

The Labour-sponsored Venture Capital Corporations Regulations

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Chapter L-0.2 Reg 1 (effective May 11, 1988) as amended by Saskatchewan Regulations [146/1992](#), [96/1993](#), [29/1997](#), [71/1999](#), [7/2003](#), [42/2003](#), [111/2004](#), [133/2005](#), [126/2008](#), [44/2012](#), [10/2014](#), [2/2015](#), [73/2017](#), [29/2019](#) and [54/2025](#).

NOTE:

This consolidation is not official. Amendments have been incorporated for convenience of reference and the original statutes and regulations should be consulted for all purposes of interpretation and application of the law. In order to preserve the integrity of the original statutes and regulations, errors that may have appeared are reproduced in this consolidation.

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CHAPTER L-0.2 REG 1

The Labour-sponsored Venture Capital Corporations Act

Title

1 These regulations may be cited as *The Labour-sponsored Venture Capital Corporations Regulations*.

Interpretation

2(1) In these regulations, “**Act**” means *The Labour-sponsored Venture Capital Corporations Act*.

(2) For the purposes of the Act and these regulations:

(a) “**aggregate equity shares**” means the total amount of capital raised by all Type A corporations;

(b) “**agricultural land**” means land that the minister is satisfied is used primarily for agricultural, livestock or horticultural production;

(c) “**annual net capitalization**” means capital raised in any fiscal year minus capital redeemed in that fiscal year;

(d) “**arm’s-length**”, in relation to dealings between persons, does not include dealings between:

(i) related persons;

(ii) a Type B corporation and an eligible business if:

(A) a shareholder in the Type B corporation owns 10% or more of the capital stock of the eligible business; or

(B) a shareholder in the eligible business owns 10% or more of the capital stock of the Type B corporation;

(iii) a Type B corporation and an eligible business if the Type B corporation owns more than 49% of the equity shares of the eligible business;

(e) “**fiscal year**” means, except in subclause 10(3.1)(b)(ii), the period commencing on April 1 in one year and ending on March 31 in the following year.

13 May 88 cL-0.2 Reg 1 s2; 29 Oct 99 SR
71/1999 s3; 26 Nov 2004 SR 111/2004 s3; 6 Jly
2012 SR 44/2012 s3; 11 Apr 2014 SR 10/2014 s3;
18 Apr 2019 SR 29/2019 s3.

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Labour associations

2.1 For the purposes of clause 2(1)(o) of the Act, an unincorporated association formed by the employees of an employer for the purpose of incorporating a corporation is a labour association if:

- (a) the association is formed by a declaration that is signed by not less than five and not more than 500 employees; and
- (b) the declaration designates one or more individuals who may execute articles of incorporation on behalf of the association.

9 May 97 SR 29/97 s3; 26 Nov 2004 SR 111/2004 s4.

Maximum number of employees

3(1) In this section and in section 10, “**number of employees in Saskatchewan**” with respect to a corporation means the number of employees determined pursuant to subsection (3).

(2) For the purposes of clause 2(1)(f) of the Act, the maximum number of employees in Saskatchewan that a corporation may have to qualify as an eligible business is 500.

(3) For the purposes of this section and section 10, the number of employees in Saskatchewan of a corporation is to be determined by adding:

- (a) the number of employees who are employed in Saskatchewan by the corporation and who normally work at least 20 hours per week for the corporation;
- (b) the number of employees who are employed in Saskatchewan by related corporations of the corporation and who normally work at least 20 hours per week for those related corporations;
- (c) one half of the number of employees who are employed in Saskatchewan by the corporation and who work less than 20 hours per week for the corporation; and
- (d) one half of the number of employees who are employed in Saskatchewan by related corporations of the corporation and who work less than 20 hours per week for those related corporations.

(4) **Repealed.** 26 Nov 2004 SR 111/2004 s5.

