

to sell or lease or amalgamate the said railway to or with any other railway, railway company or administration.

Coming into force.

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

CAP. LXXXII.

An Act to amend the charter of the Quebec Central Railway Company.

[Assented to 21st June, 1886.]

Preamble.

WHEREAS the Quebec Central Railway Company has, by its petition, represented that it is necessary to raise additional capital for the completion of its Chaudière Valley extension, for improvements upon its main line, for additional equipment, for the payment of floating liabilities and expenditure incurred or sanctioned by the committee of the present bond-holders of such company and other purposes, and for this purpose that modifications in the rank and voting power of its existing debenture and share capital, and increased bonding powers are necessary, and the company has prayed for an amendment to its existing charter granting legislative authority to enable such changes to be effected, and it is expedient to grant the prayer of the said petition; Therefore, Her Majesty, by and with the advice and consent of the Legislature of Quebec, enacts as follows :

Charter of company amended.

1. The charter of the Quebec Central Railway Company is hereby amended so that, upon the coming into force of this act, the provisional directors of the company hereinafter named, shall have the power to make a new issue of Bonds, to be called "Prior Lien Bonds of the Quebec Central Railway Company," (hereinafter designated in this act as "the Prior Lien Bonds") consisting of three thousand Bonds of one hundred pounds sterling each, repayable at the expiration of twenty years, bearing interest at a rate not exceeding six per cent per annum and payable, both principal and interest, either in Great Britain or Canada, or one portion thereof in Great Britain and one portion in Canada, as the directors may deem best, and the Bonds when duly executed in accordance with the terms of this act shall be a first mortgage, charge, privilege and lien upon the whole undertaking, lands, equipments, tolls and revenues of the company, save and except existing liens and rights, if any, upon the rolling stock and equipment owned by or in use upon the said railway, as well as upon the portion already

Power to issue Prior Lien Bonds.

Bonds to be first mortgage on undertaking, &c.,

constructed as upon the Chaudière Valley extension to the Province line, as fast as the same shall be located and constructed, and in priority to all other existing charges, privileges, liens or incumbrances of any nature or kind whatsoever;

The directors may dispose of such Bonds upon such terms as to discount and payment as to them may seem best; but no portion of the proceeds thereof shall be available or used in payment or partial payment of any existing liability for capital or interest upon the present five thousand five hundred and sixty Main line bonds or the two thousand Chaudière extension bonds hereinafter referred to or in the purchase of the shares of the company.

2. The directors shall also have the power, in connection with the issue of the "Prior Lien Bonds," to name and appoint two or more trustees to whom they may, if in their discretion they think fit, in advance or subsequently, execute a trust deed and conveyance of the Quebec Central Railway, including the portion of the Chaudière valley extension yet to be constructed—the trust deed to be for the benefit and protection of the holders from time to time of the "Prior Lien Bonds" and containing such conditions and restrictions as to the directors may seem best;

The said trust deed shall, without registration in the several counties through which such railway passes, be valid and effectual and shall, upon the occurrence of the conditions therein named, give to the trustees or their successors the right of property in and of control of the railway as therein stated; but the omission to exercise this power shall not in any way diminish or otherwise affect the first mortgage charge or lien hereinbefore conferred upon the Prior Lien Bonds; but a certified copy of the said deed shall be deposited in the Provincial registrar's office.

3. Inasmuch as under the authority of various acts of the Legislature of the Province of Quebec, the company has caused to be issued in all twenty seven thousand, seven hundred and ninety-four shares of the capital stock of the company of the nominal value of twenty-five pounds sterling per share, and further caused to be issued on the 1st day of July, 1881, a series of bonds or debentures to the extent of five hundred and fifty-six thousand pounds sterling, usually designated as "the Main Line Bonds" and on the 31st day of December, 1881, a series of bonds to the extent of two hundred thousand pounds sterling, usually designated as "The Chaudière Valley Extension Bonds;" and inasmuch as the company has failed to complete its Chaudière valley extension, and the bonds issued in respect

And upon
Chaudière
Valley Extension.

Disposal of
Bonds.
Proviso as to
application of
proceeds.

Power to ap-
point trustees
in connection
with issue of
Prior Lien
Bonds and
execute trust
deed as secu-
rity for holders
of Prior Lien
Bonds.

