INTRODUCTION

Purpose and currency of checklist. This checklist is designed to be used with the CLIENT IDENTIFICATION, VERIFICATION, AND SOURCE OF MONEY (A-1), CLIENT FILE OPENING AND CLOSING (A-2), and SHAREHOLDERS' AGREEMENT DRAFTING (B-7) checklists. It deals with companies governed by the British Columbia *Business Corporations Act*, S.B.C. 2002, c. 57. The checklist is current to September 4, 2025.

A shareholders' agreement will change the dynamics among the shareholders of a company from those that exist under the basic corporate law. Majority shareholders should understand they will likely give up rights and powers they would have as the majority controlling the right to elect a majority of the board of directors. Minority shareholders will, in most cases, gain rights and powers they would not otherwise have as minority shareholders, provided that they too may give up or waive certain statutory rights that they would otherwise have. The majority should appreciate that their power as a majority could be effectively lost if, for example, they commit to allowing the board of directors to be composed of a majority of parties who do not comprise the majority of shareholders. Since the overall philosophy of a shareholders' agreement is to create a different balance of rights and obligations from that which would exist under the corporate law without such an agreement, the lawyers involved should carefully weigh the rights gained with those given up by their clients in such an agreement. Further, the business understanding among the shareholders should be thoroughly understood so that it is properly reflected in the agreement and in the relative shareholdings among the shareholders.

LEGEND

Checkbox

Important Reminder

Deadline or Limitation Date

NEW DEVELOPMENTS

- **Investment Canada Act.** Recent amendments to the *Investment Canada Act*, R.S.C. 1985, c. 28 (1st Supp.) and changes to policy announced by the Minister of Innovation, Science and Industry (the "Minister") continue to address changing threats that can arise from foreign investment.
  - **Modernization.** *An Act to Amend the Investment Canada Act*, S.C. 2024, c. 4 received Royal Assent on March 22, 2024, with certain amendments coming into force September 3, 2024. The amendments further the Minister's ability to detect, review, and restrict foreign investments that are potentially injurious to Canadian national security.
  - **Investment digital media sector.** Foreign investors and Canadian businesses in the investment digital media sector (the "IDM sector") must review their investment plans for potential connections to entities owned or influenced by hostile foreign states and consult with Innovation, Science and Economic Development Canada's Investment Review Division at least 45 days before implementing any investment. Foreign investors in Canada's IDM sector must ensure their investments support the creation and retention of Canadian intellectual property and comply with stringent undertakings and possible reviews for net benefit by the Minister of Canadian Heritage, focusing on maintaining Canadian control and cultural expression.
  - **Guidelines on the National Security Review of Investments.** On March 5, 2025, the Minister announced updates to the *Investment Canada Act* Guidelines on National Security Review of Investments. These guidelines set out the process for reviewing foreign investments, such as the establishment or acquisition of a Canadian business, to determine whether they pose a risk to Canada's national security based on the factors identified in the guidelines.

  - **Net benefit review thresholds.** For minimum enterprise values or asset values of Canadian businesses triggering a review to determine whether a foreign investment is likely to result in a net benefit to Canada, see the net benefit review thresholds effective for 2025.

- **Mandatory disclosure regime to report transactions.** Enhanced mandatory disclosure rules under ss. 237.3 to 237.4 of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.) consist of changes to the existing reportable transaction rules and a new rule to report "notifiable transactions". These rules apply to transactions occurring after June 21, 2023. Members of the legal profession are caught by the rules through the definition of an "advisor" and are therefore exposed to the possibility of substantial penalties. Legal professionals are currently exempt from the rules pending determination of the Federation of Law Societies' of Canada's challenge to the constitutionality of these rules on the grounds that they infringe the *Canadian Charter of Rights and Freedoms*, Part I of the *Constitution Act*, 1982, being Schedule B to the *Canada Act* 1982 (U.K.), c. 11 (specifically, that the rules create potential conflicts of interest between legal professionals and their clients). Other parties, such as clients and accountants, are not exempt from the rules. Lawyers should consider advising their clients to consult with accountants and other professionals, such as tax counsel, on their obligations as well as updating their reporting correspondence.

