

# Alberta removes director residency requirements

DENTONS

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Alberta corporations and not-for-profit companies no longer need Canadian resident directors.

This change **became effective** on March 29. Previously, Alberta business corporations had to ensure that at least 25% of their directors were Canadian residents, while not-for-profit companies needed fully half of their board to meet residency rules.

These changes stem from Alberta's **Red Tape Reduction Implementation Act, 2020** (the Amending Act) which amends a number of provincial laws. The applicable provisions repeal section 105(3) of the **Business Corporations Act** and section 90(1) of the **Companies Act**.

The Amending Act also introduces a requirement for Alberta business corporations to have an "agent for service". Such person must be a resident Albertan and must be appointed within a year of the effective date of March 29, 2021.

Other changes to the Companies Act – which governs certain Alberta not-for-profits – remove the requirement that board meetings be held in Alberta.

No associated changes have been made to Alberta's *Societies Act*, which governs other not-for-profit entities.

## Analysis

Director residency requirements are seen as an impediment for non-Canadians, such as foreign multinationals, looking to set up shop in a Canadian jurisdiction. British Columbia has had no such rule for almost two decades, and is perceived to have had success in attracting overseas incorporations as a result. As we've **commented**, Ontario recently made the same change to its corporate statute, to take effect at an as-yet unknown future date.

The federal corporations act, and those of certain other provinces, such as Manitoba and Saskatchewan, retain their director residency rules.

## Your Key Contacts



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