



No. 131.

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1st Session, 2nd Parliament, 36 Victoria, 1873

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**BILL.**

An Act to re-arrange the Capital of the  
Northern Railway Company of Canada,  
and for other purposes relating to the  
same.

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**PRIVATE BILL.**

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**Hon. J. B. ROBINSON.**

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**OTTAWA :**

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1873.

An Act to re-arrange the Capital of the Northern Railway Company of Canada and for other purposes relating to the same.

**WHEREAS**, the Northern Railway Company of Canada is lessee of **Preamble.**

the Railways of the Northern Extension Railways Company, under a lease confirmed by an Act of the Parliament of the Dominion of Canada, being chapter \_\_\_\_\_ of the Acts of that Parliament,

5 passed in the thirty-fifth year of the reign of Her Majesty, by which it is amongst other things agreed to the purport or effect following, namely: that the lessee Company shall provide the necessary locomotive engines, rolling stock and other equipment requisite for the proper and efficient working of the said Railways, and may with the sanction of the lessor  
10 Company, or if such sanction be refused, then with that of referees to be appointed as therein mentioned, construct new or additional works on the said railways, or improve or reconstruct the then existing works of the said railways upon a higher or more permanent standard than required by the original specifications, and charge the lessor Company with the  
15 cost of such works or improvements as an advance of capital, to bear interest at the rate of six per centum per annum during the said lease, and to be repaid by the lessor Company to the lessee Company on the determination thereof; and whereas for the proper accommodation and development of the traffic of the district served by the Northern Railway  
20 Company of Canada, it is necessary to change the gauge of the said railway from five feet six inches to four feet eight inches and a half, and that additional rolling stock and other equipment should be provided and additional works and improvements executed on the said railway, and that new expenditure on capital account will thereby have to be incurred.

25 And whereas, the present share and loan capital of the company consists of the following particulars (that is to say):—

- (a) First preference bonds to the amount of £250,000 sterling, in bonds of £100 sterling each.
- 30 (b) Second preference bonds to the amount of £283,900 sterling, in bonds of £100 sterling each.
- (c) Class A, third preference bonds to the amount of £50,000 sterling, in bonds of £100 sterling each.
- (d) Class B, third preference bonds to the amount of £100,000 sterling, in bonds of £100 sterling each.
- 35 (e) The lien of the Dominion amounting to £475,000 sterling.
- (f) The share capital of the company amounting to £203,800 currency, divided into 40,960 shares of £5 currency each.

And whereas, besides the lien, the Government holds £50,000 in amount of the second preference bonds, and £50,000 in amount of the  
40 Class B, third preference bonds.

And whereas, the company has presented a petition praying that in order to facilitate its raising the new capital required, such terms of arrangement may be granted to it as are hereby made for the discharge of the debt due to the Government of the Dominion in respect as well  
45 of the lien as of the said bonds, and proposing that in consideration of the the grant of such terms of arrangement, the provisions hereinafter appearing should be made for the re-adjustment of the company's share and loan capital.

And whereas, it is for the public benefit to accede to such prayer and  
50 proposal, subject to the proviso herein contained, and the said re-adjust-

ment of the capital of the company will be equitable, having regard to the circumstances of the company and to the market values of the respective classes of its capital.

And whereas, the company and the Northern Extension Railways Company have presented petitions praying that powers of mutual amalgamation be granted to them, and the last mentioned Company has presented a petition praying that the railways of the Northern Extension Railways Company may be declared to be works for the general advantage of Canada, and it is expedient that the prayers of the said respective petitions should be granted.

Therefore, Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows :—

## PART I.

Debt to the Government, how to be discharged.

1. In the event of shareholders failing to comply with the provisions of section twenty-eight, and the succeeding sections of this Act, then if within such extended time thereafter, and upon such conditions as His Excellency the Governor General shall designate by any Order in Council the company or any body of persons on its behalf shall pay to the Receiver General of Canada, or to the financial agents of the Dominion in England, the sum of one hundred thousand pounds sterling, and upon evidence being afforded to the satisfaction of the Governor General in Council that the Company has procured a *bonâ fide* subscription of additional capital stock to meet an expenditure of five hundred thousand dollars upon the line of their railway, such payment shall be accepted and shall operate as a full discharge of all principal money and interest due or owing from the company to the Government, as well in respect of the said second and Class B, third preference bonds, as in respect of the lion of the Dominion for £475,000 sterling, and sections eight, nine, ten, eleven, twelve, thirteen, fourteen, fifteen and seventeen of this Act, notwithstanding any expressions which might imply their immediate operation shall not take effect unless and until such payment shall have been made.