- **Transparency register.** Private companies incorporated under the *Business Corporations Act* must create and maintain a "transparency register" of information about "significant individuals" (as defined by s. 119.11 of the *Business Corporations Act*). Consult the *Business Corporation Act* and British Columbia government websites to confirm compliance. Under the *Business Corporations Amendment Act, 2023*, S.B.C. 2023, c. 20, expected to take effect in fall 2025, private British Columbia companies will be required to file their transparency register information online with the BC Business Registry: (i) within six months of incorporation, amalgamation, restoration, or continuation; (ii) within 15 days of the company becoming aware of any changes to its transparency register; and (iii) annually (within prescribed period yet to be announced). For further information, see the Government of British Columbia's website and the associated modernization updates.
- ***Canada Business Corporations Act.*** Amendments to the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 (the "*CBCA*"), which took effect August 31, 2022, require distributing corporations (generally only public companies which are governed under the *CBCA*) to comply with new requirements with respect to the election of directors. Note the amendments in s. 106 of the *CBCA*, with respect to "majority voting" and "individual election" requirements. Accordingly, if a *CBCA* company is being incorporated, and particularly if it may become a reporting issuer, attention should be given to the company's articles with respect to electing and appointing its directors. As of January 22, 2024, corporations created under the *CBCA* are required to file information regarding individuals with significant control ("ISC") with Corporations Canada and to keep a copy of their ISC register with their corporate records.

- **Purpose-built rental exemption.** Effective January 1, 2024, certain new purpose-built rental buildings are exempt from the further 2% property transfer tax applied to residential property values that exceed $3,000,000 and meet the eligibility requirements.

- ***Competition Act.***
  - **Provisions related to restrictive covenants and exclusivity clauses.** Landlords and tenants may negotiate restrictive covenants and exclusivity clauses in their leases to: control tenant use and tenant mix; grant a tenant the exclusive right to conduct certain activities; and restrict other tenants from conducting those activities. Amendments to the *Competition Act*, R.S.C. 1985, c. C-34 (the "*Competition Act*") came into effect on December 15, 2023. The Competition Bureau of Canada issued "*Competitor Property Controls and the Competition Act*", dated June 4, 2025, which outlines the Competition Bureau's enforcement approach to competitor

property controls under the *Competition Act* following Royal Assent of Bill C-56 (https://competition-bureau.canada.ca/en/how-we-foster-competition/education-and-outreach/publications/competitor-property-controls-and-competition-act). The Competition Bureau has taken the position that restrictive covenants and exclusivity clauses may amount to property controls insulating firms from competition, thereby falling under the "abuse of dominance" and the "anti-competitive collaboration" provisions under ss. 78 and 90.1 of the *Competition Act*, respectively. Lawyers should review the *Competition Act* and the Competition Bureau's guidance to determine whether any such restrictive covenant or exclusivity clause granting a tenant exclusive rights to carry on a particular activity, or restricting certain tenants from carrying out certain activities, amounts to a "competitor property control" subject to risk enforcement action by the Competition Bureau before the Competition Tribunal. Upon determining that a competitor property control is contrary to the *Competition Act*, the Competition Bureau may seek remedies including: prohibiting the terms of the competitor property control and its enforcement; requiring other measures to restore competition where necessary; and seeking administrative monetary penalties. Where a competitor property control raises issues under s. 90.1 of the *Competition Act*, the Competition Bureau will consider all parties to the agreement to be potential targets of its investigation (tenants and landlords alike).

  - **Greenwashing provisions.** The *Competition Act* added new provisions that took effect June 20, 2024. The new provisions require companies making environmental claims about their products or services to support these claims with adequate and proper testing. Furthermore, any statements regarding the environmental benefits of a business or its activities must be substantiated using "internationally recognized methodologies". On June 5, 2025, the Competition Bureau issued guidance detailing its expectations (e.g., what constitutes a recognized methodology, and principles for substantiation and future-oriented claims), though the guidelines are not binding.

