

and transferee, and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register to be kept for that purpose. Every instrument of transfer shall be left at the transfer office for registration accompanied 5 by the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares. All instruments of transfer which have been registered shall be retained by the Company but 10 any instrument of transfer which the directors decline to register shall be returned to the person depositing the same.

(f) No transfer of shares, unless made by sale under execution or under the decree, order or judgment of a 15 court of competent jurisdiction, shall be valid for any purpose whatsoever until entry thereof has been duly made in the books of the Company, except for the purpose of exhibiting the rights of the parties thereto towards each other, and of rendering the transferee 20 liable in the meantime jointly and severally with the transferor to the Company and its creditors.

Dividends.

(g) The dividends accruing upon any shares may be made payable at London or elsewhere in Great Britain in like manner as dividends are paid at the head office 25 of the Company at Toronto.

Transfer books and register may be closed.

(h) The transfer books and register of shareholders may be closed during such time as the directors think fit, not exceeding in the whole thirty days in each year.

Capital stock may be reduced if impaired.

(7) (a) If the paid-up capital stock of the Company 30 should at any time be impaired (and the capital shall be deemed to be impaired when the excess of assets over liabilities amounts to less than the paid-up capital, the liabilities entering into the calculation to include eighty per cent of the reserve of the unearned premiums 35 calculated *pro rata* for the unexpired term of the policies) the directors may, so often as the same shall happen, pass a by-law to reduce or write off the paid-up capital stock such amount as they determine, and the issued stock of the Company shall be reduced by the amount 40 of the reduction in the paid-up portion thereof: Provided, that no by-law for the said purpose shall be valid unless it is approved by two-thirds of the votes of the shareholders present or represented by proxy at a special general meeting of the Company called 45 to consider such by-law.

Approval of shareholders.

Method of reduction.

(b) Such reduction in the paid-up capital stock may be effected either by reducing the par value of the shares or by reducing the number of shares and issuing to the shareholders a lesser number of shares, proportionate 50 as nearly as possible in amount to their respective