

company declined to record the transfer. The secretary of the company, on the 11th January, in reply to the formal demand for registration, writes that the matter had been considered by the directors, and that "I have been directed to inform you that the directors decline to register the transfer of the shares in question belonging to the said John J. Main, owing to his being indebted to the company."

Upon the argument of the motion it was admitted that the only indebtedness is the indebtedness in respect to the calls made upon the 250 shares.

The company is incorporated under Dominion legislation, and the sections of the statute which require to be considered are R. S. C. ch. 79, sec. 64 and sec. 67.

By sec. 64: "Except for the purpose of exhibiting the rights of the parties to any transfer of shares towards each other . . . no transfer of shares . . . shall be valid for any purpose whatever until entry of such transfer is duly made in the register of transfers." By sec. 67, it is provided that the directors may decline to register any transfer of shares belonging to any shareholder who is indebted to the company.

I have read the numerous cases cited upon the argument, but have come to the conclusion that none of them throw much light upon the problem before me, which must be determined upon the wording of these two sections.

Prima facie, a share—or at any rate a paid-up share—of the capital stock of a company is personal property, and may be disposed of by the shareholder freely. And provisions which cut down this right must be construed strictly. Section 67 gives the right to the directors to decline to register any transfer of shares "belonging to any shareholder who is indebted to the company."

I do not think that these shares in question ever belonged to a shareholder who was indebted. Upon the execution of the transfer on September 15th, these shares ceased to belong to Main. They then became the property of the trustees. Section 64 does not invalidate the transfer by reason of the failure to register, for it expressly preserves to the transfer validity "for the purpose of exhibiting the rights of the parties . . . towards each other."

The indebtedness did not arise until the making of the call on the 28th December. Main then became indebted to the company within the meaning of sec. 67; but he had