Issue of ordinary stock.

2. There is hereby created, and the company may issue pursuant to the provisions in that behalf hereinafter contained, ordinary stock of the amount of *one million* pounds sterling, the holders of which shall be entitled to participate rateably, one with another, in the net profits of the company.

To be personal estate.

3. The said ordinary stock shall be and shall have all the incidents of personal estate, and shall be transmissible and transferable in any quantities not involving fractions of a pound sterling, as nearly as may be in the same manner and subject to the same regulations as the share capital of the company hitherto.

Registers of Stockholders.

4. The company shall keep at its offices in Toronto, and in London, England, registers of the holders of ordinary stock, containing the amounts held by them, and the dates of issue, transfer or transmission; and every transfer or transmission shall be registered, which shall be communicated to the company for that purpose, accompanied with such evidence of title as may be reasonably required, and with the payment of a fee of one dollar at Toronto, or four shillings in London.

Inspection of registers by stockholders.

5. The said registers shall be accessible for inspection and perusal, without fee, at all reasonable times, to every bondholder or ordinary stockholders of the company.

Dividends how and to whom payable.

6. The dividends shall be payable to the holders of the ordinary stock who shall appear in the said registers at their opening on the morning of 1st January in each year, immediately after which date, certified copies of the said registers shall be transmitted to and from London and Toronto respectively.

7. The company shall deliver to every holder of ordinary stock a certificate stating the amount of such stock held by him; and all regulations applicable at the date of the passing of this Act to certificates of shares in the capital of the company shall apply *mutatis mutandis* to such certificates. Certificates of stock.

8. The share capital of the company heretofore existing shall be reduced and consolidated, and the bonds heretofore issued by the company shall or may be converted as follows:— Consolidation of share capital.

10 For every two shares of £5 currency, whether held alone or remaining over on a larger holding, there shall be given

of ordinary stock; and for every single such share, whether held alone or remaining over as aforesaid, there shall be given ordinary stock to the amount of

15 sterling, which, notwithstanding the third section hereof, shall be transferable, but without further subdivision, until it shall have become combined with another similar amount of ordinary stock in a holding not containing a fraction of a pound sterling.

20 For every one hundred pounds sterling first preference bond there may be given one hundred and twelve pounds sterling of ordinary stock.

25 For every one hundred pounds sterling second preference bond other than those held by the Government of the Dominion, there may be given one hundred and six pounds sterling ordinary stock;

For every one hundred pounds sterling third preference bond, whether of Class A or of Class B, other than those held by the Government of the Dominion, there shall be given one hundred pounds sterling of ordinary stock.

30 9. No share heretofore existing in the capital of the company, or third preference bond issued by the company shall be transferred after the 30th June or 31st December next following the date when such payment as mentioned in the first section of this act shall have been made, but immediately after such 30th June or 31st December all such shares shall be be extinguished.

35 extinguished, and all such bonds shall become null and void, and every corporation or person registered as a shareholder at that date, or then entitled to be so registered by virtue of a transfer previously executed, or then being a third preference bondholder of the company shall be registered for the amount of ordinary stock in such respective case hereby

40 fixed; the certificate of which shall be issued in exchange for the surrender of the certificates of the extinguished shares, or, as the case may be, for that of the nullified bonds, and upon such exchange being effected the company shall pay to the bearers the just interest of the said bonds to the said 30th June or 31st December, from which date the said ordinary stock shall carry dividend.

10. The benefit of the exchange provided by the preceding sections shall not extend to any share in respect of which no claim to it, which shall ultimately be found to be valid, shall have been made within Time for conversion of shares limited three years from the 30th June or 31st December next following the passing of this Act, at the office of the company either at Toronto or in London, England, but at the expiration of the said time all such shares shall be extinguished for the benefit of the company, and all dividends accrued due or payable on the stock which was issuable in respect thereof shall be forfeited to the company.

