

# ALBERTA ELIMINATES DIRECTOR RESIDENCY REQUIREMENTS

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The Government of Alberta has passed important changes to the *Alberta Business Corporations Act* (the “**ABCA**”) that makes Alberta a more welcoming jurisdiction for non-Canadian businesses to incorporate their Canadian subsidiaries. The [Red Tape Reduction Implementation Act, 2020 \(“RTRI Act”\)](#), an omnibus law that received Royal Assent on July 23, 2020, amongst other provisions, eliminates the ABCA’s Canadian residency requirements for corporate directors. The RTRI Act amendments relating to business corporations were [proclaimed into law on March 29, 2021](#).

## Removing Canadian Residency Requirements

The RTRI Act has removed in its entirety, Section 105(3) of the ABCA which required at least 1/4 (25%) of the directors of an ABCA corporation to be residents of Canada or, if the corporation had less than four directors, at least one director to be a resident of Canada.

This change simplifies the corporate governance requirements of Alberta corporations and thus makes Alberta a more favourable jurisdiction for foreign businesses to establish their Canadian operations because they will be permitted to form and operate ABCA corporations with entirely non-resident boards of directors. In doing so, the move will make Alberta a more competitive jurisdiction for incorporation, bringing it in line with a growing number of other provinces – such as British Columbia, New Brunswick, Nova Scotia, Prince Edward Island and Quebec – that do not have director residency requirements in their respective corporate legislation.

## Requirement to Appoint an Alberta-Resident Agent for Service

Another incidental corporate governance reform brought about by the proclamation of the RTRI Act is the ‘agent for service’ requirement for all ABCA business corporations and Alberta non-profit corporations. Now, all incorporations, amalgamations, continuances into Alberta, and revivals or restoration of corporations must be accompanied by information for an Alberta-based ‘agent for service’. The agent for service must be an individual resident in Alberta with mailing address for service within Alberta. Existing Alberta business corporations and non-profit corporations have until March 29, 2022 (one year from the date of proclamation of the RTRI Act into law) to appoint an agent for service. Failure to appoint an agent for service within one year will result in the eventual dissolution of the corporation.

With respect to extra-provincial business corporations and non-profit corporations, which were prior to the RTRI Act required to appoint an Alberta-based individual with an Alberta mailing address as 'attorney for service', the requirements do not change except that all such existing 'attorneys for service' would be automatically converted to 'agents for service' in the Alberta corporate registry.

Our Corporate Services department is working hard to ensure that these recent changes are brought to the attention of our clients to enable them remain in compliance with the law and regulations.

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### **A Cautionary Note**

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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