PLEASE NOTE

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This document is not the official version of these regulations. The regulations and the amendments printed in the Royal Gazette should be consulted to determine the authoritative text of these regulations.

For more information concerning the history of these regulations, please see the Table of Regulations.

If you find any errors or omissions in this consolidation, please contact:

Legislative Counsel Office
Tel: (902) 368-4291
Email: legislation@gov.pe.ca
CHAPTER F-8.1
FINANCE PEI ACT
REGULATIONS

Pursuant to section 13 of the Finance PEI Act R.S.P.E.I. 1988, Cap. F-8.1, Council made the following regulations:

1. In these regulations
   (a) “affiliate” means any person
       (i) directly or indirectly controlling, or controlled by, or
       (ii) under direct, indirect, or common control with
           a person making an application pursuant to the Act and these
           regulations;
   (b) “application” means a request for a loan or credit by a person to
       the Corporation;
   (c) “approved borrower” means a person whose application has been
       approved by the Corporation;
   (d) “person” includes any partnership, corporation, cooperative, or
       syndicate formed or existing for the purpose of jointly acquiring or
       administering assets. (EC739/12)

2. (1) The Corporation may, with the approval of the board, advance any
      loan to any person where the total indebtedness of the person to
      the Corporation, including guarantees provided on behalf of that person or
      affiliate, does not exceed $1,000,000 in the aggregate.

     (2) The Corporation may, on the recommendation of the board and
         with the approval of Treasury Board, advance any loan to any person
         where the total indebtedness of the person to the Corporation, including
         guarantees provided on behalf of that person or affiliate, exceeds
         $1,000,000 but does not exceed $2,500,000 in the aggregate.

     (3) The Corporation may, on the recommendation of the board and
         Treasury Board and with the approval of the Lieutenant Governor in
         Council, advance any loan to any person where the total indebtedness of
         the person to the Corporation, including guarantees provided on behalf of
         that person or affiliate, exceeds $2,500,000 in the aggregate. (EC739/12)

3. Any guarantee being provided by the Corporation shall require a
   resolution of the board. (EC739/12)
4. (1) The minimum security which shall be provided in return for a loan or credit shall be
   (a) where the approved borrower is an individual, the approved borrower’s personal promise or covenant to repay the loan or credit;
   (b) where the approved borrower is a partnership, the approved borrower’s personal covenant or promise to repay the loan or credit, together with the personal covenant of each member of the partnership;
   (c) where the approved borrower is a corporation, the approved borrower’s covenant or promise to repay the loan or credit and the personal, joint, and several guarantees of its shareholders and, in addition, where a shareholder of the approved borrower is a corporation, the guarantee of the corporation, together with any additional security specified in writing by the Corporation.

   (2) The board may waive the requirement for guarantees of any or all of the shareholders of a corporate borrower imposed by clause (1)(c).

5. The board shall issue final approval for write-offs, which write-offs shall not affect any obligation of the borrower to repay the balance of any loan, together with any accrued interest, being written off. (EC739/12)

6. After appropriate consideration of the economic life of the asset being financed, a capital loan shall be repaid within any period of time that the Chief Executive Officer may direct, but in no case shall the period of time for repayment of a capital loan exceed 30 years. (EC739/12)

7. (1) For the purposes of subsection 9(2) of the Act, the interest rate policy shall be
   (a) for operating credit and floating rate term loans, between 1% and 6% above the Corporation’s floating base rate; and
   (b) for capital loans and leases, between 1% and 6% above the Corporation’s fixed term base rate.

   (2) Notwithstanding subsection (1), the Corporation may, with the approval of the board, charge interest on operating credit, floating rate term loans, capital loans and leases at a rate other than the rate specified by subsection (1).
(3) Every rate approved by the board pursuant to subsection (2) is deemed to be within the interest rate policy of the Corporation for the purposes of subsection 9(2) of the Act. (EC739/12)

8. The annual report of the board, which includes the audited financial statement for the immediately preceding fiscal year, shall be submitted to the Minister on or before September 30 in each year. (EC739/12)

9. Pursuant to clause 13(c) of the Act, the following terms are defined:

(a) “agricultural sector” includes any person that
   (i) carries on business, or intends to carry on business, in the province,
   (ii) owns or will acquire farm assets with loan proceeds received pursuant to the Act or the regulations, and
   (iii) is actively engaged in farming or intends to work actively at producing farm products;

(b) “fisheries and aquaculture sector” includes any person that
   (i) carries on business, or intends to carry on business, in the province, and
   (ii) is licensed or qualified to obtain a license or aquaculture permit issued by the Federal Department of Fisheries & Oceans, for any of the commercial fisheries or aquaculture industries in the province;

(c) “manufacturing and processing sector” includes any person that
   (i) carries on business, or intends to carry on business, in the province, and
   (ii) operates a business which produces a product by mechanical method from a raw material that is altered to add value;

(d) “small business sector” includes any person that
   (i) carries on business, or intends to carry on business, in the province,
   (ii) does not employ more than 100 employees,
   (iii) did not have annual gross sales exceeding $5 million in the fiscal year immediately preceding an application made pursuant to section 9 of the Act, and
   (iv) purchases a finished product from a supplier and resells that product without alteration;

(e) “strategic sector” includes any person that carries on business, or intends to carry on business, in the province in any one of the following sectors of the economy:
   (i) biosciences,
   (ii) aerospace,
   (iii) information and communications technologies,
(iv) renewable energy;

(f) “tourism sector” includes any person that
   (i) carries on business, or intends to carry on business, in the province, and
   (ii) operates a business, other than a Bed & Breakfast establishment as defined in the Tourism Industry Act Regulations (EC267/99), that holds a valid tourism establishment license issued pursuant to the Tourism Industry Act Regulations. (EC739/12)