

Stock
dividends.

15. For the amount of any dividend which the directors might lawfully declare payable in money, they may declare a stock dividend and issue therefor shares of the company fully paid, or may credit the amount of such dividend on the shares of the company already issued but not fully paid, and the liability of the holders of all shares mentioned in this section shall be reduced by the amount of such dividend: Provided that such a stock dividend shall not be issued until it has been approved of by two-thirds in value of the shareholders at a general meeting duly called for considering it: Provided, further, that this section shall not be applicable to companies referred to in subsection 3 of section 11 of this Act. *Ontario Companies Act sec. 92 in part.*

Proviso.

Proviso.

SHARE WARRANTS.

Explanatory note.—A share warrant is a share certificate transferable by delivery without any record of such transfer being made in the books of the company. The warrant usually provides that when dividends are declared by the company an advertisement thereof setting out the rate and time of payment must be inserted in certain newspapers, and also that the dividend coupons attached to the warrant may be cashed at certain banks. On the appearance of an advertisement of a particular dividend the holder of the warrant may then present the coupon for that dividend and obtain payment thereof. Share warrants may at any time be exchanged for ordinary share certificates. This section was first enacted in Great Britain in 1867 and is taken without substantial change from section 37 of the present Imperial Companies Act. It is similar to sections 53-61 of the Ontario Companies Act. The main object of the section is to enable a company to issue a kind of security which is probably the most important dealt in on the European exchanges. This kind of security is particularly popular in France with small investors, and the French law renders share warrants more easily dealt with. There is no change from the Imperial Act except where the necessities of our Act demands verbal changes. Several companies incorporated by Letters Patent have found it necessary to apply to Parliament for special Acts authorizing them to issue share warrants, and this section will render such application unnecessary.

Issue and
effect of
share
warrants.

16. A company, if so authorized by its special Act, letters patent or supplementary letters patent and subject to the provisions thereof may, with respect to any fully paid up shares, issue under its common seal a warrant stating that the bearer of the warrant is entitled to the shares therein specified, and may provide, by coupons or otherwise, for the payment of the future dividends on the shares included in the warrant, hereafter termed a share warrant.

Rights of
bearer.

2. A share warrant shall entitle the bearer thereof to the shares therein specified, and the shares may be transferred by delivery of the warrant.

Bearer to be
shareholder
on surrender
of warrant.

3. The bearer of a share warrant shall, subject to the provisions and regulations respecting share warrants contained in the special Act, letters patent or supplementary letters patent, be entitled, on surrendering it for cancellation, to have his name entered on the books of the company as the holder of the shares specified in such share warrant, and the company shall be responsible for any loss incurred by any person by reason of the company entering on the books of the company the name