21 Feb 2003 SR 7/2003 s3; 26 Nov 2004 SR 111/2004 s5.

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Annual aggregate consideration

3.1 In the case of a Type A corporation:

- (a) the corporation's equity shares may be issued for an annual consideration of not more than:
 - (i) \$55,000,000, for the fiscal years 2011-12 and 2012-13;
 - (ii) \$40,000,000, for the fiscal years 2013-14 to 2017-18; and
 - (iii) \$35,000,000, for the fiscal year 2018-19 and subsequent fiscal years;
- (b) all the corporations' aggregate equity shares combined may be issued for an annual consideration of not more than:
 - (i) \$80,000,000, for the fiscal years 2013-14 to 2017-18; and
 - (ii) \$70,000,000, for the fiscal year 2018-19 and subsequent fiscal years.

11 Apr 2014 SR 10/2014 s4; 7 Jly 2017 SR
73/2017 s3.

Restrictions on redemption

- 4(1) For the purposes of subclause 5(e)(i) of the Act, the period during which a corporation shall not redeem or purchase eligible equity shares is the period from the sixty-first day from the date of issue of the shares until the expiry of eight years from the date of issue.
- (2) For the purposes of subclause 5(e)(ii) of the Act, the right of a holder of eligible equity shares to redeem those shares does not arise:
 - (a) except on the death of the holder; or
 - (b) until the date that is 30 days before eight years from the date of issue.
- (3) For the purposes of subclauses 5(e)(i) and (ii) of the Act and notwithstanding subsections (1) and (2), a Type B corporation may provide in its articles of incorporation for:
 - (a) the Type B corporation to redeem or purchase; or
 - (b) the holder to require the Type B corporation to redeem;

eligible equity shares held by an individual who was an employee of an eligible business in which the Type B corporation has invested its equity capital at any time after the employee leaves the employment of the eligible business.

13 May 88 cL-0.2 Reg 1 s4; 9 May 97 SR 29/97
s4; 26 Nov 2004 SR 111/2004 s7; 11 Apr 2014
SR 10/2014 s5.

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Valuation of shares

5 For the purposes of subclause 5(e)(viii) of the Act, the corporation shall value eligible equity shares:

- (a) at fair market value; and
- (b) on:
 - (i) an annual basis; or
 - (ii) any periodic basis prescribed in the articles of incorporation of the corporation.

13 May 88 cL-0.2 Reg 1 s5.

Remuneration of shareholder, etc.

6 For the purposes of clause 5(i) of the Act, it is a condition that the articles of incorporation of the corporation are to prohibit the payment of any fee or remuneration to a shareholder, director or officer of the corporation unless the payment has been first approved by resolution of the shareholders of the corporation.

13 May 88 cL-0.2 Reg 1 s6.

Money forgone by tax credit

7 For the purposes of subsection 6(4) of the Act, the maximum amount of money that may be forgone by tax credit is:

- (a) \$22,200,000, for the fiscal years 2011-12 and 2012-13;
- (b) \$16,200,000, for the fiscal years 2013-14 to 2017-18; and
- (c) \$12,450,000, for the fiscal year 2018-19 and subsequent fiscal years.

11 Apr 2014 SR 10/2014 s6; 7 Jly 2017 SR
73/2017 s4.

Period before approval to dissolve

8 For the purposes of subsection 8(2) of the Act, the period during which a labour-sponsored venture capital corporation may not apply for approval to dissolve or wind-up its affairs and business is eight years from the date of the last issue of equity shares by the corporation.

11 Apr 2014 SR 10/2014 s7.

Eligible investments, Type A corporations

9(1) For the purposes of section 9 of the Act and in this section:

- (a) **“innovation activity”** means an activity that is approved by the minister and for which the Type A corporation seeking approval has provided the minister with evidence to satisfy the minister that:
 - (i) the activity is carried out by an eligible business whose principal business is directly related to one or more of the following sectors:
 - (A) clean or environmental technology;
 - (B) health and life sciences;
 - (C) crop and animal sciences;

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- (D) industrial biotechnology;
- (E) information and communication technology; or
- (ii) the activity:
 - (A) is carried out by an eligible business;
 - (B) involves technical risk, productivity improvement or the application of a technology, process or innovation that is new to Saskatchewan; and
 - (C) facilitates growth, supports trade or exports or enhances Saskatchewan's competitiveness;

(b) **“net equity capital”** means, with respect to a fiscal year, the equity capital raised by a Type A corporation in the fiscal year less the equity capital redeemed by the Type A corporation in that fiscal year.

