

others who are simply desirous of acquiring a franchise to peddle for personal gain. This could be accomplished by requiring applicants for charters to deposit a round sum, under conditions which would guard against scheming of this nature. If the Abbott government will just take up this little matter, it will be a strong indication that they are in earnest in their declaration that corruption shall not go unpunished, and that they are desirous of presenting a clean record.—*Winnipeg Commercial*.

TRANSFERRING STOCK.—One or two cases of considerable importance to directors of joint stock companies have been recently decided by Mr. Justice Chitty in London, England. The effect of these decisions is that, when by the articles of any company a discretionary power is conferred upon the directors to accept or reject transfers of shares, that power must be exercised in good faith, or, as he phrased it, the power "must not be exercised corruptly or fraudulently, or capriciously or wantonly, or for a collateral purpose. In exercising it the directors must act in good faith, in the interest of the company, and with due regard to the shareholder's right to transfer his shares." Quite a number of Canadian companies attempt to control the transfer of their shares by passing by-laws which give the directors discretionary power as to accepting or rejecting the transfer of stock, thus keeping the control of the company in the hands of friends. This control may, under certain circumstances, be against the public interest, and, as the London *Economist* says: "Very rightly, Mr. Justice Chitty decided that such an exercise of their powers by the directors was unjustifiable and oppressive. It would be very convenient, no doubt, in certain cases, if a body of directors could, by refusing to register transfers, constitute themselves the only purchasers of shares. They would then be able to make their own price, and hold a lucrative property in their own hands. If, however, the proprietors of any business wish to keep it to themselves, they can do so as a private firm; and if for purposes of their own they come under the provisions of the Companies Acts, it is not too much to demand of them that they shall not abuse the powers these confer."—*Monetary Times*.

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