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## UPDATE: Ontario's Not-for-Profit Corporations Act Delayed

On Thursday, September 17, 2015, the Ontario Ministry of Government and Consumer Services (the "Ministry") released new information on its website that confirms another delay for *Ontario's Not-for-Profit Corporations Act* (the "ONCA"). The Ministry advised that it will now provide the not-for-profit sector with at least two-years' notice before the proclamation of the ONCA. The Ministry also publicized that the ONCA will not take effect until the Legislative Assembly passes technical amendments to the ONCA and its related acts, and the Ministry upgrades its technology to support the changes and improve service delivery.

Once the ONCA is proclaimed, there will be a three-year transition period, during which time, existing Ontario not-for-profit corporations incorporated under the current *Corporations Act* (Ontario) (the "Current Act") will have three years to amend their governing documents, if they choose to do so. Unlike the federal *Canada Not-for-profit Corporations Act* (the "CNCA") which came into effect a

few years ago and which required federal not-for-profit corporations to file articles of continuance or otherwise face dissolution, the ONCA will not require Ontario not-for-profit corporations to file articles of continuance, but instead will automatically apply to existing corporations without share capital incorporated under the Current Act. For these Ontario not-for-profit corporations, any provisions in their governing documents that are inconsistent with the ONCA will continue to apply to them during the transition period. However, when the transition period is over, any provisions in their governing documents that are inconsistent with the ONCA will be deemed to have been amended to comply with the ONCA. This automatic application may be problematic for not-for-profit corporations that do not amend their documents as they may not recognize those provisions, and ensuing actions, that violate the ONCA. To avoid such noncompliance, Ontario not-for-profit corporations will need to review and amend their governing

documents, such as their by-laws and letters patent, during the three-year transition period to ensure that all documents will be in full compliance with the ONCA once the transition period is over.

Although the ONCA's proclamation date is still unknown, we have now learned that it will certainly not occur before October 2017 at the earliest. We will continue to update our clients about any new developments with the ONCA. Until the ONCA's proclamation, the Current Act (described above) will continue to govern Ontario not-for-profit corporations.