



Australian Government

Office of the Registrar of Indigenous Corporations



POLICY STATEMENT 07

Exemptions

Policy	PS-07 Exemptions
Relevant legislative provisions	CATSI Act Chapter 3, Part 3-3, Part 3-4. Chapter 4, Part 4-6. Chapter 5, Part 5-5. Chapter 6, Part 6-8. Chapter 7, Part 7-4, Part 7-5. CATSI Transitional Act Schedule 3
Last updated	4 February 2013
Other relevant policies	PS-09: Member approval for related party benefits

PS-07: Exemptions

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1 Purpose

- 1.1 In this policy statement, the Registrar of Aboriginal and Torres Strait Islander Corporations (the Registrar) provides guidance on when an exemption will be granted from:
- the minimum number of members requirement in section 77-5 of the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (the CATSI Act)
 - requirements in Chapter 4 Members and observers, Chapter 5 Meetings and Chapter 6 Officers in the CATSI Act
 - record-keeping and reporting requirements in Parts 7-2 and 7-3 of the CATSI Act
- 1.2 The Registrar also provides guidance in this policy statement on the circumstances in which the Registrar may grant:
- a conditional exemption
 - an exemption for a limited period of time
 - an exemption for a specified class of corporation.
- 1.3 References to sections in this policy statement are references to sections of the CATSI Act unless otherwise specified. References to corporations in this policy statement are references to Aboriginal and Torres Strait Islander corporations unless otherwise specified. In addition, references in this policy statement to the Registrar are also references to a delegate who is lawfully exercising the powers of the Registrar.

2 Aims

- 2.1 The Registrar's aims in undertaking his/her functions and exercising his/her powers are set out in section 658-5 of the CATSI Act. These aims are:
- to facilitate and improve the effectiveness, efficiency, sustainability and accountability of corporations—section 658-5(a)
 - to provide certainty for the members, officers and employees of corporations in their dealings with the corporation and each other—section 658-5(b)(i)
 - to provide certainty for persons outside corporations in their dealings with those corporations—section 658-5(b)(ii)
 - to have regard to Aboriginal and Torres Strait Islander tradition and circumstances—section 658-5(c)
 - to administer the laws of the Commonwealth that confer functions and powers on the Registrar effectively and with a minimum of procedural requirements—section 658-5(d)

- to ensure that information is available as soon as practicable for access by the public—section 658-5(e).

3 Exemption from the minimum number of members requirement

- 3.1 A corporation must have at least five members unless an exemption from this requirement has been granted by the Registrar—section 77-5(1).
- 3.2 Under section 77-10, the Registrar has the power to exempt a corporation from this requirement. A corporation may seek an exemption from the minimum number of members requirement in a number of ways:
- a request may be made in an application for registration for a new corporation—section 21-1. The applicant must include in the application the lesser number of members that they would like the Registrar to determine—section 77-5(2)
 - if a corporation has been granted an exemption from the minimum number of members requirement by the Registrar but wishes to have a lesser number of members than that determined, a request may be made in writing to the Registrar. The corporation must include in the request the lesser number of members that they would like the Registrar to determine—section 77-5(3)
 - if after registration a corporation wishes to have less than five members, the corporation may request in writing an exemption from the Registrar. The applicant must include in their request the lesser number of members that the corporation would like the Registrar to determine—section 77-5(4).
- 3.3 A corporation is required to provide reasons for seeking the exemption in the application for the exemption.
- 3.4 In determining whether to exempt a corporation from the minimum number of members requirement, the Registrar must be satisfied that it is appropriate and reasonable in the circumstances to do so. This is a legislative requirement under section 77-10.
- 3.5 The Revised Explanatory Memorandum to the Corporations (Aboriginal and Torres Strait Islander) Bill provides (at paragraph 5.115):
- The types of corporations to which the Registrar may grant an exemption include RNTBCs (registered native title bodies corporate), businesses trading for profit and corporations formed as a result of land grants to fewer than five persons.

