

- and shall be deemed always to have had power, to keep the debentures alive for the purposes of re-issue, and where a company has purported to exercise such a power the company shall have power, and shall be deemed always to have had power, to re-issue the debentures either by re-issuing the same debentures or by issuing other debentures in their place, and upon such a re-issue the person entitled to the debentures shall have, and shall be deemed always to have had, the same rights and priorities as if the debentures had not previously been issued.
- 10 2. Where with the object of keeping debentures alive for the purpose of re-issue they have, either before or after the passing of this Act, been transferred to a nominee of the company, a transfer from that nominee shall be deemed to be a re-issue for the purposes of this section. Transfer from nominee of Company.
- 15 3. Where a company has, either before or after the passing of this Act, deposited any of its debentures to secure advances from time to time on current account or otherwise, the debentures shall not be deemed to have been redeemed by reason only of the account of the company having ceased to be in debit whilst the debentures remained so deposited. When debentures deposited not redeemed.
- 20 4. The re-issue of a debenture or the issue of another debenture in its place under the power by this section given to, or deemed to have been possessed by, a company, whether the re-issue or issue was made before or after the passing of this Act, shall not be treated as the issue of a new debenture for the purposes of any provision limiting the amount or number of debentures to be issued. Re-issue of debentures.
5. Nothing in this section shall prejudice—
- 30 (a) the operation of any judgment or order of a court of competent jurisdiction pronounced or made not later than ninety days after the passing of this Act as between the parties to the proceedings in which the judgment was pronounced or the order made, and any appeal from any such judgment or order shall be decided as if this Act had not been passed; or, Pending proceedings not affected.
- 35 (b) any power to issue debentures in the place of any debentures paid off or otherwise satisfied or extinguished, reserved to a company by its debentures or the securities for the same. *Imperial Act sec. 104 in part.*

STOCK DIVIDEND.

Explanatory note.—According to the law as it stands, dividends are payable only in cash. However it not infrequently happens that companies for well-understood business reasons prefer to declare stock dividends. Whenever such dividends have been declared by Dominion companies the issue was without authority under the Companies Act. The method usually employed was to issue dividends in cash and at the same time make a call upon the shares to be issued as a stock dividend, so that one might be set off against the other. Section 15 is designed to put a stop to this practice and legalize a direct issue of stock dividends.