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To whom it may concern,

This letter is to express our views on Part A2: proposed amendments to the *Canada Not-for-Profit Corporations Act* (CNCA) set out in the Consultation paper: [Modernizing business law frameworks \(Red tape review\)](#). We thank the Ministry for this opportunity to follow up on [the input we provided](#) as part of the 2021 statutory review.

Comments on Part A2

We are pleased by and supportive of the following proposals in A2:

- 1 - Virtual & hybrid meetings: This proposal does indeed bring the Act in line with the lived reality of most nonprofits today.
- 4 - Ex officio director: This proposal eliminates an artificial barrier to a common and perfectly legitimate structure.
- 6 - Non-voting members: This is an especially important change as it allows nonprofits greater flexibility to include a wider range of interest-holders in their governance without fear of unintentional rights being conferred. It is regrettable that this change is coming only now given that so many organizations moved to a more closed membership structure over this issue.

We have no objection to the following proposals in A2:

- 2 - Name change: While this change of name away from return may help to alleviate confusion with tax filings, by referring to “updates” it gives the misleading impression that it need only be filed if there is a change to report. Nevertheless, in our view the confusion that a return need only be filed if there new information to update is prevalent anyway, so we have no objection.
- 3 - 1/3 Director appointment rule: Although in our 2021 comments, we advocated against this limitation, our views in this matter have softened and we drop our previous objections.

- 5 - Delegate voting: This change will be welcomed to the subset of nonprofits who have historically used this structure.
- 7 - Treatment of proxies: While there are some advantages to allowing proxy forms until the latest time possible, it can also lead to unwelcome confusions and compliance issues. We therefore have no objection to this proposal.
- 8 - Membership reimbursement: While the matter of membership refunds raise some potentially complex legal questions in practice with respect to contract and charity law, as a matter of corporate law, we view this proposal as merely a statement of the law as it currently stands and therefore does no harm.

In addition to the above, we are disappointed that the Ministry, especially given the long period of time since the statutory review, did not take this opportunity to make more fundamental improvements to the CNCA. In addition to our other 2021 recommendations not included among the proposals, we emphasize the enormous public policy value in replacing the soliciting corporation category with a public benefit corporation category including a permanent unalterable asset lock and other protections (e.g. limitations on employees as directors, public financial statements, and empowering beneficiaries to seek corporate law remedies).

This public benefit distinction would allow policy makers at all levels of government to better target public programs and benefits to entities that could provide greater assurance such public assets would be used for the public benefit in perpetuity.

About ONN

ONN is the independent nonprofit network for the over 58,000 nonprofits and charities in Ontario. We are focused on policy, advocacy, and services to strengthen the sector as a key pillar of our society and economy.

Please let us know if you have any questions. We are available to clarify any part of our submission. Thank you for your leadership on this issue.

Sincerely,



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