- 3.6 In determining whether it is appropriate and reasonable in the circumstances to grant the exemption, the Registrar will consider whether the corporation falls within one of the classes of corporation referred to in the Revised Explanatory Memorandum.
- 3.7 The Registrar may also consider the circumstances of the corporation requesting the exemption, the reasons the corporation is seeking an exemption, and whether the governance structure of the corporation will be adversely affected by exempting, or not exempting, the corporation from complying with this requirement.

4 Exemptions in Chapters 4, 5 and 6

- 4.1 The Registrar has the power to exempt corporations from specified legislative requirements in:
- Chapter 4—Members and observers (exemptions are set out in Part 4-6)
 - Chapter 5—Meetings (exemptions are set out in Part 5-5)
 - Chapter 6—Officers (exemptions are set out in Part 6-8)
- either on a corporation or director basis or class basis.
- 4.2 This power may be exercised either on application by a corporation, or at the Registrar's own volition (Chapter 4—sections 187-5 and 187-15, Chapter 5—sections 225-2 and 225-15 and Chapter 6—sections 310-5 and 310-15).
- 4.3 The Registrar may also make an exemption:
- subject to conditions which the corporation must comply with in order for the exemption to apply and/or
 - for a limited or indefinite period of time.
- See Chapter 4—sections 187-5(4) and 187-15(3), Chapter 5—225-5(3) and 225-15(2) and Chapter 6—sections 310-5(4) and 310-15(3).
- 4.4 All corporations applying for an exemption from an exemptible requirement in Chapters 4, 5 and 6 must include in the application its reasons for seeking the exemption.

A. Registrar's policy—Chapter 4—Members and observers

- 4.5 The exemptible provisions in Chapter 4 are:
- section 144-10(8)
 - section 150-25
 - section 150-30
 - section 150-35.
- 4.6 These provisions:

- regulate when a new member may be admitted into a corporation—section 144-10(8) and
 - set out the process which must be followed by a corporation when seeking to cancel the membership of a member—sections 150-25, 150-30 and 150-35.
- 4.7 The provisions in Chapter 4 are designed to protect members' rights. Therefore, the Registrar will not exempt a corporation from the exemptible requirements unless satisfied that there will be no adverse effects on the corporation's members.
- 4.8 However, the Registrar recognises it may be difficult for some corporations to comply with the technical requirements of the exemptible provisions. Accordingly, it may be appropriate in some circumstances to exempt corporations from complying with these provisions. This decision will be made on a case by case basis.
- 4.9 A corporation applying for an exemption is required to provide reasons for its request. The Registrar will consider these reasons in determining whether the statutory criteria in section 187-20(1) have been satisfied. The Registrar must be satisfied that the exemptible requirements would:
- be inappropriate in the circumstances or
 - impose an unreasonable burden on the corporation.
- 4.10 In determining whether the exemptible provision/s will impose an unreasonable burden on the corporation the Registrar must have regard to [section 187-20(2)]:
- the expected costs of complying with the obligations
 - the expected benefits of having the corporation or corporations comply with the obligations
 - any practical difficulties that the corporation or corporations face in complying effectively with the obligations
 - any other matters that the Registrar considers relevant.¹
- 4.11 The Registrar must apply these criteria in determining whether to exempt a corporation from the exemptible requirements in Chapter 4.
- 4.12 Other matters which the Registrar may consider in determining whether the statutory criteria in section 187-20 have been satisfied for this exemption include:
- whether the corporation has the capacity to comply with the requirements
 - the geographical location of members (and whether the geographical isolation of its members makes it difficult for the corporation to comply with the requirements)

¹ Other matters that the Registrar may consider relevant include the views of members and directors of the corporation, as well as the views of senior Aboriginal and Torres Strait Islander elders from the region in which the corporation will, or does, operate.

- the purpose of the corporation and the services (if any) which are provided by the corporation
- the reasons the corporation is seeking the exemption
- whether the rights and interests of the corporation's members may be adversely affected if the exemption is granted.

