

ONTARIO COMPANY LAW.

The Ontario Companies Act, 1907, with amendments made in 1908, needs recasting; or, better still, an entirely new measure should be enacted. The existing Act contains many sections copied from British legislation, and there can be little doubt that a measure closely following the British Companies Acts would be more satisfactory than any other. The advantage to be derived from decisions in the courts of England is very great, and could be fully enjoyed here if our legislature followed the British Acts more closely.

The following criticisms have occurred to the writer in the course of a study of the existing Act, and are offered with apologies, in the hope that they may prove interesting and stimulate discussion:—

The creation of two classes of corporations is provided for in the Act; those with and those without capital divided into shares. The title "company" is confined to corporations with share capital, and "companies" are sub-divided into those which offer or do not offer shares for public subscription. All companies "the number of shareholders of which is increased to a number greater by ten than the number of applicants for incorporation" shall file a prospectus, which seems to excuse companies not so increasing the number of their shareholders, but inasmuch as ss. 106 and 108 assume that any company offering shares for public subscription has issued a prospectus, the only companies not under necessity to do so are those not offering shares for public subscription.

The provisions of the Act as to the contents of prospectuses are copied from the Imperial Act, 1900, but that Act did not make the issue of a prospectus obligatory (it merely enacted that in a published prospectus certain things should be contained), whereas the issue of a prospectus is by the Ontario Act made a matter of necessity, even to a company not offering shares for public subscription, if its shareholders are increased by more than ten over its original number. Why should this be so?