(1.1) For the purposes of subsection 9(1) of the Act, a Type A corporation shall invest a minimum of 75% of its equity capital in investment instruments issued by eligible businesses.

(1.2) For the purposes of subsection 9(5) of the Act, the prescribed portion of equity capital required to be invested by a Type A corporation in investment instruments issued by eligible businesses engaged in an innovation activity is:

- (a) with respect to its net equity capital for the 2014-15 fiscal year, 11.25%;
- (b) with respect to its net equity capital for the 2015-16 fiscal year, 15%; and
- (c) with respect to its net equity capital for the 2016-17 fiscal year and for each subsequent fiscal year, 18.75%.

(2) A Type A corporation shall invest any equity capital not invested in accordance with subsection (1) in any security or class of securities authorized for investment of moneys in the general revenue fund pursuant to *The Financial Administration Act, 1993*.

26 Nov 2004 SR 111/2004 s9; 13 Feb 2015 SR
2/2015 s2.

Prohibitions

10(1) For the purposes of clause 11(1)(b) of the Act, the following are prohibited investments:

- (a) an investment instrument of an eligible business that pays, and in the taxation year preceding the investment paid, less than 25% of all of its wages and salaries to employees of its permanent establishment in Saskatchewan;
- (b) an investment instrument of an eligible business that has provided financial assistance, as described in subsection (5), from equity capital received from a labour-sponsored venture capital corporation to the shareholders of a labour-sponsored venture capital corporation or the eligible business;
- (c) in the case of Type A corporations, an investment instrument of any corporation with over \$500,000,000 in capitalization;

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- (d) an investment instrument of any corporation that is primarily involved in owning, leasing or custom farming agricultural land;
 - (e) an investment instrument of any corporation that has more than 500 total employees.
- (2) For the purposes of clause 11(2)(b) of the Act, but subject to subsections (3) and (4), if an investment of a labour-sponsored venture capital corporation ceases to be an eligible investment, the investment is deemed to remain an eligible investment for two years from the date it ceases to be an eligible investment unless it became ineligible as a result of a prohibited transaction.
- (3) If the labour-sponsored venture capital corporation has invested money in an eligible business and that eligible business ceases to pay at least 25% of all of its wages and salaries to employees of its permanent establishment in Saskatchewan:
- (a) the labour-sponsored venture capital corporation shall not make any additional investment in that eligible business, unless the labour-sponsored venture capital corporation satisfies the minister that, due to financial hardship, the eligible business requires the investment; and
 - (b) the labour-sponsored venture capital corporation is not required to sell or dispose of the investments it made in the eligible business before the date the eligible business ceased to pay 25% of all of its wages and salaries to employees of its permanent establishment in Saskatchewan.
- (3.1) If the Type A corporation has invested money in an corporation and that eligible business, due to an acquisition, a takeover, a merger or any other event, becomes a prohibited investment pursuant to clause (1)(c):
- (a) the Type A corporation shall not make any additional investment in that corporation; and
 - (b) the Type A corporation shall sell or dispose of the investments it made in the corporation:
 - (i) in the case of investments made before November 20, 2012, on or before December 31, 2014; and
 - (ii) subject to subsection (3.2), in the case of investments made on or after November 20, 2012, on or before the date that is 60 months after the last day of the labour-sponsored fund's fiscal year in which the capitalization of the eligible business first exceeded \$500,000,000.
- (3.2) The minister may, on the request of a Type A corporation, extend the period mentioned in subclause (3.1)(b)(ii) by up to 6 months if the minister is satisfied that:
- (a) exceptional circumstances exist that would result in undue hardship if the sale or disposal of the investments were to occur within the initial 60-month period; and
 - (b) granting the extension is in the public interest.