4.13 If necessary, the Registrar may seek further information from the corporation, including members and directors, to assist in making the decision.

B. Registrar's policy: Chapter 5—Meetings

4.14 All of the provisions in Chapter 5 are exemptible provisions under the CATSI Act.

4.15 Chapter 5 sets out the meeting requirements for corporations. The provisions in Chapter 5 regulate how general meetings and directors' meetings are held, including voting and proxies.

4.16 The replaceable rules and set rules in a corporation's rule book (including the requirements in Chapter 5) are designed to promote good corporate governance. The Registrar is unlikely to exempt corporations from these requirements unless the corporation can provide reasonable grounds for the request which satisfy the statutory criteria in section 225-20(1). The Registrar must be satisfied that the exemptible requirements would:

- be inappropriate in the circumstances or
- impose an unreasonable burden on the corporation.

4.17 In determining whether the exemptible provision/s will impose an unreasonable burden on the corporation the Registrar must have regard to [section 225-20(2)]:

- the expected costs of complying with the obligations
- the expected benefits of having the corporation or corporations comply with the obligations
- any practical difficulties that the corporation or corporations face in complying effectively with the obligations
- any other matters that the Registrar considers relevant.²

4.18 The Registrar must apply these criteria in determining whether to exempt a corporation from the exemptible requirements in Chapter 5.

4.19 Other matters which the Registrar may consider in determining whether the statutory criteria in section 225-20 have been satisfied for this exemption include:

² Other matters that the Registrar has determined may be relevant include the views of members and directors of the corporation, as well as the views of senior Aboriginal and Torres Strait Islander elders from the region in which the corporation will, or does, operate.

- whether the corporation has the capacity to comply with the requirements
- geographical location of members (and whether the geographical isolation of its members makes it difficult for the corporation to comply with the requirements)
- the circumstances of the corporation requesting the exemption
- the reasons the corporation is seeking an exemption
- whether there is member support for the requested exemption (for example, if a special resolution has been passed by the corporation's members supporting the exemption from the chapter 5 requirement)
- whether the corporation has attempted but failed to comply with the requirements.

4.20 If necessary, the Registrar may seek further information from the corporation, including members and directors, in order to assist the Registrar in making the determination.

C. Registrar's policy: Chapter 6—maximum number of directors (section 243-5)

4.21 A corporation must not have more than 12 directors—section 243-5. The Corporations (Aboriginal and Torres Strait Islander) Regulations 2007 (the Regulations) may increase or decrease this number by prescribing a different number of directors for the purposes of section 243-5(b). No regulations have yet been made under this section.

4.22 A corporation may be exempted from the maximum number of directors requirement—section 310-5.

4.23 The Revised Explanatory Memorandum to the Corporations (Aboriginal and Torres Strait Islander) Bill provides (at paragraph 5.279):

Proposed section 243-5 sets a maximum number of directors and permits this number to be changed by regulation. There is no equivalent requirement in the *Corporations Act 2001* (the Corporations Act). The proposed section avoids the development of unworkably large boards. Broad participation and representation in managing CATSI corporations can still be achieved through management committees and other structures, while the everyday running of the corporation can be left to a more streamlined board.

4.24 The Registrar may grant an exemption under section 243-5 if satisfied that the corporation's governance structure may be impaired or adversely affected if the number of directors is not increased. For example, this may occur where the Registrar believes members' interests may not be adequately represented unless the number of directors is increased, and other management structures, such as committees, are not considered an adequate means of providing representation.

4.25 A corporation applying for an exemption is required to provide reasons for its request. The Registrar will consider these reasons in determining whether

the statutory criteria in section 310-20(1) have been satisfied. The Registrar must be satisfied that the exemptible requirements would:

- be inappropriate in the circumstances or
- impose unreasonable burdens on the corporation.

