

Fewer Than 90 Days Remain for Ontario Share Capital Social Clubs to Continue Out of the OCA or Face Dissolution

Non-Profit & Charities | Non-Profit and Charities | Not-for-profit Corporations Act (ONCA) | Ontario Corporations Act

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The deadline for share capital social clubs ("**Social Clubs**") to continue out of the *Corporations Act* (Ontario) (the "**OCA**") is October 19, 2026, leaving fewer than 90 days for affected corporations to complete the process.

The consequences of failing to act are significant. Social Clubs that do not continue out of the OCA by the upcoming October deadline will be immediately dissolved by the Ministry of Public and Business Service Delivery and Procurement (the "**Ministry**"). However, there are revival provisions which allow for a dissolved Social Club to apply for revival within 20 years of dissolution.

For Social Clubs that have not yet begun the continuance process, the complexity and impending deadline is increasingly concerning. A continuance is a highly technical corporate reorganization, and given the time left to complete the process, Social Clubs that have not yet begun may face difficulties meeting the deadline.

Unlike non-share capital corporations that were governed by the OCA, the *Not-for-Profit Corporations Act, 2010* (Ontario) (the "**ONCA**") does not automatically apply to Social Clubs. Social Clubs represent a small subset of corporations: social clubs incorporated with share capital and for social purposes. Golf clubs, curling clubs, and ski clubs are among the approximately 150 share capital social clubs operating in Ontario. However, only a portion of these organizations have completed the required continuance process.

Transition Process for Share Capital Social Clubs

We have [previously written](#) about the transition process for Social Clubs.

In brief, when the ONCA came into force on October 19, 2021, Social Clubs were provided with a five-year transition period to continue from the OCA into one of the following statutes:

- the ONCA;
- the Co-operative Corporations Act (Ontario); or
- the Business Corporations Act (Ontario) (the "**OBCA**").

Staying under the OCA is not an option for Social Clubs. Most Social Clubs have continued under the ONCA, while some have chosen to continue under the OBCA.

To continue, Social Clubs must obtain approval of the continuance by special resolution. This requires approval from the board of directors and confirmed by a two-thirds majority of the votes cast at a duly called shareholders meeting. Alternatively, a written resolution signed by all voting shareholders of the Social Club may be used, although in practice this may be nearly impossible if the Social Clubs have been in existence for many years due to the difficulty in tracking down all the shareholders.

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Key Challenges Regarding the Transition Process

Social Clubs undertaking a continuance commonly encounter several challenges:

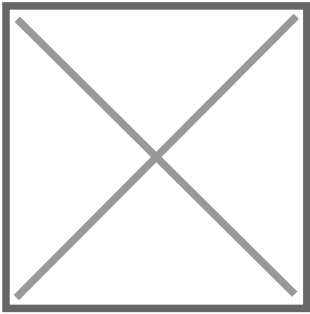
- First, many Social Clubs are decades old, and some have existed for more than a century. This can mean that the corporate records were not always perfectly maintained. There may be gaps in the record keeping, which can make the process of determining the current shareholders a difficult and lengthy exercise. In some cases, shares were transferable on death, and the shares of deceased shareholders had passed into the hands of their children or their estate.
- Second, many Social Clubs have issued different classes of shares with different voting rights. It is not always straightforward in determining who will be entitled to vote on the continuance.
- Third, shareholders may need to be compensated for their shares on cancellation. Determining which shareholders require compensation and how to compensate them is a complex matter. Social Clubs often require strategic advice regarding how to navigate convincing shareholders who are unhappy with the offered compensation to vote in favor of the continuance.
- Fourth, Social Clubs may have both shareholders and members. To continue, both members and shareholders, whose shares may be transformed into memberships, will need to be incorporated into the new corporate structure. It can take Social Clubs significant time and consultations to determine how the new corporate structure and membership should be organized.
- Fifth, accounting and tax law expertise may be required when a Social Club is considering the consequences of continuing to the ONCA, OBCA, or Co-operative Corporations Act (Ontario). This advice is particularly needed when there is significant capital to be addressed or if the Social Club is considering a change in its tax status (for example, moving from taxable to tax-exempt).
- Last, the complex technical aspects of a continuance are substantial and may surprise Social Clubs and practitioners unfamiliar with the process. Continuance requires numerous documents to be prepared and finalized. In addition, all approvals must be obtained in strict compliance with the OCA and the Social Club's existing governing documents.

Key Takeaway

With fewer than 90 days remaining before the October 19, 2026 deadline, Social Clubs that have not yet completed the continuance process should do so without delay. While the revival provisions provide some relief, Social Clubs should make every effort to complete their continuance before the deadline. A PDF version is available for download [here](#).

(This blog is provided for educational purposes only, and does not necessarily reflect the views of Gardiner Roberts LLP).

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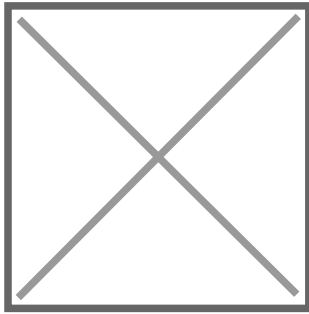


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