- ***Business Practices and Consumer Protection Act.*** Bill 4, the *Business Practices and Consumer Protection Amendment Act, 2025* received Royal Assent on March 31, 2025. The consequential amendments will come into force by regulation and are expected to introduce provisions that prohibit suppliers from mandating dispute resolution processes through consumer contract terms. Parties may still mutually agree to submit to arbitration or another form of dispute resolution.

- **Removing oneself as a director.** Effective May 4, 2023, a person who claims not to be a director but who is recorded as a director in a company's notice of articles may, on notice to the company, apply to the registrar for the removal of their name and address from the company's notice of articles (*Business Corporations Act*, s. 127.1, as amended B.C. Reg. 114/2023). On application, the registrar must alter the company's notice of articles if the applicant provides satisfactory proof that they are not a director of the company, and the company failed to file a notice of change of directors with the registrar.

- **Resolutions upheld despite being made during annual general meeting not called in accordance with company's articles.** In *Yinghe Investment (Canada) Ltd. v. CCM Investment Group Ltd.*, 2024 BCCA 285, a dispute arose when an annual general meeting was held without proper adherence to the company's articles (the meeting was called by a single director instead of the required plural "directors"). The court found that the chambers judge did not err in exercising his discretion under s. 229 of the *Business Corporations Act*, as the decision to allow certain resolutions to stand was made in the company's best interests.

- ***Income Tax Act.*** Amendments to the *CBCA* that took effect November 2, 2023, authorize the communication of certain taxpayer information to an official of the Department of Industry for the purpose of verifying and validating the data that must be filed by certain private corporations under s. 21.21 of the *CBCA* in relation to the corporate beneficial ownership registry.

- **Forced sale provisions and anti-deprivation rule.** In *ATB Financial v. Mayfield Investments Ltd.,* 2025 ABKB 61, the court declared a forced sale provision triggered by the bankruptcy of a shareholder to be void and unenforceable, as it violated the anti-deprivation rule. While not yet considered by courts in British Columbia a similar outcome is possible and this case should accordingly be considered when drafting shareholders agreement.
- **Amendments to the *Land Title Act* and *Property Law Act*.** The *Land Title and Property Law Amendment Act, 2024*, S.B.C. 2024, c. 9 came into force May 21, 2024, amending the *Land Title Act*, R.S.B.C. 1996, c. 250 and the *Property Law Act*, R.S.B.C. 1996, c. 377. The amendments recognize the power and capacity of a First Nation to hold, acquire, and dispose of land in the name of the First Nation as owner and register its ownership in the land title office in its First Nation name.