55 11. It shall be lawful for the Directors of the company, at any time, to agree with the holder of any first or second preference bond of the company, for the surrender of such bond, either on the principal amount thereof, with all interest due thereon to the date of such surrender being paid off in cash at par or in exchange for the issue to such holder of an Directors may agree for surrender of first or second preference bonds.

60 amount of ordinary stock not exceeding that heretofore in such respective case permitted; and carrying dividend from the 1st July or 1st January coinciding with or next following the last half yearly due date

of the interest on such bond, the first interest for the interval, if any, being paid in cash ; and it shall be lawful for all trustees, guardians of the estates of infants, curators of the estates of lunatics, executors, administrators, and other persons possessed in right or on behalf of others, and also for all municipalities and corporations, to agree with the directors for the discharge or conversion of any first or second preference bonds as aforesaid. 5

**Ordinary stock to be reserved for conversion of bonds.** 12. So long as there shall be any first or second preference bond, for the discharge or conversion of which no agreement shall have been made under the preceding section, so much ordinary stock shall be reserved 10 unissued as is hereinbefore permitted to be issued for the conversion thereof.

**Issue of ordinary stock to meet certain claims.** 13. It shall be lawful for the Directors to raise, by the issue of ordinary stock, at such prices as shall be obtainable for the same, so much 15 money as shall be necessary for discharging the Government debt, pursuant to the provisions in that behalf hereinbefore contained, or for discharging the principal amount of any first or second preference bond, which the Directors shall agree to pay off in cash, or which shall mature, and to apply the money so raised to such purposes respectively.

**Residue of ordinary stock now issued.** 14. It shall be lawful for the Directors to issue the residue of the ordinary stock hereby created, including the stock which was issuable in 20 respect of any shares extinguished, for the benefit of the company, at such prices as shall be from time to time obtainable for the same, and to apply the proceeds of such issues to the general purposes of the company properly chargeable to capital account, provided that no ordinary stock 25 in excess of the total amount of £800,000 in which shall be included all stock to be reserved under the twelfth section hereof, shall be issued without the previous sanction of a general meeting.

**Existing rights saved.** 15. Any bonds or government debt for the time being neither converted nor discharged hereunder shall retain the same priorities, and carry 30 the same rights in all respect, save as otherwise herein expressed as if this act had not been passed, and the ordinary stock hereby created shall hold with regard thereto the same position as the share capital of the company heretofore held.

**Votes.** 16. Every *hundred* pounds sterling of ordinary stock shall entitle 35 the holder thereof to one vote at the general meetings of the company, and all such stock shall be reckoned towards the *twenty five thousand* pounds sterling required to be held by the quorum of stockholders and bondholders of such general meetings, and towards the *two hundred* 40 pounds sterling required to be held as a qualification by a director, in his own right or in right of his wife ; provided that the municipalities of the County of Simcoe and the City of Toronto shall not be entitled to vote at general meetings of the company so long as they are represented by 45 *two* Directors, as provided by the Order in Council made on 12th May, 1859, by His Excellency the Governor General of Canada, by and with the advice of the Executive Council of the then Province of Canada.

**When voting in preference bonds shall cease.** 17. As soon as either first or second preference bonds or both to the amount of *one hundred thousand* pounds sterling in all shall have been converted under the powers in that behalf hereinbefore given, all the remaining bonds of the company shall cease to confer any right of voting 50 or being present at general meetings.

**Ordinary general meetings.** 18. The ordinary general meetings of the company shall in future be held *twice* a year, on such days, and, in the first instance, at such places, whether in Canada or in England, as the Directors shall from time to 55 time determine, and extraordinary general meetings shall be held in the first instance at such places, whether in Canada or in England, as the Directors or the stockholders convening the same shall appoint, provided that any such meeting convened by the Directors on the requisition of

stockholders shall be held in the first instance at such place, if any, as shall be specified in the requisition; and any general meeting may be adjourned to such place, whether in the same or in the other county, as the meeting shall determine.

5 **19.** At the first general meeting of the company held after the passing of this Act, *three* directors, of whom *two* may be resident in England, shall be elected to act together with the present directors of the company, and thenceforward the number of the directors of the company, including the *two* directors nominated by the municipalities of the County of 10 Simcoe and the City of Toronto, shall be *twelve*, of whom five may be resident in England. Directors.

