

Repeal of Canada's last bulk sales legislation: Ontario's Bulk Sales Act

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Transaction lawyers of all stripes will be pleased to hear that the *Bulk Sales Act* (Ontario) has been repealed. Ontario's Bill 27: An Act to reduce the regulatory burden on business, to enact various new Acts and to make other amendments and repeals (the *Burden Reduction Act*) received Royal Assent on March 22, 2017. Schedule 3 of the *Burden Reduction Act* repeals the *Bulk Sales Act*.

With this enactment, the last bulk sales legislation in Canada has been abolished. Similar legislation in all other provinces has long since been repealed. Bulk sales legislation was enacted to protect creditors where a sale of assets has the effect of putting the debtor out of business. Creditors who could prove non-compliance with the legislation could move to have the transaction set aside or buyers could be subject to payments in addition to the purchase price they had negotiated. Due to the limited ways in which compliance could be achieved, and the potentially punishing consequences of non-compliance, bulk sales legislation has long been viewed as an unnecessary and unwarranted hindrance on commerce.

Franchisors with standard form purchase and sale agreements should consider amending their forms to remove references to bulk sales act compliance.

[View the full text \[PDF\]](#) of the *Burden Reduction Act*.

If you have any questions, please contact a member of Osler's [Franchise Group](#)