

5. Certain sections of the Act are not applicable to companies without share capital, and in the Act as it appears in the Revised Statutes of Canada, 1927, several mistakes were made with respect to the numbers of these sections. This amendment merely corrects such errors.

The present subsection six reads as follows:

6. The following provisions of Part I of this Act shall not apply to corporations created under this section, namely, sections 7, 9, 10, 11, 28, 38, 44 to 53, both inclusive, 56 to 87, both inclusive, 103 to 111, both inclusive, 113 to 117, both inclusive, 119 to 121, both inclusive, paragraphs (d) and (e) of section 122, section 123, sections 128 to 130, both inclusive, 138 to 141, both inclusive, paragraphs (j) and (k) of subsection three of section 142 and sections 154 and 155.

6. Provisions relating to shares without par value were first adopted by the legislation of 1917, which adopted the legislation of the State of New York of 1912. Since that time considerable advances have been made in the methods of these companies. As the Act stands, preferred shares must have a par value, and in a number of the jurisdictions this has been changed to permit the issue of preferred shares without par value. The amendment provides for this recent development. The other amendments of the section are merely verbal. There has been much pressure on the Department for this amendment, and in many cases the strict intention of the Act has been overcome.

Section 9 of the Act reads at present as follows:—

9. The letters patent or any supplementary letters patent of any company may provide for the issue of the shares of the capital stock of such company without any nominal or par value, except in the case of preferred stock having a preference as to principal, and if such preferred stock or any part thereof has a preference as to principal, the letters patent shall state the amount of such preferred stock having such preference, the particular character of such preference, and the amount of each share thereof, which shall be five dollars or some multiple of five dollars, but not more than one hundred dollars.

2. Each share of the capital stock without nominal or par value shall be equal to every other share of such capital stock subject to the preferences, restrictions or other conditions attached to any other class of shares, if any, authorized to be issued.

3. Every certificate of shares without nominal or par value shall have plainly written or printed upon its face the number of such shares which it represents and the number of such shares which the company is authorized to issue, and no such certificate shall express any nominal or par value of such shares.

4. The certificates of preferred shares having a preference as to principal shall state briefly the amount which the holder of any such preferred shares shall be entitled to receive on account of principal from the surplus assets of the company in preference to the holders of other shares, and shall state briefly any other rights or preferences given to the holders of such shares.

5. The issue and allotment of shares authorized by this section, other than shares of preferred stock having a preference as to principal, may be made from time to time for such consideration as may be prescribed in the letters patent, or as may be fixed by the board of directors pursuant to authority conferred in the letters patent, or if the letters patent do not so provide, then by the consent of the holders of two-thirds of each class of shares then outstanding given at a meeting called for that purpose in such manner as is prescribed by the by-laws of the company.

6. Any and all shares issued as permitted by this section shall be deemed fully paid and non-assessable and the holder of such shares shall not be liable to the company or to its creditors in respect thereof.