4.26 In determining whether the exemptible provision/s will impose an unreasonable burden on the corporation the Registrar must have regard to [section 310-20(2)]:

- the expected costs of complying with the obligations
- the expected benefits of having the corporation or corporations comply with the obligations
- any practical difficulties that the corporation or corporations face in complying effectively with the obligations and
- any other matters that the Registrar considers relevant.³

4.27 Other matters which the Registrar may consider in determining whether the statutory criteria in section 310-20 have been satisfied for this exemption include:

- whether the size of the corporation or number of members in the corporation necessitates more than 12 directors
- whether there are any disputes amongst members and directors
- whether increasing the number of directors may adversely affect the governance structure and management of the corporation
- whether other arrangements, such as the establishment of management committees, may be an acceptable alternative to increasing the number of directors
- whether there are any cultural circumstances which are specific to the corporation and its members
- the geographic location of members (and whether the geographical isolation of its members may make it difficult for the corporation to comply with certain legislative requirements) and
- whether there is member support for an increase to the maximum number of directors requirement (for example, if a special resolution has been passed by the corporation's members supporting the exemption request)
- whether any representation issues exist, for example, where a corporation seeks to provide representation of each clan on the board of directors.

4.28 If necessary, the Registrar may seek further information from the corporation, including members and directors, in order to assist the Registrar in making the determination.

³ Other matters that the Registrar may consider relevant include the views of members and directors of the corporation, as well as the views of senior Aboriginal and Torres Strait Islander elders from the region in which the corporation will, or does, operate.

D. Registrar’s policy: Chapter 6—Officers – term of appointment for directors [section 246-25(2)]

- 4.29 A director of an Aboriginal and Torres Strait Islander corporation must not be appointed for a period exceeding two years—section 246-25(2). A corporation may, however, apply for an exemption from this requirement.
- 4.30 The Revised Explanatory Memorandum to the Corporations (Aboriginal and Torres Strait Islander) Bill provides (at paragraph 5.286):
Proposed subsection 246-25(2) ensures that directors are not appointed for more than two-year terms. This supports active member participation and reduces the opportunity for corporations to be ‘captured’ by non-member interests.
- 4.31 A corporation applying for an exemption is required to provide reasons for its request. The Registrar will consider these reasons in determining whether the statutory criteria in section 310-20(1) have been satisfied. The Registrar must be satisfied that the exemptible requirements would [section 310-20(1)]:
- be inappropriate in the circumstances or
 - impose an unreasonable burden on the corporation.
- 4.32 In determining whether the exemptible provision/s will impose an unreasonable burden on the corporation the Registrar must have regard to [section 310-20(2)]:
- the expected costs of complying with the obligations
 - the expected benefits of having the corporation or corporations comply with the obligations
 - any practical difficulties that the corporation or corporations face in complying effectively with the obligations and
 - any other matters that the Registrar considers relevant.⁴
- 4.33 The Registrar must apply these criteria in determining whether to exempt a corporation from the requirement in section 246-25(2).
- 4.34 Other matters which the Registrar may consider in determining whether the statutory criteria in section 310-20 have been satisfied for this exemption include:
- the reasons why the corporation is seeking the exemption
 - whether there are any disputes amongst members in the corporation
 - whether there may be any adverse effects on members’ interests if the exemption is granted
 - whether the corporation has the capacity to comply with the requirements
 - the purpose and objects of the corporation

⁴ Other matters that the Registrar has determined may be relevant include the views of members and directors of the corporation, as well as the views of senior Aboriginal and Torres Strait Islander elders from the region in which the corporation will, or does, operate.

- whether there is member support for the corporation extending the term of the director (for example, if a special resolution has been passed by the corporation's members supporting the extension of the director's appointment)
- whether the governance structure or management of the corporation will be adversely affected if the term of the director is not extended
- the size of the corporation, including consideration of the corporation's assets and consolidated gross operating income (CGOI)
- the financial and compliance history of the corporation
- any other activities undertaken by the corporation in its local area.

4.35 If necessary, the Registrar may seek further information from the corporation, including members and directors, in order to assist the Registrar in making the determination.