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(4) If the labour-sponsored venture capital corporation has invested money in a corporation that, at the time of the investment, was an eligible business and, subsequent to the investment, the number of employees in Saskatchewan of the corporation exceeds 500:

(a) the labour-sponsored venture capital corporation shall not make any additional investment in that corporation, unless the labour-sponsored venture capital corporation satisfies the minister that, due to financial hardship, the corporation requires the investment; and

(b) the labour-sponsored venture capital corporation is not required to sell or dispose of the investments it made in that corporation before the date the number of employees in Saskatchewan of the corporation exceeded 500.

(4.1) On and after the day on which this subsection comes into force, if the labour-sponsored venture capital corporation has invested money in a corporation that, at the time of the investment, was an eligible business and, subsequent to the investment, the total number of employees of the corporation exceeds 500:

(a) the labour-sponsored venture capital corporation shall not make any additional investment in that corporation, unless the labour-sponsored venture capital corporation satisfies the minister that, due to financial hardship, the corporation requires the investment; and

(b) the labour-sponsored venture capital corporation is not required to sell or dispose of the investments it made in that corporation before the date the total number of employees of the corporation exceeded 500.

(5) For the purposes of subsection 11(3) of the Act, an eligible business shall not use any equity capital received by it from a labour-sponsored venture capital corporation for the purposes of providing any of the following types of financial assistance:

(a) a loan, guarantee, provision of security, or any other financial assistance to the shareholders of the labour-sponsored venture capital corporation;

(b) a dividend to shareholders of the eligible business..

26 Nov 2004 SR 111/2004 s10; 11 Apr 2014 SR
10/2014 s8; 18 Apr 2019 SR 29/2019 s4; 18 Jly
2025 SR 54/2025 s3.

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10.1 Repealed. 26 Nov 2004 SR 111/2004 s10.

Deduction from wages

11 For the purposes of section 14 of the Act:

- (a) an individual who is an eligible investor and has subscribed for eligible equity shares of a labour-sponsored venture capital corporation may give notice in writing to his employer requesting that his employer:
 - (i) deduct from his wages, salary, pay, commission or other compensation the amount specified in the notice for the period specified in the notice; and
 - (ii) pay the amount deducted to the labour-sponsored venture capital corporation specified in the notice; and
- (b) an employer who receives a notice mentioned in clause (a) shall make the requested deduction in accordance with the notice and pay the amount so deducted to the labour-sponsored venture capital corporation specified in the notice.

13 May 88 cL-0.2 Reg 1 s11; 24 Dec 92 SR
146/92 s3; 26 Nov 93 SR 96/93 s5.

Interest rate

12 For the purposes of clause 22(1)(d) of the Act, the prescribed rate of interest is the annual rate equal to the sum of:

- (a) the prime rate of the Bank of Canada as of the date set forth in the certificate; and
- (b) 2%.

13 May 88 cL-0.2 Reg 1 s12.

Fee

12.1 The fee payable pursuant to the Act for registration is \$100.

24 Dec 92 SR 146/92 s4.

12.2 Repealed. 26 Nov 2004 SR 111/2004 s11.

Immunity

12.3(1) No action or proceeding lies or shall be commenced against the Government of Saskatchewan, the minister, the ministry or any officer or employee of the ministry or administrator or agent of the minister, if that person is acting pursuant to the authority of these regulations, for anything in good faith done, caused, permitted or authorized to be done, attempted to be done or omitted to be done, by that person or by any of those persons pursuant to or in the exercise or supposed exercise of any power conferred by these regulations or in the carrying out or supposed carrying out of any duty imposed by these regulations.

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(2) The decisions or actions of any of the persons mentioned in subsection (1) are final and conclusive and are not reviewable by any court of law or restrained by any injunction, prohibition, mandamus, *certiorari* or other proceeding whatsoever.

18 Jly 2025 SR 54/2025 s4.

Coming into force

13 These regulations come into force on the day on which section 28 of the Act comes into force.

13 May 88 cL-0.2 Reg 1 s13.