OF NOTE

- **Aboriginal law.** Special considerations apply to businesses involving Indigenous persons and lands belonging to First Nations. While significant tax and other advantages may be available under the *Indian Act*, R.S.C. 1985, c. I-5, such advantages are affected by the following: the type of business; transaction nature; business entity (sole proprietorship, partnership, joint venture, trust, or incorporated company); location of business activity (either on or off First Nations lands); and the specific First Nation and its applicable governance. Effective May 11, 2023, the *Treaty First Nation Property Taxation Enabling Act*, S.B.C 2007, c. 38, and the *Nisga'a Final Agreement Act*, S.B.C. 1999, c. 2 were amended to authorize treaty First Nations and the Nisga'a Nation, respectively, to implement exemptions from property taxes in relation to the ownership or occupation on their lands. Further amendments to the *Treaty First Nation Property Taxation Enabling Act* and the *Nisga'a Final Agreement Act* became effective on April 25, 2024, authorizing treaty First Nations and the Nisga'a Nation to impose property taxes on the interests of non-members in accordance with that First Nation's real property tax agreement during the 2025 taxation year and thereafter. Businesses engaging in activities on First Nations lands, lands subject to treaty rights, or lands over which there are claims of Aboriginal rights or title are strongly encouraged to familiarize themselves with applicable laws and policies. Consider seeking the advice of a lawyer who has experience in Aboriginal law matters. Further information on Aboriginal law issues is available on the "Aboriginal Law" page on the "Practice Areas" section of the Continuing Legal Education Society of British Columbia website (www.cle.bc.ca) and in other CLEBC publications. See also *Negotiating & Structuring Business Transactions with First Nations 2011* (CLEBC, 2011) as well as M.J. MacDonald, "First Nations Partnerships", in *Working with Partnerships 2016* (CLEBC, 2016), available through CLEBC Courses on Demand.
- **Money laundering—companies, trusts, and other entities.** As a means of laundering money, criminals use ordinary legal instruments, (such as shell and numbered companies, bare trusts, and nominees) in the attempt to disguise the true owners of real property, the beneficial owners. These efforts can be hard to detect. As such, lawyers must assess the facts and context of the proposed retainer and financial transactions. Lawyers should be aware of red flags, and if a lawyer has doubts or suspicions about whether they could be assisting in any dishonesty, crime, or fraud, they should make enough inquiries to determine whether it is appropriate to act and make a record of the results of their inquiries (*BC Code* rules 3.2-7 and 3.2-8 and Law Society Rules 3-103(4)), 3-109, and 3-110). See the anti-money laundering resources on the Law Society's "Client ID & Verification" webpage, including: "Forming Companies and Other Structures–Managing the Risk"; "Source of Money FAQs"; "Risk Assessment Case Studies for the Legal Profession"; "Red Flags Quick Reference Guide"; "Risk Advisories for the Legal Profession"; and free online Law Society and Federation of Law Societies of Canada courses. Also see the Discipline Advisories (an updated list can be found at www.lawsociety.bc.ca/for-lawyers/discipline-advisories/), which include topics such as Securities fraud: Micro-cap stocks, Client ID and Verification, Country/geographic risk and Private lending. Lawyers may contact a Law Society practice advisor at practiceadvice@lsbc.org for a consultation about the applicable *BC Code* rules and Law Society Rules and obtain guidance.

- **Tax alert.** As some aspects of a shareholders' agreement may have significant tax implications for the parties, it is recommended the parties seek advice from their respective tax advisors.
- **Law Society of British Columbia.** For changes to the Law Society Rules and other Law Society updates and issues "of note", see LAW SOCIETY NOTABLE UPDATES LIST (A-3).
- **Additional resources.** For more information about shareholders' agreement procedures, see the *British Columbia Company Law Practice Manual*, 2nd ed. (CLEBC, 2003–); *Company Law Deskbook* (CLEBC, 2006–); and *Advising British Columbia Businesses* (CLEBC, 2006–).

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1.	**INITIAL CONTACT**	
1.1	Conduct a conflicts of interest check and refer to the CLIENT FILE OPENING AND CLOSING (A-2) checklist.	☐
1.2	Arrange the initial interview.	☐
1.3	Ask the client to bring to the initial interview all relevant information, such as incorporation documents, notice of articles and articles, financial information, and any existing agreements to which the company or the shareholders are party (particularly if the company is already in existence).	☐
1.4	Confirm compliance with Law Society Rules 3-98 to 3-110 for client identification and verification and the source of money for financial transactions, and complete the CLIENT IDENTIFICATION, VERIFICATION, AND SOURCE OF MONEY (A-1) checklist. Consider periodic monitoring requirements (Law Society Rule 3-110).	☐
1.5	Know your client, understand the client's financial dealings in relation to the retainer and manage any risks arising from your professional business relationship. Criminals sometimes use corporations and trusts to facilitate complex money laundering schemes. Consult the LAW SOCIETY NOTABLE UPDATES LIST (A-3) for resources to assist you in combatting money laundering, and in particular, note the risk advisory for shell corporations and case studies with respect to the creation and management of trusts and companies. Consider the *Code of Professional Conduct for British Columbia* (the "*BC Code*"), rules 3.2-7 to 3.2-8 and their commentaries and Law Society Rules 3-109 and 3-110.	☐

