pp. 346-354
Statutory References:	CBCA ss. 181-186 Form 9 OBCA ss. 174-179 Form 4

(d) Arrangements and Reorganizations

Required Reading:	VanDuzer pp. 354-358
Statutory References:	CBCA ss. 191-192 Forms 14, 14.1 OBCA ss. 182, 183, 186 Forms 8, 9

(e) Sales of All of Substantially All of a Corporation's Assets

Required Reading:	VanDuzer pp. 358-360
Statutory References:	CBCA s. 189(3)-(9) OBCA s. 184(3)-(9)



(f) Going Private Transactions

Required Reading:	VanDuzer pp. 360-363
Statutory References:	CBCA ss. 2(1) (definition of “squeeze-out”), 193-194 OBCA s. 190

(g) Termination of the Corporation’s Existence

Required Reading:	VanDuzer pp. 364-369
Statutory References:	CBCA ss. 207-228 OBCA ss. 191-244

VI - DIRECTORS’ and OFFICERS’ DUTIES

(a) Fiduciary Duties

(i) Introduction

Required Reading:	Casebook pp. 367-379, 421-429 VanDuzer pp. 373-380
Statutory References:	CBCA ss. 122(1)(a), (2) and (3), 123(4), (5) OBCA ss. 134(1)(a), (2) and (3), 135(4)

(ii) Conflicts of Interest - Transactions with the Corporation

Required Reading:	Casebook pp. 379-384 VanDuzer pp. 380-388
Statutory References:	CBCA ss. 120, 122(3) OBCA ss. 132, 134(3)

(iii) Corporate Opportunities

Required Reading:	Casebook pp. 384-406 VanDuzer pp. 388-398
Statutory References:	CBCA s. 122(1)(a) OBCA s. 134(1)(a)



(iv) Competition

Required Reading: Casebook pp. 412-418
VanDuzer pp. 398-400

Statutory References: **CBCA** s. 122(1)(a)
OBCA s. 134(1)(a)

(v) Takeover Bids

Required Reading: Casebook pp. 430-432, 448-460,
476-492
VanDuzer pp. 400-409

Statutory References: **CBCA** s. 122(1)(a)
OBCA s. 134(1)(a)

(vi) Other Breaches of Fiduciary Duty

Required Reading: VanDuzer pp. 409-410

(vii) Reliance on Management and Others

Required Reading: VanDuzer pp. 410-411

Statutory References: **CBCA** s. 123(4), (5)
OBCA s. 135(4)

(viii) Sanction by Shareholders of Fiduciary Breach

Required Reading: Casebook pp. 509-521
VanDuzer pp. 411-412

Statutory References: **CBCA** ss. 120(7.1), 122(3), 239, 241,
242(1)
OBCA ss. 132(5.2), (8), 134(3), 246,
248, 249(1)

(b) Duty of Care

(i) Common Law

Required Reading: Casebook pp. 291-298

Statutory References: NONE



(ii) Statutory Reform

Required Reading:	Casebook pp. 299-307, 324-338, 341-344 VanDuzer pp. 413-422
Statutory References:	CBCA ss. 122(1)(b), 123(4), (5) OBCA ss. 134(1)(b), 135(4)

(c) Statutory Duties and Oppression

Required Reading:	Casebook pp. 344-354 VanDuzer pp. 422-427
Statutory References:	CBCA ss. 118, 119, 122(2), 238, 241, 242 OBCA ss. 130, 131, 134(2), 245, 248, 249

(d) Liability of Corporate Managers for Torts

Required Reading:	VanDuzer pp. 428-435
Statutory References:	NONE

VII – SHAREHOLDERS’ REMEDIES

(a) Introduction

Required Reading:	Casebook pp. 745-747 VanDuzer pp. 440-442
Statutory References:	NONE

(b) Personal Action

Required Reading:	Casebook pp. 772-780, 785-794 VanDuzer pp. 442-444
Statutory References:	NONE



(c) Derivative Actions on Behalf of the Corporation

Required Reading:	Casebook pp. 747-756, 769-772 VanDuzer pp. 444-451
Statutory References:	CBCA ss. 238-240, 242 OBCA ss. 245-247, 249

(d) Oppression

Required Reading:	Casebook pp. 797-830, 833-851 VanDuzer pp. 451-497
Statutory References:	CBCA ss. 238, 241-242 OBCA ss. 245, 248-249

(e) Compliance and Restraining Orders

Required Reading:	Casebook pp. 867-869 VanDuzer pp. 497-498
Statutory References:	CBCA s. 247 OBCA s. 253

(f) Rectification of Corporate Records

Required Reading:	Casebook p. 869 VanDuzer pp. 498-499
Statutory References:	CBCA ss. 243, 257 OBCA ss. 250, 266

(g) Investigations

Required Reading:	Casebook pp. 869-874 VanDuzer pp. 499-500
Statutory References:	CBCA ss. 229-37 OBCA ss. 161-67



(h) Corporate Purchase of Shares of Dissenting Shareholder (dissent and appraisal)

Required Reading: Casebook pp. 862-866
VanDuzer pp. 501-505

Statutory References: **CBCA** s. 190
OBCA s. 185

(i) Winding Up and Dissolution

Required Reading: Casebook pp. 874-878
VanDuzer pp. 506-508

Statutory References: **CBCA** ss. 211, 213, 214, 215
OBCA ss. 192-205, 207, 208, 229



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Online Resources

The majority of case law and legislative resources needed by NCA students are available on CanLII, the free legal information resource funded by the Federation of Law Societies of Canada (www.canlii.org). That includes all decisions of the Supreme Court of Canada, and all federal, provincial, territorial and appellate courts.

Your registration fee also includes free access to the Quicklaw resources of Lexis Nexis. Your ID and password will be arranged and emailed to your email address on file a few weeks after the end of the registration session.

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