Trust deed to
vest property
in trustees, &c.,
without regis-
tration, upon
occurrence of
conditions
named

Effect of omis-
sion to exercise
power.
Deposit of copy
of deed.

Additional
preamble.

Main Line
Bonds.

Chaudière
Valley Extension
Bonds.

thereof have not in consequence the same relative security and value as the bonds first issued; and inasmuch as it is improbable that the railway of the company in its present condition can pay a fixed charge in the way of interest upon its existing debentures and shares, in addition to that upon the new series of "Prior Lien Bonds" hereby authorized, and it is desirable to place the existing debentures on a common footing with due regard to their relative value and to assume the payment of interest thereon only to the extent which the net revenue of the railway may provide, it is hereby further enacted that :

Directors may issue Income Bonds to certain amount.

The directors, after obtaining the consent hereinafter stipulated, shall also have the power to make another new issue of bonds or debentures to be called "The Income Bonds of the Quebec Central Railway Company," hereinafter designated "The Income Bonds", consisting of six thousand seven hundred and sixty bonds of one hundred pounds sterling each, repayable on the 1st July, 1911, bearing interest at a rate not exceeding five per cent per annum, the interest payable only out of surplus net revenues, year by year, of the company, after payment of working expenses and interest in full upon the Prior Lien Bonds, the amount thereof (not exceeding the rate of five per cent) to be determined year by year by the directors of the company, after making provision for the existing and contingent floating liabilities of the company, and to that extent the accruing interest upon the Bonds year by year shall be a first charge and lien upon the surplus net revenue, but the interest shall not be cumulative, and any portion of it for which no provision shall be made in any year by the directors out of the surplus net revenues of that year shall *ipso facto* be and become discharged in so far as the company or its future revenues is or are concerned; but the capital of the Income Bonds shall always be and remain, until fully paid, a second mortgage, charge, lien and privilege upon the undertaking, lands, equipment, tolls and revenues of the company including the main line and Chaudiere extension to the province line to rank next after the Prior Lien Bonds.

Interest thereon how and when payable.

Unpaid interest to lapse.

Capital of bonds to be second mortgage.

Income Bonds to be exchangeable for Main line and Chaudiere Valley Extension bonds in certain proportion.

Proviso as to scrip for fractional amounts.

The said Income Bonds shall take the place of and be exchangeable for the existing debentures of the company in the following proportions, viz: one of the Income Bonds for each of the five thousand five hundred and sixty of the Main line bonds, and three of the Income Bonds for every five of the two thousand Chaudiere valley extension bonds; and, in the event of the last named bonds being held in such amounts that the exchange cannot be effected in the proportion above indicated, then the direc-

tors may make provision for such cases by issuing provisional scrip for fractional amounts, and, pending the exchange of such scrip for definitive Bonds, may distribute among the holders of such fractional scrip, according to their proper proportions, the interest due in respect of the definitive Bonds represented by such fractional scrip.

4. The directors shall also have the power, in connection with the issue of the Income Bonds, to name and appoint two or more trustees to whom they may, if in their discretion they shall think fit, in advance or subsequently, execute a trust deed and conveyance of the undertaking, lands, equipment, tolls and revenues. Such trust deed to be for the benefit of the holders of the Income Bonds and to contain such provisions and restrictions as the directors may deem best, and without registration to be valid and effectual in all respects according to the tenor thereof.

5. Before the issue of the Income Bonds under the provisions of this act, the directors shall obtain the consent, to the terms and stipulations of this act, of the holders of a majority in amount of the total issue of each of the several securities, to wit: of the holders of the Main line bonds, and of the Chaudiere valley extension bonds, and thereupon the directors shall on behalf of the company issue such Income Bonds, and give public notice of their issue for one month in the Quebec Official Gazette and in the Times Newspaper published in London, England, and upon the obtaining of such consent, the present bonds of the company, to wit: the five thousand five hundred and sixty Main line bonds, and the two thousand Chaudiere valley extension bonds, including all unpaid interest in respect thereof and the trust deeds executed in connection therewith, shall be and become absolutely null and void, except as evidences of the amount of the Income Bonds, to which the several holders of the Main line and Chaudiere valley extension bonds are entitled; and the company shall thereupon (upon demand) allot and distribute such Income Bonds to the several persons entitled thereto or to their order in the proportion and manner hereinbefore designated.

