

C H A P. 33

An Act to amend the Joint Stock Companies' Incorporation Act

[Assented to 2nd June, 1904]

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

R. S., 4696 to 4706 exclusively, repealed. **1.** The articles of the Revised Statutes from article 4695 to 4706, both exclusive, and the amendments thereto, are repealed and replaced as follows :

§ 2.—*Granting of the Charter*

Charters by letters-patent may be granted. **" 4696. 1.** The Lieutenant-Governor may, by letters-patent under the Great Seal, grant a charter to any number of persons not less than five, who petition therefor.

Effect of such charters. **2.** Such charter constitutes the petitioners and all others who may become shareholders in the company thereby created a body politic and corporate for any of the purposes within the jurisdiction of this Legislature, except for the construction and working of railways and the business of insurance.

Order in Council not necessary. **3.** It is not necessary that an Order in Council be passed for granting any such charter, but the Lieutenant-Governor may grant any charter upon a favorable report from the Attorney-General.

Petition for letters-patent. **" 4697.** The persons desiring to be incorporated may, by petition, apply to the Lieutenant-Governor, through the Provincial Secretary, for the issue of such letters-patent, and in such petition they must indicate :

- Contents of petition.
- (a) The corporate name of the proposed company, which shall not be that of any other company, or any name liable to be confounded therewith or otherwise on public grounds objectionable ;
 - (b) The object for which the incorporation is sought ;
 - (c) The place, within the limits of the province, selected as its chief place of business ;
 - (d) The proposed amount of its capital stock ;
 - (e) The number of shares and amount of each share ;
 - (f) The name in full and the address and calling of each of the applicants, with special mention of the names of not less than three nor more than fifteen

of their number who are to be the first directors of the company,—the major part of such directors to be resident in Canada and to be subjects of His Majesty ;

- (g) The amount of stock taken by each applicant, and by all other persons therein named, and also the amount (if any) paid in upon the stock of each applicant.

“ **4698.** The petition may ask for the embodying in the letters-patent of any provision which, otherwise under this section, might be embodied in any by-law of the company when incorporated; and such provision so embodied shall not, unless provision to the contrary is made in the letters-patent, be subject to repeal or alteration by by-law. Other provisions of petition.

“ **4699.** 1. Before the letters-patent are issued, the applicants must establish to the satisfaction of the Provincial Secretary or of such other officer as may be charged by order of the Lieutenant-Governor in Council to report thereon, the sufficiency of their petition, the truth and sufficiency of the facts therein set forth, and further that the applicants, and more especially the provisional directors named are persons of sufficiently reputed means to warrant the application. Conditions preliminary to issue.

2. To that end, the Secretary or such other officer may take and keep of record any requisite evidence in writing under oath or affirmation, and may administer every requisite oath or affirmation. Evidence may be taken.

“ **4700.** The letters-patent shall recite all the material averments of the petition, as so established. Facts to be recited in letters-patent.

“ **4701.** The Lieutenant-Governor may, if he deem it expedient, give to the company a name different to that chosen for it by the applicants, if such name be objectionable, and may prescribe that the objects for which the company is constituted be changed. Different name than that chosen may be given.

“ **4702.** If it happen that the name of a company, constituted as aforesaid, is the same as that of any other existing company, or so nearly resembles it as to be liable to create confusion, the Lieutenant-Governor may order the issue of supplementary letters-patent to change the name to another to be chosen. If name be the same of that of any existing company.

Such supplementary letters-patent shall refer to the former letters-patent.

Such change of name shall not affect the rights or obligations of the company.

Change of
name.

"4703. Whenever a company, incorporated under this section, desires to have its name changed for another, the Lieutenant-Governor may, on petition to that effect, grant supplementary letters-patent, if he deem that such change of name is not made for some unavowed or illegitimate purpose; which letters-patent shall be made in the manner provided in the preceding article and shall have the same effect to all intents and purposes.

Notice of
issuing of let-
ters-patent.

"4704. Notice of the granting of the letters-patent shall be forthwith given by the Provincial Secretary, in the *Quebec Official Gazette*, in the form of Schedule A of this section; and thereupon, from the date of the letters-patent, the persons therein named and their successors, shall be a body corporate and politic by the name mentioned therein.

Additional
powers may
be granted by
supplement-
ary letters-
patent.

"4704a. Whenever a company, incorporated under this section, desires to obtain additional powers, or the modification or repeal of any statement made in the letters-patent in virtue of article 4698, the Lieutenant-Governor may, on petition for that purpose, grant supplementary letters-patent conferring such powers, or authorizing such modification or repeal, which letters-patent shall be made in the manner provided by article 4702.

Notice in such
case.

Notice of the granting of the supplementary letters-patent is forthwith given by the Provincial Secretary in the *Quebec Official Gazette*.