1.6	Discuss the terms of your retainer and the calculation of your fee. Refer to the CLIENT FILE OPENING AND CLOSING (A-2) checklist. Clarify your role and that of other advisors to the client. Make it clear for whom you are acting. The determination of who you will be acting for requires careful consideration. If you will be retained by more than one shareholder of the company, comply with *BC Code* rules 3.4-5 to 3.4-9, and refer to item 2.4 in the CLIENT FILE OPENING AND CLOSING (A-2) checklist. It would rarely be possible to act for all shareholders jointly in settling a shareholders' agreement and be in compliance with *BC Code* rule 3.4-5. Since all of the parties to the agreement will not have the same interests, the usual way to proceed is to act for one party (or more than one if it is reasonably determined that they have the same interests) and urge the others, in writing, to seek independent legal representation (*BC Code*, rule 7.2-9). If you are acting for a company, unless acting under a joint retainer, be clear that you are acting for the company and not for individuals associated with the company, such as the shareholders or directors (*BC Code,* rule 3.2-3).	☐

2.	**INITIAL INTERVIEW**	
2.1	Discuss the background of the parties and their relationship, including their relative ages, the relative importance of the parties to the business of the company and their respective financial positions, the business of the company, the general nature of the proposed agreement as your client understands it, and your client's objectives and expectations.	☐
2.2	If the company has not been incorporated:	☐
	.1 Find out who will be drawing up the incorporation documents. If you are instructed to handle the incorporation, refer to the INCORPORATION—BUSINESS CORPORATIONS ACT PROCEDURE (B-5) checklist.	
	.2 If the company is to be a party to the shareholders' agreement, consider the need for a pre-incorporation agreement whereby the parties covenant to cause the company to enter into the agreement when it is incorporated.	
2.3	Review and discuss the notice of articles and articles (or proposed notice of articles and articles), including matters such as:	☐
	.1 The fact that, without a shareholders' agreement, the company is managed pursuant to the *Business Corporations Act*, S.B.C. 2002, c. 57 (the "*BCA*") and the articles. Consider how this differs from what the client proposes.	
	.2 Whether it is preferable to include certain provisions in the articles or in the shareholders' agreement, bearing in mind such considerations as:	
	(a) Amendment procedures in each case. For example, the *BCA* may provide a minimum level of shareholder approval for certain matters, which could be increased to unanimous approval in a shareholders' agreement or possibly the articles.	
	(b) The effect of the provision in *BCA*, s. 136, that directors are obliged to manage, subject to the articles (i.e., if it is proposed that the directors' powers be transferred pursuant to s. 137, this must be done in the articles).	

	.3 Whether the articles raise any problems with respect to provisions that might be included in the shareholders' agreement. For example, a pre-existing company is subject to restrictions on the allotment and purchase or redemption of shares, unless it has amended its articles to remove the pre-existing company provisions. Also, the pre-existing company provisions specify that a special resolution requires a 3/4 majority of those entitled to vote. Such restrictions do not apply to a company incorporated under the *BCA*, so it may be desirable to add this to a shareholders' agreement. In addition, there are a number of provisions that must be in the articles to be effective (e.g., if it is proposed that the company buy back or redeem its own shares, ensure that it has authority under its articles to do so, and specify whether it must be done on a pro rata basis).	
2.4	If you are representing a minority shareholder, ensure that they are protected as much as is consistent with the interests of the parties and efficient management (and vice versa with respect to a majority shareholder).	☐
2.5	Discuss in detail the proposed agreement, referring to the clauses set out in the SHAREHOLDERS' AGREEMENT DRAFTING (B-7) checklist. Include points such as:	☐
	.1 Management of the company and the role of the shareholders:	
	(a) In general, who are the directors and employees, who has banking authority, who is responsible for day-to-day management, and how are major decisions made under the *BCA*?	
	(b) If there is a corporate shareholder, how will it be represented, and what will be the effect of various circumstances such as the death of the representative or a change of corporate control?	
	(c) Will all shareholders be and remain actively involved in management? If your client is not going to be actively involved, advise your client to keep informed of financial affairs. Consider the desirability of your client being a signing officer for banking purposes or the inclusion of certain reporting requirements and audit rights.	
	(d) Will your client be an officer or director? If so, advise regarding duties and potential liability. The potential liability of directors is an evolving area of law and care should be taken to ensure your client is made aware of their duties. Consider whether the company will obtain directors' and officers' liability insurance.	
	(e) Will your client be an employee of the company? If so, consider the need for a separate employment contract (possibly tied to the shareholders' agreement) or for employment clauses in the agreement.	
	(f) Consider s. 137 of the *BCA*, which permits the articles to transfer the directors' powers to manage to one or more persons. Consider incorporating provisions in the articles transferring power to manage to shareholders, then deal with management in the shareholders' agreement.	
	(g) Consider how to balance the need for protecting minority rights against the discretion of the directors to manage. Consider how to avoid deadlocks, and whether to increase the minimum level of shareholder approval, if any, required under the *BCA* for decisions on certain matters.	