In the event of any portion of the present debentures being held in such proportions, or under such conditions as to make such exchange impossible or impracticable, in whole or in part, or in the event of the exchange not being applied for within four months after such published notice of the issue of the Income Bonds, the directors shall make as complete an exchange thereof as practicable, and there-

Power to appoint trustees in connection with issue of Income Bonds, and execute trust deed as security for payment of such Bonds.

Certain consent to be obtained before issue of Income Bonds.

Notice of issue how given.

Effect of notice on Main line and Chaudiere extension bonds.

Proviso as to sale of balance of unexchanged Income Bonds after certain time.

Responsibility of company thereafter. upon, after public notice of two months duration in the Quebec Official Gazette and the said Times Newspaper, the directors may hold a sale, by public tender, at their office in London aforesaid or at such other place in London as shall be designated in the notices, of all the Income Bonds then remaining unexchanged, and thereafter the company shall be responsible only for the net cash proceeds of the sales to the holders of the remaining Main line and Chaudiere valley extension bonds, in the proportions hereinbefore indicated.

Control of affairs of company after issue of Income Bonds. 6. After the issue of the Income Bonds, the control of the affairs of the company, other than the annual election of directors, shall be vested in the holders of the Income Bonds and of the shares; and for all purposes, other than the election of directors, one vote shall be reckoned and allowed for every twenty pounds of Income Bonds and one vote for every three shares of twenty-five pounds each.

Voting power of share and bondholders. Powers of directors in office at the time of coming into force of this act to cease. Provisional directors appointed. Their term of office. Present officers to continue for certain time. 7. Upon the coming into force of this act, the powers and functions of the then directors shall cease and their connections with the company in that capacity shall *ipso facto* terminate, and thereafter the affairs of the company shall be administered by a board of provisional directors hereby appointed, consisting of the Hon. Joseph G. Robertson, Richard Dalby Morkill and Robert N. Hall, all of Canada, and F. H. Norman, Samuel G. Sheppard, Joseph Price, A. Bremner, Edward Dent and H. Brandon, all of England, who shall hold office until a permanent board of directors is elected by the company at its succeeding general annual meeting; but all officers of the company, other than directors shall continue to hold office until three months after the first meeting of the board of provisional directors, as hereinafter directed, and shall be accountable to such board in all respects.

Qualification of income bondholders as directors. Directors to represent share and bondholders in certain proportion. 8. If, in the meantime, the provisions of this act shall have been complied with and the Income Bonds issued, any holder of five of such Income Bonds shall thereupon be equally qualified for election as one of the directors of the company as is a holder of ten shares, but three of the nine directors of the company, shall at that and all subsequent elections, be the nominees and representatives of the holders of the shares present or represented at such meeting or of a majority in amount of such holders then present or represented, and the remaining six directors shall in like manner be the nominees and representatives of the holders of the Income Bonds present or represented at such meeting, or of a majority in amount of such bondholders then present or represented; and at all such meetings the income

bondholders as well as the shareholders may be represented by any other income bond or shareholder, holding a written proxy for that purpose.

8. Upon the coming into force of this act, a meeting of the provisional directors shall be convened at a time and place in the city of London, England, to be fixed by the said F. H. Norman, Samuel G. Sheppard and Joseph Price or any two of them, of which meeting notice in writing of at least six weeks shall be given by the convenors or two of them to all the provisional directors; and at such meeting or at any subsequent adjourned or similarly convened meeting, the provisional directors or a majority of them shall have the right to appoint a provisional president, vice-president, secretary and treasurer and general manager or managing director of the company, and to determine the salaries, respectively, of such officials, to direct the common seal of the company to be forwarded to London, and to make regulations for its custody and use, to fill vacancies caused by the death or resignation of any provisional director or his refusal to accept such position, to issue the said Prior Lien Bonds and apply the proceeds to the purposes mentioned in the preamble of this act, and, in case of the consent of the present security holders in the company as hereinbefore stipulated shall have been received, to issue the Income Bonds and to exchange and dispose of them as hereinbefore provided, and generally to manage the affairs of the company until the election of the permanent directors at the succeeding general annual meeting of the company, which said meeting may be convened either in London, England, or at the company's office, in the city of Sherbrooke, in the Province of Quebec, as the provisional directors may determine, but if convened at London aforesaid, notice thereof and of the place where it will be held shall be given by public advertisement for at least six preceding weeks in the Quebec Official Gazette and in the said Times Newspaper.

