

2. Upon the date of a decree granting Brazilian nationality issued to the Company pursuant to Article VI of Decree-Law No. 2027 of the 26th day of September, 1940 of the United States of Brazil, The Companies Act of Canada shall cease to apply to the Company.

3. Upon the issuance of a decree, as mentioned in section 2, the Company shall file with the Secretary of State of Canada an original counterpart of the decree or a copy thereof certified by an official thereunto authorized by the law of the United States of Brazil.

EXPLANATORY NOTE.

The purpose of this Bill is (1) to enable Brazilian Telephone Company, which is now subject to the provisions of *The Companies Act* of Canada, to authorize the transfer of its head office to Brazil, where all its assets are located, in order that the Company may make application pursuant to Brazilian corporation law for a decree by which the Company will adopt Brazilian nationality and become subject to the provisions of Brazilian corporation law and (2) to provide that, upon the date of the decree issued to the Company pursuant to Brazilian corporation law, *The Companies Act* of Canada will cease to apply to the Company.

This Bill is desired so that the people of Brazil may be given an opportunity to invest in the Company in order that capital may be raised in the public market and from other sources in Brazil to enable the Company to carry out the expansion of its facilities which is essential to its continued successful development, while at the same time preserving the corporate existence of the Company, its liabilities, its rights and obligations under the contracts and concessions through which it operates as well as the goodwill of its business acquired over the course of many years of operation in Brazil.