	.2 Financing:	
	(a) In general, consider how much money is needed for the proposed venture; for what purposes is it to be spent (on what, how much, when); how the company is going to be financed; what the composition of the share capital will be; if shareholders put money or other assets or contributions into the company by share subscription or by way of loan, and on what terms (including any security), will shareholders be required to make contributions in certain circumstances (e.g., majority decision of directors, or a major decision of shareholders requiring a specified majority); how shareholders will have their investment returned.	
	(b) If the client has not already done so, advise the client to discuss financing issues with a financial advisor (e.g., the prospective accountant/auditor).	
	(c) Consider advising your client to meet with the other parties and draw up a *pro forma* budget. This might be attached to the shareholders' agreement as a statement of intention.	
	(d) Discuss methods by which shareholders can get a return from the company (e.g., salary, interest payments on loans, repayment of loans, dividends).	
	.3 Restrictions on transfer of shares and pre-emptive rights:	
	(a) In general, whether there are to be any restrictions on transfers of shares and, if so, in what circumstances and why such restrictions are needed, particularly to qualify for the private issuer exemption under the *Securities Act*, R.S.B.C. 1996, c. 418.	
	(b) Advise regarding prohibitions on transfer of shares, and that restrictive clauses are likely to be narrowly construed.	
	(c) Advise regarding rights of first refusal, whether such rights are triggered by having received an offer or not; and drag-along and piggy-back rights (should the company or the other shareholders have the first right of purchase?).	
	.4 Consequences of certain types of events:	
	(a) In general, discuss various types of events that might occur, and the desired consequences. Determine whether the consequences will be optional or mandatory.	
	(b) Events to consider include: death, termination of employment, shareholder intentions to sell shareholdings, retirement, incapacity, bankruptcy, default under the shareholders' agreement or an employment contract, change in control of a corporate shareholder, application under the *Family Law Act*, S.B.C. 2011, c. 25, against a shareholder for a division of their shares in the capital of the company, etc.	
	(b) Cover all circumstances in which a shareholder can force the company or the other shareholders to buy such shareholder out, and in which the company or other shareholders can force a shareholder to sell to it or them.	
	(c) If the company has non-Canadian resident shareholders, consider the effect that any rights to acquire shares in favour of the non-resident shareholder(s) will have on the company's Canadian-controlled private corporation status, if applicable.	

	.5 Where a sale to the company or the other shareholders is contemplated:	
	(a) Is the sale to the company, the shareholders, or both, and, if it is to both, how will this be handled (e.g., priority, procedures, timing)?	
	(b) How will the purchase be funded and paid?	
	(c) What standard representations, warranties, covenants, etc. should be included in any purchase and sale transaction (e.g., title, no encumbrances)? Should there be standard terms relating to guarantees, closing arrangements, indebtedness, resignations, third-party approvals, non-competition clauses, restrictive covenants?	
	.6 Valuation (calculation of purchase price, etc. in various circumstances, e.g., minority discount, control premium):	
	(a) Values or methods for calculating values should be set out in the shareholders' agreement and should be practical, reasonable, and certain.	
	(b) Advise the client to consult a chartered business valuator or an accountant for the most appropriate methods.	
	.7 Mechanisms for dispute resolution (e.g., a "shotgun" or compulsory purchase clause, dissolution of the company, obligation to negotiate or mediate first, then arbitrate). Consider the appropriateness of the various mechanisms in light of financial resources of the parties and disparity in respective shareholdings.	
2.6	Advise regarding the tax consequences of the proposed provisions, or advise the client to get specialized tax advice (particularly with respect to provisions dealing with purchase of the interest of a deceased shareholder).	☐
2.7	Ensure that the proposed provisions are workable and reasonable in the circumstances.	☐
2.8	Where the client has not already done so, advise the client to discuss the various issues with the other parties and reach a satisfactory solution that will ensure continuing fairness to all parties, and to inform you of the results. Consider whether a term sheet setting out the high-level business terms is appropriate in the circumstances. A term sheet will assist the parties with ensuring that they have alignment on the key business terms in advance of drafting the definitive shareholders' agreement.	☐
2.9	Get instructions to proceed with drafting the shareholders' agreement and, if appropriate, an employment contract.	☐