**20.** Three of the Directors, other than those nominated by the said municipalities, shall retire, and their place shall be filled up by election, at the first ordinary general meeting in every year, the Directors 15 to retire in each year being those who have been longest in office, and in case of equality in that respect, being determined by lot, if the Directors cannot agree among themselves. All retiring Directors shall be re-eligible. Retirement of Directors.

**21.** It shall be lawful for any Director to give and at his pleasure 20 revoke, a general proxy to any other Director to vote for him at the Board; but no proxy or power of attorney by which the Director holding it might be obliged to vote in a particular sense on any question shall be permitted. Proxies.

**22.** The Board may from time to time appoint any Directors, either 25 in Canada, or in England as a Committee, and may delegate to such Committee all such of its powers as the Board shall from time to time determine. No proxies shall be allowed at the meetings of any Committee of the Board. Committee of board of directors.

**23.** The Board may cause a special common seal of the company to 30 be made for use in England, and may commit the use of such seal to a committee composed of the Directors being from time to time in England. Common seal.

**24.** The railways of the Northern Extension Railways Company are hereby declared to be works for the general advantage of Canada. Declaratory.

**25.** It shall be lawful for the Company and the Northern Extension 35 Railways Company at any time after the passing of this Act, to enter into an agreement for amalgamation, sealed with their respective common seals, and approved in extraordinary general meetings of the respective Companies, specially called for the purpose by resolution, of which not less two-thirds of the votes of the persons present or represented at such 40 respective meetings shall have been given, but so that such agreement shall contain provisions to the following effect:—

1. The franchise or charter of the Northern Extension Railways Company with all its powers and its railways, plant and undertaking, with all its property real and personal, shall be transferred to and vested 45 in the Northern Railway Company of Canada, and the said lease of the Railways of the former Company to the latter shall merge, and be determined; Provided always, that the Northern Railway Company of Canada and the undertaking and works thereof shall continue liable upon all covenants and agreements in respect of 50 the bonds of the Northern Extension Railways Company in the said lease, contained in the same manner and to the same extent as if such amalgamation had not taken place, and the holders of such bonds shall retain their bonds with the same charge on the undertaking and railways, late of the Northern Extension Railways Company, and with the same rights and privileges in all respects as if the amalgamation had not taken place.

2. The Northern Railway Company of Canada shall be empowered to issue for the purpose of compensation to the Northern Extension

Railway Company upon amalgamation, and so far as not required for that purpose for any object within the charter of either of the amalgamated Companies additional ordinary stock to an amount equal to the total unissued amount of the authorized share capital of the Northern Extension Railways Company ;

3. All debts due from liabilities of and contracts subsisting with the Northern Extension Railways Company, shall become debts due from liabilities of and contracts subsisting with the Northern Railway Company of Canada.

26. When any agreement for amalgamation shall have been sealed and approved as aforesaid, it shall be lawful for either of the said Companies to apply in a summary manner to the court of chancery of the Province of Ontario, for a declaration that such agreement is within the provisions of this Act, and upon such declaration being made, the said agreement shall take effect and have force as if an Act of the Parliament of the Dominion had been passed in the same words.

27. The Company shall have power to change the gauge of its railway to a width of not less than four feet and eight and one-half inches.

## PART II.

28. And whereas subject to the proviso herein contained, it is expedient that shareholders of the Company should have a limited time within which to provide the amount necessary to free the Company from the debt due to the Government, and should have an opportunity to provide for the improvement of the position and prospects of the Company by the expenditure of new capital thereon ; it is hereby further enacted that if on or before the first day of January next, or within such extended time as his Excellency the Governor General shall grant by any Order in Council, the holders of shares in the capital stock of the Company shall subscribe to the satisfaction of the Governor General in Council, for new stock therein to at least the amount of two hundred thousand pounds sterling, and shall also pay to the Receiver General of Canada or to the Financial Agents of the Dominion of Canada in England, the sum of one hundred thousand pounds sterling, such payment shall be accepted and shall operate as a full discharge of all principal money and interest due or owing from the Company to the Government, as well in respect of the said second and class B third preference bonds as in respect of the lien of the Dominion for four hundred and seventy-five thousand pounds sterling, and thereupon the shareholders so making such payment shall be entitled to a transfer and delivery from the Government of the said second and class B third preference bonds of the Company.

