



Federation of
Law Societies
of Canada

NCA National Committee
on Accreditation

Syllabus

Business

Organizations

Revised October 18, 2023

Candidates are advised that this 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 rules regarding (i) the formation, organization, nature, and operation of these three forms of business organization, (ii) the obligations of partners to each other as well as to creditors and others, (iii) the circumstances in which corporations are liable to creditors and others, (iv) the obligations of directors and officers to shareholders, and (v) shareholder rights and remedies. They must also be able to apply these rules to the simple fact situations.

METHOD OF EVALUATION:

3 hour examination 100%

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)

Consolidated Ontario *Business Corporations Act*, Related Statutes and Regulations (Toronto: Carswell, latest edition)[contains Ontario partnerships legislation]**

***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, Vol 1, 3d ed (Toronto: Butterworths, 2017)



COURSE SYLLABUS

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 (“P.A.”), ss. 1-5, 45
Business Names Act, R.S.O. 1990, c. B.17 (“*Business Names Act*”), ss. 1(1)(“business”, “person”), 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, 20.1, 21, 106(1)
Forms 1, 2
OBCA ss. 4-7, 15, 140, 141, 145, 146
Forms 5351E, 5351F, 5260E, 5260F

(iv) Function of Corporate Law

Required Reading: VanDuzer pp. 124-134

(v) The Operation of Corporate Law VanDuzer pp. 134-138
Rules for Corporations of
Different Scales

(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, 21.1, 28, 45, 49(8)-(11), 102(2), 103-
106, 109, 113-115, 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

Canada Business Corporations Regulation,
2001, SOR/2001-512 (“*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, 140.1-
140.4, 141, 143-146, 148, 149, 153, 154, 156,
158, 160, 168, 180, 181, 256-258, 263

Forms 5351E, 5351F, 5260E, 5260F

Business Names Act, ss. 2(1) and (6), 6, 7

Corporations Information Act, R.S.O. 1990, c.
C.39, ss. 1(1)(“business”, “corporation”,
“extra-provincial corporation”), 2-4, 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;
Names and Forms, O. Reg. 398/21, ss. 1-17
Business Names Act, 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 Readings: Casebook pp. 246-253
VanDuzer pp. 227-243



Statutory References: **CBCA** ss. 15-18
OBCA ss. 16-19

(e) **Shares and Shareholders**

(i) Introduction to Shares

Required Reading: Casebook pp. 585-605
VanDuzer pp. 247-250

Statutory References: **CBCA** ss. 20, 21, 21.1-21.4, 48-50, 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, 173, 176, 183(3) and (4), 188(4),
189(6) and (7), 211(3), 241
OBCA ss. 22, 38, 95, 120, 127, 168,
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. 2.1, 21.1-21.4, 25, 26, 30, 38, 41, 115(3), 118, 123(4)
OBCA ss. 1.1, 23, 24, 28, 34, 37, 127(3), 130, 135(4), 140.1-140.4

(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, 161-163, 172.1, 173, 175, 183, 189, 247, 252.1-253.5, 252.7
CBCA Reg. ss. 33-34.1, 43-69
OBCA ss. 93-106, 109-114, 116, 139-146.1, 148, 154-7, 159, 168, 169, 170, 176, 181, 184, 253
General, RRO 1990, Reg 62 (“*OBCA General Reg*”)
ss. 23.4, 27-38



(c) **Directors and How They Exercise Power**

(i) Introduction - The Power to Manage

Readings: Casebook pp. 227-232

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

(ii) Qualifications

Readings: 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 General Reg. s. 26

(iii) Election and Appointment of Directors

Readings: VanDuzer pp. 302-305

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

(iv) Number of Directors

Readings: VanDuzer pp. 305-306

Statutory References: **CBCA** ss. 6(1)(e), 102(2), 112
OBCA s. 115(2)

(d) **Directors' Meetings**

Required Reading: VanDuzer pp. 306-309

Statutory References: **CBCA** ss. 110, 114, 115(3)
OBCA ss. 117, 126, 127(3)

(e) **Officers**



(i) General

Required Reading: VanDuzer 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)(a) and (b), 124, 125
OBCA ss. 132(5)(a) and (b), 136, 137

(g) **Shareholders' Agreements and Unanimous Shareholders' Agreements**

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

Statutory References: **CBCA** ss. 2(1) (unanimous shareholder agreement"), 49(8), 146, 247
OBCA ss. 1(1) (unanimous shareholder agreement"), 56(8), 108, 253

V - CORPORATE CHANGES

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

Required Reading: Casebook pp. 185-186, 190
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
Form 5261E, 5261F



(b) **Continuation under the Law of Another Jurisdiction**

Required Reading: Casebook pp. 172-173, 190
VanDuzer pp. 342-346

Statutory References: **CBCA** ss. 187-8
Form 11
OBCA ss. 180-1, 185
Forms 5264E, 5264F, 5265E, 5255F

(c) **Amalgamation**

Required Reading: VanDuzer pp. 346-354

Statutory References: **CBCA** ss. 181-186, 190
Form 9
OBCA ss. 174-179, 185
Forms 5262E, 5262F

(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 5266E, 5266F, 5267E, 5267F

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

Required Reading: VanDuzer pp. 358-360

Statutory References: **CBCA** s. 189(3)-(9), 190
OBCA s. 184(3)-(9), 185

(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
Forms 5268E, 5268F



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), (1.1), (2) and (3), 123
OBCA ss. 134(1)(a), (2) and (3), 135

(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 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), 123(4), 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



VII - SHAREHOLDERS' REMEDIES

(a) **Introduction**

Required Reading: Casebook pp. 745-747
VanDuzer pp. 440-442

(b) **Personal Action**

Required Reading: VanDuzer pp. 442-444

(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 pp. 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. 229-237
OBCA ss. 161-167

(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. 207, 208, 210-215
OBCA ss. 192-205, 206, 207, 208, 229