



Federation of  
Law Societies  
of Canada

**NCA** National Committee  
on Accreditation

---

# Syllabus

# Business

# Organizations

---

Revised for October 18, 2023

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 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