29. If within the time provided under the last preceding section for the making of such payments, of the sum of one hundred thousand pounds sterling, the shareholders making such payment shall also pay to the said Receiver General or Financial Agents the further sum of ten thousand pounds sterling, the said further sum or whatever portion thereof may be required for the purpose shall be applicable to the payment to the holders of share capital of the company, not joining in the said subscription and payment to the government, to the extent of one dollar for each share of five pounds currency in the said share capital held by them or any of them at the time of the passing of this Act ; And immediately after the payment in of the said further sum of Ten thousand pounds sterling, under this section as aforesaid all the shares in the said capital stock held by persons not joining in the said subscription and payment to the government under the last preceding section shall be extinguished and become null and void, except that the holders thereof, shall in lieu thereof hold a claim against the said sum of Ten thousand pounds, in the hands of the said Receiver General or Financial Agents to the extent of one dollar for each share of five pounds currency held by them at the time of the passing of this Act, and such



claims may be paid by the said Receiver-General, upon proof made before him of such claim; Provided that any portion of the said sum of Ten thousand pounds sterling remaining unclaimed in the hands of the Receiver-General, after the expiration of one year from the payment thereof to him shall be returned to the company, to be subject however in the hands of the company to the claims upon it, of shareholders entitled to payments therefrom under this section.

30. Upon the completion of the subscription and the payments under the two preceding sections of this Act; the shareholders making the same shall be entitled to their original holding of shares in the capital stock of the Company at a discount of 95 per cent. exchangeable at that rate of discount for new stock and shall also be entitled to receive a further issue of paid up capital stock equivalent, to the total amount of said payments and in proportion to the amount paid in their respective names and after such payments made the shareholders making the same, shall constitute the Company to all intents and purposes, and until the issue of more stock, shall be the sole shareholders of the company and after such payments the bonds of the company shall cease to confer any right of voting or being present at general meetings.

31. As soon as such subscriptions of stock and payments shall have been made as aforesaid by shareholders to the said Receiver-General or Financial Agents, shareholders so making such payments may forthwith by a memorandum in writing agreed to by a majority of them, declare the names of ten persons who together with the Directors nominated by the municipalities of the county of Simcoe and the city of Toronto, shall thereafter be the Directors of the Company with all the powers of Directors until the next general annual or special general meeting of the Company called for the purpose of electing a new Board of Directors, and such memorandum shall be published without delay for five insertions in the *Canada Gazette*; provided always that from and after the said payments by shareholders to the said Receiver-General or Financial Agents, and first publication of the said memorandum in the *Canada Gazette*, the powers of the then existing Directors of the Company shall cease and determine.

32. Until the expiration of the time hereby or by Order in Council limited for shareholders to make the aforesaid payments to the said Receiver-General or Financial Agents, no stock of the Company may be subscribed for except by those who make or for the purpose of making such payments and no stock of the Company shall in the meantime be pledged sold or issued by the Company for any purpose whatever.

33. In the amount of shareholders complying with the provisions in the second part of this Act contained relative to the several payments of money to the Receiver-General or Financial agents of the Government, and to the subscriptions of capital stock within the times therefor respecting limited then section two of this Act authorizing the creation of one million pounds sterling of ordinary stock is hereby and shall stand amended by reducing the amount of said ordinary stock to five hundred thousand pounds sterling, and it shall be lawful for the Directors to issue the said amount of ordinary stock hereby created for the benefit of the Company, at such prices as shall be from time to time obtainable for the same, and to apply the proceeds of such issues to the general purpose of the Company properly chargeable to capital account, provided that no ordinary stock in excess of the total amount of two hundred thousand pounds sterling shall be issued without the previous sanction of a general meeting.

34. In the event of shareholders complying with the said last mentioned provisions of this Act relative to the several subscriptions of capital stock and several payments to the Receiver-General or Financial Agents of the Government within the time therefor respectively limited

clauses one, eight, nine, ten, eleven, twelve, thirteen, fourteen, fifteen and seventeen in the first part of this Act shall be void and of none effect.

**35.** This Act may be cited as the Northern Railway Act 1873.

**36.** This Act shall be deemed a Public Act.