

enter into an agreement of sale and purchase, which agreement shall contain all the terms and conditions connected with the sale and purchase of such assets.

Consideration.

34. The consideration for any such sale and purchase may be as agreed upon between the selling and purchasing banks, and if such consideration, or any portion thereof, is shares of the capital stock of the purchasing bank, then and in such case the agreement shall provide for the amount of the shares of such purchasing bank to be paid to the selling bank: Provided that until such shares so paid to the selling bank have been sold by such bank or have been distributed among and accepted by the shareholders of such bank, they shall not be considered issued shares of the purchasing bank for the purposes of its note circulation.

If shares of purchasing bank.

Agreement of sale to be submitted to shareholders of selling bank.

35. The agreement of sale and purchase shall be submitted to the shareholders of the selling bank, either at the annual general meeting of such bank or at a special general meeting thereof called for the purpose, and a copy of the agreement shall be mailed to each shareholder of such bank to his last known address at least four weeks previous to the date of the meeting at which such agreement is to be submitted, together with a notice of the time and place of holding such meeting.

Their approval.

36. If at such meeting the agreement is approved by resolution carried by the votes of shareholders (present in person or represented by proxy) representing not less than two-thirds of the amount of the subscribed capital stock of the bank, then and in such case the agreement may be executed under the seals of the banks entering thereinto, and application may be made to the Governor in Council, through the Minister of Finance and Receiver General, for approval thereof, but until it is approved by the Governor in Council the agreement shall not be of any force or effect.

Approval of Governor in Council.

In certain case to be approved by shareholders of purchasing bank.

37. If the agreement provides for the payment of the consideration for such sale and purchase, in whole or in part, in shares of the capital stock of the purchasing bank, and for such purpose it is necessary to increase the capital stock of such bank, then and in such case the agreement shall not be executed on behalf of the purchasing bank, unless and until it is approved by the shareholders thereof at the annual general meeting or at a special general meeting of such shareholders.

Necessary increase of stock may be approved of.

38. The Governor in Council may, on the application for his approval of the agreement, approve of the increase of the capital stock of the purchasing bank, which is necessary to provide for the payment of the shares of such bank to the selling bank as provided in the said agreement, and the provisions of sections 26 and 27 of *The Bank Act* shall not apply to such increase of stock.

Condition on which Governor in Council may approve of agreement.

39. The approval of the Governor in Council shall not be given to the agreement, unless the approval thereof is recommended by the Treasury Board, nor unless the application for approval thereof is made by or on behalf of the banks execut-