E. Registrar's policy: Chapter 6—Officers – Related party benefits provisions (Part 6-6)

4.36 Part 6-6 of the CATSI Act contains rules on the circumstances in which a related party can obtain a benefit from an Aboriginal and Torres Strait Islander corporation. These provisions are largely modelled on the related party benefit provisions in the *Corporations Act 2001*. They are designed to protect members' interests and ensure that directors of a corporation act in a transparent and accountable manner. A corporation may, however, apply for an exemption from the requirements in Part 6-6—section 310-15.

4.37 More information on the Part 6-6 requirements may be found in 'PS-09: Member approval for related party benefits'.

4.38 The replaceable rules and set rules in a corporation's rule book are designed to promote good corporate governance. The related party provisions in Part 6-6 are an important part of this governance structure and provide protection to the corporation's members. The Registrar will not exempt corporations from Chapter 6 requirements unless the corporation can provide strong reasons for the request which satisfy the statutory criteria in section 310-20(1).

4.39 A corporation applying for an exemption is required to provide reasons for its request. The Registrar will consider these reasons in determining whether the statutory criteria in section 310-20(1) have been satisfied. The Registrar must be satisfied that the exemptible requirements would [section 310-20(1)]:

- be inappropriate in the circumstances or
- impose unreasonable burdens on the corporation.

4.40 In determining whether the exemptible provision/s will impose an unreasonable burden on the corporation, the Registrar must have regard to [section 310-20(2)]:

- the expected costs of complying with the obligations
- the expected benefits of having the corporation or corporations comply with the obligations
- any practical difficulties that the corporation or corporations face in complying effectively with the obligations
- any other matters that the Registrar considers relevant.⁵

4.41 The Registrar must apply these criteria in determining whether to exempt a corporation from the exemptible requirements in Part 6-6.

4.42 Other matters which the Registrar may consider in determining whether the statutory criteria in section 310-20 have been satisfied for this exemption include:

- the reasons the corporation is seeking the exemption
- whether there are any disputes amongst members in the corporation
- whether the interests and rights of the corporation's members may be adversely affected if the exemption is granted
- whether the corporation has the capacity to comply with the requirements
- the purpose and objects of the corporation
- the size of the corporation (including consideration of the corporation's assets and CGOI)
- the financial and compliance history of the corporation.

4.43 If necessary, the Registrar may seek further information from the corporation, including members and directors, in order to assist the Registrar in making the determination.

5 Exemptions from requirements in Parts 7-2 and 7-3

5.1 The Registrar has the power to exempt Aboriginal and Torres Strait Islander corporations from specified legislative requirements in Chapter 7 Record-keeping, reporting requirements and books, either on a case by case or class basis.

5.2 This power may be exercised either on application by an Aboriginal and Torres Strait Islander corporation, or at the Registrar's own volition—sections 353-3 and 353-10. The Registrar may also make the exemption [sections 353-3(3) and 353-10(2)]:

- subject to conditions which the must comply with in order for the exemption to apply and/or
- for a limited or indefinite period of time.

⁵ Other matters that the Registrar may consider relevant include the views of members and directors of the corporation, as well as the views of senior Aboriginal and Torres Strait Islander elders from the region in which the corporation will, or does, operate.

5.3 A corporation must provide its reasons for seeking an exemption from a requirement in Part 7-2 or 7-3.

A. Statutory criteria—Parts 7-2 and 7-3

5.4 In determining the level of record-keeping and/or reporting requirements to be imposed upon a corporation, the Registrar must have regard to the following [section 358-5(1)]:

- whether the current reporting obligations (under Parts 7-2 or 7-3) make a financial report or other report misleading
- whether the current or proposed reporting obligations (under Parts 7-2 or 7-3) are inappropriate in the circumstances
- whether the current or proposed reporting obligations (under Parts 7-2 or 7-3) would impose an unreasonable burden.

