

(2) The directors of a company shall not, after the day of commencement of the first general meeting of the shareholders of the company, allot, or allow the allotment of, any shares of the capital stock of the company to any non-resident in circumstances where, if the allotment to such non-resident were a transfer of those shares, the entry thereof in such book or books would be required, under subsection (1), to be refused by the directors.

(3) Default in complying with the provisions of this section does not affect the validity of a transfer or allotment of a share of the capital stock of the company that has been entered in the book or books referred to in section 107, but every director who knowingly authorizes or permits such default is guilty of an offence punishable on summary conviction and is liable to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeding one year or to both such fine and imprisonment.

38c. (1) Where a resident holds shares of the capital stock of a company in the right of, or for the use or benefit of, a non-resident, the resident shall not, either in person or by proxy, exercise the voting rights pertaining to those shares.

(2) Subject to subsection (3) of section 38E, where any shares of the capital stock of a company are held in the name or right of or for the use or benefit of a non-resident, no person shall, either as proxy or in person, exercise the voting rights pertaining to such shares held by the non-resident or in his right or for his use or benefit, if the total of such shares so held, together with such shares held in the name or right of or for the use or benefit of

(a) any shareholders associated with the non-resident, or

(b) any persons who could, under subsection (2) of section 38A, be deemed to be shareholders associated with the non-resident were such persons and the non-resident themselves shareholders,

exceed in number ten per cent of the issued and outstanding shares of such stock.

(3) Every person who knowingly contravenes a provision of this section is guilty of an offence punishable on summary conviction and is liable to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeding one year or to both such fine and imprisonment.

(4) If any provision of this section is contravened at a general meeting of the company, no proceeding, matter or thing at that meeting is void by reason only of such contravention, but any such proceeding, matter or thing is, at any time within one year from the day of commencement of the general meeting at which the contravention occurred, voidable at the option of the shareholders by a resolution passed at a special general meeting of the company.

38d. (1) The directors of a company may make such by-laws as they deem necessary to carry out the intent of sections 38A to 38E and in particular, but without restricting the generality of the foregoing, the directors may make by-laws

(a) requiring any person holding any share of the capital stock of the company to submit declarations