When com-
pany may
commence
operations.

"4704b. The company shall not commence its operations nor contract any obligation before ten per cent. of its authorized capital has been subscribed and paid in, and a declaration under oath by the secretary of the company establishing such fact has been deposited in the department of the Provincial Secretary.

Only certain
percentage to
be held in
immoveables
of amount to
be paid in.
Responsibili-
ty of direct-
ors if com-
pany trans-
acts business
before time
fixed.

If the object for which the company is formed require that it should own real estate, not more than five per cent. of the capital employed for the acquisition of immoveable property can contribute to form such amount of ten per cent.

The directors of the company are jointly and severally responsible with it in all cases in which it enters into transactions or contracts any obligation before the above condition has been complied with.

§ 3.—General Powers

General cor-
porate powers
of such com-
panies.

"4705. Every company so incorporated may acquire, hold, alienate and convey, any real estate, requisite for the carrying on of its undertaking; it shall forthwith become and be vested with all rights, real and personal, thereto-

fore held by or for it under any trust created with a view to its incorporation, and with all the powers, privileges and immunities requisite to the carrying on of its undertaking, as though incorporated by a charter from the Legislature, making it by that name a body politic and corporate, and embodying all the provisions of this section and of the letters-patent.

The company may, by a simple resolution, issue notes, payable to order or to bearer, for the settlement of accounts or other current matters ; it may further, on a resolution of two-thirds of the shareholders present at a meeting specially convened for the purpose, issue bonds or debentures to the amount of two-thirds of the total value of the immoveable property.

Issue of notes authorized.

Issue of debentures authorized.

Such bonds or debentures, after their registration in the office or offices of the registration division or divisions in which the immoveables of the said company are situated (which must be described in a notice to that effect given to the registrar) constitute a privileged claim in favor of the holders thereof against the company, and give a right of preference over all other debts and claims against the company, posterior to the issuing of such debentures.

Privilege of debentures after registration.

To secure the payment of its bonds or debentures, the company may, by its duly authorized officers, grant to one or more trustees an hypothec upon the immoveable property of the company, mentioning the issue and the amount of the bonds or debentures secured thereby ; and such hypothec shall, when duly registered, be a valid security in favor of the holders of such bonds or debentures, issued before or after the execution of such hypothec, notwithstanding article 2017 of the Civil Code.

Company may grant hypothec to secure payment of debentures

Effect thereof when duly registered.

The word " company " in the next preceding paragraph shall be interpreted, as including any company, incorporated by virtue of any act of the Parliament of Canada or of a Legislature of any province of Canada, which is authorized to issue debentures and secure the same by hypothec.

Word " company " interpreted.

" 4705a. The directors of the company, may, at any time, make a by-law subdividing the existing shares into shares of a smaller amount.

Subdivision of shares.

" 4705b. The directors of any company, the capital whereof has, either by the letters-patent constituting the company or by by-law, been divided into preferred and ordinary shares, may, with the consent of two-thirds of the holders of such preferred shares, by by-law, cancel such division into preferred and ordinary shares, and declare that thereafter all the shares shall rank equally.

Division into preference and ordinary shares may be cancelled.

Approval by shareholders and supplementary letters-patent to be issued in certain event.

But no such by-law shall have any force or effect whatsoever until after it has been sanctioned by a vote of not less than two-thirds in value of the shareholders present or represented by proxy at a general meeting of the company duly called for considering the same, and has afterwards been confirmed by supplementary letters-patent.

Approval without supplementary letters-patent.

If, however, such by-law has been unanimously sanctioned at such meeting, no supplementary letters-patent are necessary."

Coming into force.

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

CHAP. 34

An Act respecting Extra-Provincial Commercial Corporations and Joint Stock Companies

[Assented to 2nd June, 1904]

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

Extra provincial corporation what to comprise.

1. Extra-Provincial Corporations, for the purposes of this act, comprise all commercial corporations and joint stock companies not constituted by or in virtue of an act of the Legislature of this Province, or of the Parliament of Canada, of the Legislature of the late Province of Lower Canada, or that of the late Province of Canada, except :

Exceptions.

- (a) Loan and investment societies licensed under the provisions of section second of chapter fourth of title eleventh of the Revised Statutes (articles 5470 to 5476) ;
- (b) Mutual benefit and aid associations and mutual insurance companies authorized under the provisions of the act 59 Victoria, chapter 34 ;
- (c) Mutual benefit societies and benevolent associations authorized under the provisions of the act 61 Victoria, chapter 39 ;
- (d) Corporations and companies incorporated under or in virtue of an act of a Legislature of another province of Canada where corporations and companies incorporated under and in virtue of the laws of the Province of Quebec are authorized to do business without being obliged to take out a license herefor.