5.5 In determining what is appropriate in the circumstances the Registrar must have regard to [section 358-5(2)]:

- the services (if any) provided by the corporation
- the consequences if the corporation stopped providing those services
- whether the corporation is considered by the Registrar as being at high risk of becoming insolvent or of failing to comply with the reporting requirements under the CATSI Act (because of the corporation's purposes, structures or compliance history)
- any other matters the Registrar considers relevant.

5.6 In determining what is an unreasonable burden under section 358-5, the Registrar is to have regard to [section 358-5(3)]:

- the expected costs of complying with the obligations
- the expected benefits of having the corporation comply with the obligations
- any practical difficulties that the corporation faces in complying effectively with the obligations
- any unusual aspects of the operation of the corporation during the financial year concerned
- any other matters the Registrar considers relevant.⁶

5.7 In assessing the expected benefits, the Registrar is to take account of [section 358-5(4)]:

- the number of creditors and potential creditors
- the position of creditors and potential creditors (in particular, their ability to independently obtain financial information about the corporation or corporations)
- the nature and extent of the liabilities of the corporation.

⁶ Other matters that the Registrar has determined may be relevant include the views of government bodies or agencies that provide funding to the corporation.

5.8 The Registrar must apply these criteria in determining whether to exempt a corporation from the exemptible requirements in Chapter 7.

B. Registrar's policy: Part 7-2—Record keeping requirements

5.9 Part 7-2 sets out the record-keeping requirements for Aboriginal and Torres Strait Islander corporations. It includes provisions which:

- require a corporation to maintain certain records (including a register of members and former members)
- set out how these records are to be maintained
- provide directors' with access to the records.

5.10 These records may also be accessed by other people, including members, auditors and controllers, under other provisions in the CATSI Act.

5.11 The Registrar considers the maintenance of records to be an essential requirement for all corporations. Without accurate and up-to-date records the Registrar is unable to undertake his/her regulatory functions as required by the CATSI Act. In addition, record keeping is an important component of good corporate governance. The maintenance of financial records ensures transparency and accountability within the corporation.

5.12 Accordingly, the Registrar will only exempt a corporation from a Part 7-2 requirement if a corporation can clearly demonstrate that the statutory criteria set out above have been satisfied.

5.13 Other matters which the Registrar may consider in determining whether the statutory criteria in section 358-5 have been satisfied for this exemption include:

- whether the corporation has the capacity to comply with the requirement
- the financial compliance and record-keeping history of the corporation
- whether the exemption will adversely affect the Registrar's ability to undertake its regulatory functions in respect of the corporation
- the reasons the corporation is seeking the exemption
- whether the exemption will have an adverse effect on the governance structure of the corporation
- whether the rights and interests of the corporation's members may be adversely affected.

5.14 If necessary, the Registrar may seek further information from the corporation, including members and directors, in order to assist the Registrar in making the determination.

C. Registrar's policy: Part 7-3—Reporting requirements

5.15 Part 7-3 sets out the reporting requirements for corporations. As part of these requirements, all corporations are required to prepare a *general report*

annually. Medium sized corporations (and small corporations with a total CGOI of more than \$100,000) are also required to submit *audited financial statements* annually. Large sized corporations (and small and medium corporations with a total CGOI of more than \$5M) are also required to submit *audited financial statements* and *directors' reports* annually.

