

of or for the use or benefit of a non-resident together with the number of such shares, if any, held at the commencement of that day in the name or right of or for the use or benefit of any associates of the non-resident exceed ten per cent of the number of shares of such stock at that time issued and outstanding, the voting rights pertaining to the shares held in the name or right of or for the use or benefit of the non-resident may notwithstanding subsection (2) of section 38c be exercised, in person or by proxy, so long as the percentage of such shares held by or for the non-resident and associates does not exceed either the percentage of such shares held by or for the non-resident and associates at the commencement of the prescribed day or the smallest percentage of such shares held by or for the non-resident and associates on any subsequent day; but this subsection shall not be construed to prohibit the exercise of voting rights in circumstances where section 38c does not apply.

(4) Where after the coming into force of this section a corporation that was at any time a resident becomes a non-resident, any shares of the capital stock of the company acquired by the corporation while it was a resident and held by it while it is a non-resident shall be deemed, for the purposes of sections 38B and 38C, to be shares held by a resident for the use or benefit of a non-resident.

(5) Where on or after the prescribed day the par value of shares of the capital stock of the company is reduced, the directors of the company may, notwithstanding subsection (2) of section 38B, allot shares of the capital stock of the company of the reduced par value to a non-resident who is a shareholder in exchange for shares of such stock of the unreduced par value, but not so as thereby to effect an increase in the aggregate par value of the shares of such stock held by the non-resident.

(6) The directors of a company may, notwithstanding section 38B, allow in the book or books referred to in section 107, the entry of a transfer of any share of the capital stock of the company from a resident to a non-resident where it is shown to the directors on evidence satisfactory to them that the share was at the commencement of the prescribed day held by the resident in the right of or for the use or benefit of the non-resident.

(7) If at any time on or after the prescribed day and before the coming into force of section 38B the directors of a company allow in the book or books referred to in section 107, the entry of any transfer or allotment of any share of the capital stock of the company to a non-resident that they would have been required to refuse or prevent under section 38B had that section come into force on the prescribed day, no person shall, as proxy or in person, exercise the voting rights pertaining to such share so long as the share is held in the name or right of or for the use or benefit of any non-resident.

(8) Subsections (3) and (4) of section 38c apply to the contravention of any provision of subsection (7) of this section.

(9) In determining for the purposes of sections 38A to 38E whether a person is a resident or non-resident, by whom a corporation is controlled, or any other circumstances relevant to the performance of their