

1981

## c 35 Small Business Development Corporations Amendment Act, 1981

Ontario

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## CHAPTER 35

**An Act to amend  
the Small Business Development Corporations Act**

*Assented to October 30th, 1981*

**H**ER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. Section 1 of the *Small Business Development Corporations Act*,<sup>s. 1, amended</sup> being chapter 475 of the Revised Statutes of Ontario, 1980, is amended by adding thereto the following subsection:

(9) For the purposes of this Act, a corporation is offering its equity shares to the public only where,<sup>Offering equity shares to public</sup>

(a) in respect of any of its equity shares a prospectus has been filed under the *Securities Act* or any predecessor thereof so long as any of such equity shares are outstanding; or<sup>R.S.O. 1980, c. 466</sup>

(b) any of its equity shares have been at any time since the 20th day of May, 1981, listed and posted for trading on any stock exchange in Ontario recognized by the Ontario Securities Commission regardless of when such listing and posting for trading commenced,

except that where, upon the application of a corporation that has fewer than fifteen holders of equity shares, the Commission is satisfied, in its discretion, that to do so would not be prejudicial to the public interest, the Commission may order, subject to such terms and conditions as it may impose, that the corporation shall be deemed to have ceased to be offering its equity shares to the public.

2. Clause 4 (c) of the said Act is repealed and the following substituted therefor:<sup>s. 4 (c), re-enacted</sup>

(c) its equity shares are without par value and may be issued for an aggregate consideration of not less than \$100,000 and not more than,

(i) \$5,000,000 in the case of a corporation that is not offering its equity shares to the public, and

(ii) \$10,000,000 in the case of a corporation that is offering its equity shares to the public.

s. 7 (4),  
amended

**3.—**(1) Subsection 7 (4) of the said Act is amended by inserting after “\$5,000,000” in the fourth line “if the corporation is not offering its equity shares to the public and not more than \$10,000,000 if the corporation is offering its equity shares to the public”.

s. 7,  
amended

(2) Section 7 of the said Act is amended by adding thereto the following subsection:

Idem

(5) A small business development corporation shall not maintain more than \$5,000,000 of its equity capital in any single small business.

s. 9 (1) (c),  
amended

**4.—**(1) Clause 9 (1) (c) of the said Act is amended by striking out “equity” in the seventh line.

s. 9 (1) (d),  
amended

(2) Clause 9 (1) (d) of the said Act is amended by striking out “or” at the end of subclause (ii) and by adding thereto the following subclauses:

(iv) purchasing or acquiring the securities of any person, or

(v) investment for any prescribed purpose or object.

s. 9 (1),  
amended

(3) Subsection 9 (1) of the said Act is amended by adding thereto the following clauses:

(ea) the aggregate of eligible investments made by two or more small business development corporations in a small business does not exceed 60 per cent, determined in accordance with subsection (2), of the issued and outstanding equity shares of the small business;

(eb) the aggregate of eligible investments made by the small business development corporation in any small business does not exceed \$5,000,000.

s. 9 (2),  
amended

(4) Subsection 9 (2) of the said Act is amended by inserting after “(e)” in the third line “or (ea)”.

s. 12 (1) (a) (ii),  
re-enacted

**5.—**(1) Subclause 12 (1) (a) (ii) of the said Act is repealed and the following substituted therefor:

- (ii) an officer or director or an associate thereof of a small business development corporation that proposes to invest or has invested in such small business or an officer or director or an associate thereof of a major shareholder of such small business development corporation, or

(2) Subsection 12 (1) of the said Act is amended by adding "or" at the end of clause (b) and by adding thereto the following clauses: s. 12 (1),  
amended

(c) such small business or an associate or affiliated corporation of such small business or a shareholder of such small business or an associate or affiliated corporation of such shareholder, directly or indirectly provides, by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of, or in connection with the purchase of shares of the small business development corporation; or

(d) the aggregate of eligible investments made by two or more small business development corporations in a small business will exceed 60 per cent of the issued and outstanding equity shares of the small business.

6. Clause 17 (2) (a) of the said Act is repealed and the following substituted therefor: s. 17 (2) (a),  
re-enacted

(a) the proposed amendment of its articles of incorporation.

7. This Act shall be deemed to have come into force on the 20th day of May, 1981. Commence-  
ment

8. The short title of this Act is the *Small Business Development Corporations Amendment Act, 1981*. Short title