- 5.16 The requirements of these reports differ depending upon the size of the corporation and the corporation's CGOI.
- 5.17 The rules in a corporation's rule book (including replaceable rules) are designed to promote good corporate governance. The reporting requirements in Part 7-3 are a vital part of this governance and regulatory structure. The Registrar is of the view that all corporations should be required to produce the reports required under the CATSI Act. This is an important obligation of all corporations and enables the Registrar to undertake his/her regulatory functions. When applying for an exemption, a corporation must provide reasons for the exemption which satisfy the legislative criteria in section 358-5 in order for an exemption from Part 7-3 requirements to be granted.
- 5.18 Other matters which the Registrar may consider in determining whether the statutory criteria in section 358-5 have been satisfied for this exemption include:
- whether the corporation has the capacity to comply with the requirements
 - the financial, compliance and reporting history of the corporation
 - whether the CGOI of the corporation is minimal and assets held by the corporation are minimal
 - whether mitigating circumstances exist and are substantiated which make it impossible or unduly onerous for a corporation to provide the reports—for example, destruction or loss of records, seizure of records by a proper authority or inadequate records maintained by a previous board such that reconstruction is impossible or unduly expensive
 - whether the corporation is able to demonstrate to the satisfaction of the Registrar new, mitigating or other circumstances that an exemption is justified
 - the reasons the corporation is seeking the exemption
 - whether the rights and interests of the corporation's members will be adversely affected
 - whether the corporation is required to prepare calendar year financial reports for grant acquittal purposes
 - assessing whether there is an increased risk of non-compliance or mismanagement of the corporation if the reporting requirements are reduced (this is in addition to assessing the risk of insolvency as required in section 358-5(2)(c) of the statutory criteria). In assessing this risk the Registrar may consider:
 - the corporation's size
 - the corporation's CGOI
 - the corporation's assets

- the corporation's compliance and record-keeping history
- the corporation's purpose, e.g. whether the corporation is an RNTBC or other land-holding corporation
- any services provided by a corporation.

5.19 If necessary, the Registrar may seek further information from the corporation, including members and directors, in order to assist the Registrar in making the determination.

6 Conditional exemptions

6.1 The Registrar may make an exemption under Chapter 4, 5, 6 and 7 of the CATSI Act subject to conditions. See Chapter 4—sections 187-5(4) and 187-15(3), Chapter 5—sections 225-5(3) and 225-15(2), Chapter 6—sections 310-5(4) and 310-15(3), Chapter 7—sections 353-3(3) and 353-10(2).

6.2 Conditional exemptions may be granted where the Registrar determines that:

- partial compliance can be achieved by the corporation
- conditions may help the corporation meet its regulatory obligations in the future
- the financial history of the corporation suggests that the corporation may require special regulation.

7 Period of exemption

7.1 The Registrar may make an exemption under Chapter 4, 5, 6 and 7 for a limited period of time. See Chapter 4—sections 187-5(4) and 187-15(3), Chapter 5—sections 225-5(3) and 225-15(2), Chapter 6—sections 310-5(4) and 310-15(3), Chapter 7—sections 353-3(3) and 353-10(2).

7.2 In determining whether to make an exemption for a limited period of time the Registrar may consider whether:

- the circumstances of the corporation may change in the future
- there are prospects of the corporation meeting the legislative requirement in the future
- the exemption is subject to any conditions.

7.3 The Registrar may determine that a conditional exemption should only be granted for a limited period of time in order to ensure compliance with the imposed conditions.

8 Specified classes of corporation

8.1 The Registrar is able to make a determination that a specified class of corporation or the directors of a specified class of corporation (for example,

a small, medium or large corporation or RNTBC) is exempt from specified exemptible provisions in the CATSI Act. See Chapter 4—section 187-15(1), Chapter 5—section 225-15(1), Chapter 6—section 310-15(1) and Chapter 7—section 353-10(1) of the CATSI Act.

- 8.2 Many of the problems that a corporation experiences in meeting its obligations under the CATSI Act may be common to other corporations in the same class. Accordingly, the Registrar may determine that all corporations in a specified class should be exempt from the requirement in question rather than requiring each corporation to apply separately for the exemption. Class determinations are designed to reduce the administrative and procedural burden on corporations.
- 8.3 A class exemption may be made by the Registrar where there is evidence that corporations in a specified class will be equally burdened by an exemptible requirement. This evidence may be:
- a large number of applications from corporations within a specified class for a certain exemption under the CATSI Act or the Transitional Act
 - feedback and inquiries from a large number of corporations within a specified class in regards to certain exemptible requirements
 - a recommendation from the Registrar's staff.
- 8.4 In making a class determination, the Registrar must apply the statutory criteria specific to the exemption in question. The criteria to be applied for each exemption under the CATSI Act are outlined above.

END OF POLICY STATEMENT