3.	**AFTER THE INITIAL INTERVIEW**	
3.1	Confirm your retainer. Refer to the CLIENT FILE OPENING AND CLOSING (A-2) checklist.	☐
3.2	Confirm compliance with Law Society Rules 3-98 to 3-110 on client identification and verification (see item 1.4 in this checklist).	☐

3.3	If the client is a company, verify who has the authority to give instructions (*BC Code*, rule 3.2-3, Commentary [1]). Consider obtaining a directors' resolution confirming your retainer and giving one director or officer the authority to instruct you. Communicate with counsel representing the other parties that you are acting for your client. If other parties are unrepresented, urge them in writing to obtain independent legal representation. Make it clear to the other parties that you are not protecting their interests and that you are acting exclusively in the interests of your client: see *BC Code* rule 7.2-9.	☐
3.4	Conduct any relevant searches, including a company search for each corporate party and a detailed search (refer to item 3.5 of the ASSET PURCHASE PROCEDURE (B-1) checklist) where the company which is the subject of the agreement is already in business.	☐
3.5	Consider legislation in other relevant jurisdictions (e.g., where the company or any corporate party carries on or intends to carry on business).	☐
3.6	Open a document file and retain successive drafts of the agreement. Open a separate sub-file for each major document required in the matter.	☐

4.	**DRAFTING THE AGREEMENT**	
4.1	Prepare an outline of the agreement, indicating the clauses from your precedent file which will be included (see the SHAREHOLDERS' AGREEMENT DRAFTING (B-7) checklist). Also prepare an outline of any other documents required, such as an employment contract.	☐
4.2	Prepare the first draft.	☐
4.3	Review the first draft, checking each segment to ensure that it achieves the client's objectives, and checking the document as a whole to ensure that it is internally consistent. Make necessary corrections and prepare the second draft.	☐
4.4	Go over the next draft(s) with the client or send to the client with a request that the client review it and note any changes or questions. Discuss changes or questions.	☐
4.5	Make any changes required to the second draft and send copies to the other parties or their solicitors for comment. Review any alterations with the client.	☐
4.6	After all drafts are reviewed and finalized, prepare the final agreement (and employment contract) and arrange for signing.	☐
4.7	Prepare and execute resolutions of the directors of the company (and, if your client is a corporate shareholder, your client) approving the agreement and authorizing a director or officer to execute and deliver the agreement on behalf of the company (or your client, as the case may be).	☐
4.8	Ensure that each party receives an executed copy of the agreement. Arrange for the company's copy to be filed in its minute book in a section not accessible to the public.	☐
4.9	Place any required legends on share certificates.	☐

5.	CLOSING THE FILE	
5.1	Prepare a reporting letter and account as soon as practicable after closing. Advise that changes in circumstances, legislation (e.g., tax law), insurance requirements, valuations (if applicable), etc. make it essential that the agreement be reviewed from time to time. Ascertain whether the client wishes to meet with you for this purpose from time to time and, if so, make entries in your diary and "BF" systems.	☐
5.2	Place a copy of the agreement in the company's minute book.	☐
5.3	If the agreement requires that the share certificates have a legend referring to the agreement, ensure that the legend is placed on the certificates.	☐
5.4	Close the file. See the CLIENT FILE OPENING AND CLOSING (A-2) checklist.	☐