



CHAPTER 64

An Act to amend the Special Corporate Powers Act

[Assented to, the 14th of June, 1940]

HIS MAJESTY, with the advice and consent of the Legislative Council and of the Legislative Assembly of Quebec, enacts as follows:

1. The Special Corporate Powers Act (Revised Statutes, 1925, chapter 227) is amended by inserting therein, after section 2 thereof, the following division and sections:

R. S., c. 227.
division 1a,
added.

"DIVISION 1A

"POWERS OF COMPANIES AND CORPORATIONS TO CHANGE THEIR NAME AND CORPORATE SEAT

"2a. Every company or corporation contemplated by section 2 may, by by-law, change its name or the place of its corporate seat. This new name must not lead to confusion with that of any known firm, company, association or corporation nor afford objection on public grounds. The corporate seat must be situated in this Province.

Change of
name or cor-
porate seat.

"2b. Such by-law must be adopted by the vote of at least two-thirds in value of the shares represented by the shareholders present at a meeting called for that purpose.

Adoption of
by-law.

"2c. The by-law so adopted shall be forwarded to the Attorney-General together with a petition addressed to the Lieutenant-Governor praying for its validation, and with all documents necessary to establish, to the satisfaction of the Attorney-General, the passing of

Petition for
validation of
by-law.

such by-law by the company or corporation under the prescribed conditions.

Validation
and notice.

“**2d.** The Lieutenant-Governor in Council may validate the said by-law, and notice of the order-in-council adopted for the purpose shall then be given in the *Quebec Official Gazette*, by the Attorney-General.

Fee.

“**2e.** For the validation of such by-law, there shall be paid the fee exigible on supplementary letters patent issued for the same purposes under the *Quebec Companies’ Act* (Chapter 223).

Coming into
force.

“**2f.** The by-law so validated shall come into force on the day of the publication of the notice in the *Quebec Official Gazette*.

Rights, etc.,
not affected.

“**2g.** No alteration of name so made shall effect any change in the rights and obligations of the company or corporation, and proceedings to which it is a party may be continued under its new name without procedure by way of continuance of suit.”.

R. S., c. 227,
title of di-
vision III,
am.

2. The title of division III of the said act is amended by adding thereto, after the word: “INCREASE”, the words: “OR DECREASE”.

Id., ss. 4a-4e,
added.

3. The said act is amended by adding thereto, after section 4 thereof, the following sections:

By-law for
reduction of
share capital.

“**4a.** Any company incorporated by special statute may, by by-law, reduce its share capital in any way, and, in particular, without prejudice to the generality of the foregoing power, may:

1. extinguish or reduce the liability on any of its shares in respect of share capital not paid up; or
2. either with or without extinguishing or reducing liability on any of its shares, cancel any paid-up share capital which is lost or unrepresented by available assets; or
3. either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up share capital which is in excess of the wants of the company;

and may reduce the amount of its share capital and of its shares accordingly.

Objection to
reduction.

4b. 1. Where the proposed reduction of share capital involves either extinction or diminution of

liability in respect of unpaid share capital or the payment to any shareholder of any paid-up share capital, and in any other case if the Attorney-General so directs, every creditor of the company who at the date of the petition for confirmation is entitled to any debt or claim which if that date were the commencement of the winding-up of the company, would be admissible in proof against the company, shall be entitled to object to the reduction.

2. The Attorney-General shall settle a list of creditors so entitled to object, and for that purpose shall ascertain the names of such creditors and the nature and amount of their debts or claims. He may thereupon publish notices fixing a delay within which creditors not entered on the list are to claim to be so entered or are to be excluded from the right of objecting to the reduction.

List of creditors entitled to object. Notices.

3. Where a creditor entered on the list does not consent to the reduction, the Attorney-General may, if he thinks fit, dispense with the consent of that creditor, on the company paying to the creditor his debt or claim in one of the ways hereafter mentioned, as the Attorney-General may direct, to wit:

Dispensing with consent of creditor on certain conditions.

- a. if the company admits the full amount of his debt or claim, or, though not admitting it, is willing to pay it, then the full amount of the debt or claim;
- b. if the company does not admit or is not willing to provide for the full amount of the debt or claim, or if the amount is contingent or not ascertained, then an amount fixed by the Attorney-General after the like inquiry and adjudication as if the company were being wound up.

4c. 1. A shareholder of the company, past or present, shall not be liable in respect of any share to any call or contribution exceeding in amount the difference, if any, between the amount paid, or, as the case may be, the reduced amount, if any, which is to be deemed to have been paid, on the share, and the amount of the share as fixed by the special act creating the company or by by-law duly confirmed.

Liability of shareholders.

Provided that if any creditor, entitled in respect of any debt or claim to object to the reduction of share capital, is, by reason of his ignorance of the proceedings for reduction, or of their nature and effect with respect

Idem.

to his claim, not entered on the list of creditors, and, after the reduction, the company is unable, within the meaning of the provisions respecting the winding-up of companies, to pay the amount of his debt, or claim, then,—

- a. every person who was a shareholder of the company at the date of the confirmation of the by-law shall be liable to contribute for the payment of such debt or claim an amount not exceeding the amount which he would have been liable to contribute if the company had commenced to be wound up on the day before the date of the said confirmation; and
- b. if the company is wound up, the court, on the application of any such creditor and proof of his ignorance as aforesaid, may, if it thinks fit, settle accordingly a list of persons so liable to contribute, and make and enforce calls and orders on the contributories settled on the list as if they were ordinary contributories in a winding-up.

Rights safeguarded.

2. Nothing in this section shall affect the rights of the contributories among themselves, nor the recourse of any creditor against the company or the shareholders.

Penalty for concealment of name of creditor, etc.

4d. Any director, manager, or officer of the company who (a) wilfully conceals the name of any creditor entitled to object to the reduction, or wilfully misrepresents the nature or amount of the debt or claim of any creditor; or who (b) aids or abets in any such concealment or misrepresentation,—shall be guilty of an offence and liable to one year's imprisonment or to a fine of not more than two hundred dollars, or to both.

Publication upon direction of Atty.-Gen.

4e. The Attorney-General may require the company to publish, as he directs, the reasons for the said reduction, and such other information in regard thereto as he may think expedient with a view to giving proper information to the public.”

R. S., c. 227, s. 5, am.

4. Section 5 of the said act is amended by adding thereto, after the word: “increasing”, in the first line thereof, the words: “or reducing”.

Id., s. 6, am.

5. Section 6 of the said act is amended by adding thereto, after the word: “increase”, in the fifth line of subsection 2 thereof, the words: “or reduction”.

6. Section 7 of the said act is amended:

R.S., c. 227,
s. 7, am.

a. By adding thereto, after the word: "increased", in the fifth and eighth lines thereof, the words: "or reduced";

b. By replacing the words: "every part", in the tenth line thereof, by the words: "every fraction".

7. This act shall come into force on the day of its sanction. Coming into
force.
