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Creation of a Legal Entity Policy

Office of Accountability:	Vice-President (University Services & Finance)
Office of Administrative Responsibility:	Vice-President (University Services & Finance) and Office of General Counsel
Approver:	Board of Governors
Scope:	Compliance with University policy extends to all members of the University community.

Overview

On occasion, it may be in the best interests of the University to become involved in the creation of a **legal entity**. On those occasions, the University must ensure that appropriate processes are in place to safeguard against risks and liabilities that can arise from the creation of a legal entity.

The University has in place the Centres and Institutes Policy and its underlying procedures. That policy and those procedures outline a process to be followed when establishing an academic or affiliated centre or institute (as defined in that policy). As a result, the Creation of a Legal Entity Policy does not apply to academic or affiliated centres or institutes.

The approvals contemplated under this policy are separate from the authorities granted under the Contract Review and Signing Authority Policy. That policy must be referred to when determining authority for the execution of any contract created as a result of the creation of a legal entity.

Purpose

This policy outlines the processes that must be followed and the approvals that must be obtained prior to the University becoming involved in the creation of a legal entity.

POLICY

The University's participation in the creation of a legal entity must be done in accordance with the terms of the *Post-Secondary Learning Act* of Alberta, this policy and the Creation of Legal Entity Procedure, and other applicable legislation and University of Alberta policies and procedures.

Prior to the University participating in the creation of a legal entity, it must undertake appropriate due diligence to ensure that it has an understanding of the legal, financial and other issues associated with its involvement in the legal entity.

This policy does not apply to the University:

- a) increasing an existing ownership interest in a legal entity; however, the policy does apply to the University obtaining a new ownership interest in an existing legal entity;
- b) obtaining an ownership interest in a legal entity through the investment activities covered by the University Funds Investment Policy;
- c) accepting donated securities that are subject to the Donation Acceptance Policy;
- d) establishing an academic or affiliated centre or institute under the Centres and Institutes Policy; or
- e) obtaining an interest in a spin-off company created under the mandate of Technology Transfer Services or otherwise pursuant to the University's Patent Policy.

DEFINITIONS

Any definitions listed in the following table apply to this document only with no implied or intended institution-wide use. [▲Top](#)

Legal Entity	Includes a corporation, partnership, joint venture or other similar structure, whether or not controlled by the University.
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[Centres and Institutes Policy](#) (UAPPOL)

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[Creation of Legal Entity – Areas for Consideration](#) (University of Alberta)

PUBLISHED PROCEDURES OF THIS POLICY

[Creation of a Legal Entity Procedure](#)