At that or any subsequent general annual meeting or any special general meeting of the company, the place where the said annual meeting will be held may be fixed and changed by by-law of the company, provided always that if such change be made at any meeting subsequent to the first general annual meeting, after the passing of this act, public notice of the intention to introduce such by-law shall be given by advertisement, in the Quebec Official Gazette and the said Times Newspaper, for at least six weeks prior to such meeting.

9. Any meeting of the provisional or permanent directors may be held in London, England, or Sherbrooke,

Calling of meeting of provisional directors.

Appointment of provisional president and other officers.

General powers of provisional directors at meetings.

Meeting for election of permanent directors. Where meeting is to be held.

Notice of meeting in London.

By-law to fix or change place of meeting.

Notice of intention to propose such to be given.

Directors may meet in London or Sherbrooke.

May vote by proxy.

Province of Quebec, Canada ; and at any such meeting any absent director may give his proxy in such form as may be, from time to time, prescribed by the board to any other director to represent and vote for him upon any question.

In lieu of issuing Income Bonds, directors may note on present bonds modification of liability under this act.

10. In lieu of the creation and issue of Income Bonds with such sanction as hereinbefore provided, the directors may, for the sake of convenience and with the like sanction, cause to be impressed, upon each of the existing Main line and Chaudière valley extension bonds and coupons, a memorandum showing that the obligations of the company, as contained in the original instrument, have been modified to such extent as to accord with the tenor of the Income Bonds hereinbefore authorized, and in such case this act shall in all respects be read and construed as if every existing bond had been exchanged for and superseded by an Income Bond.

Effect of such noting.

If interest be paid on Prior Lien and Income Bonds for three years, income bondholders to cease to have power of voting, and control reverts to shareholders.

11. In the event of the company meeting the payment of interest in full upon said Prior Lien and Income Bonds for a term of three consecutive years, the right of voting and qualification for office conferred by this act upon the holders of the said Income Bonds shall cease, and the entire voting power for the election of directors and the administration of the affairs of the company shall revert to and be exercised by the holders of the ordinary shares of the company, in the same manner and form and to the same extent as is now exercised by the said shareholders.

Power to appoint special attorney for certain purposes.

12. If, in the execution of the trust deed hereinbefore referred to or any other act or procedure, either in Canada, the United States or Great Britain, including answers upon articulated facts or declarations as garnishees in any cause now or hereafter pending in any court of justice, it may be requisite or convenient for the company to be represented by an attorney, specially or generally appointed for such purpose or purposes, power is hereby given to the provisional directors or to the future permanent directors of the company, by resolution to that effect, to name and appoint such attorney or attorneys and subsequently to change and revoke such appointments and exercise such powers anew, from time to time, as the exigency of the business of the company may require ; and a copy of the resolution of the provisional or permanent directors appointing such attorneys, executed by the president and secretary of the company, under the seal of the company, shall be taken and held, until revoked, as sufficient evidence of such authorization ; and the signature, act and declara-

Proof of appointment.

Acts, &c., of attorney so appointed binding upon company.

tion of such attorney under the authority of such resolution shall be binding and obligatory upon the company to the same extent as though made by the regular officers of the company, within the ordinary scope of their duties or specially authorized by a resolution of the company.

13. The delay of five years for the completion of the railway of the company, established by section 5 of the act 41 Victoria, chapter 2, is hereby extended for a further term of three years.

41 V., c. 2, s. 5, amended and delay further extended for completion of works.

14. All the powers conferred upon the company by section 6 of the act last mentioned, in reference to sales, leases and amalgamations are hereby confirmed and further extended so as to enable the company to lease or purchase from, or complete an amalgamation or traffic arrangement with, any railway chartered by and under the laws of any of the United States of America.

Powers granted by 41 V., c. 2, s. 6, extended and power given to make running arrangements with other companies.

15. The company shall have the power to change its line to connect with the International Railway, at or near Lake Megantic, or to build a branch line to connect with the said railway as the company may decide.

Power to change line to connect with International Railway.

16. This act shall in no wise affect any cases now pending to which the said railway and any of its creditors are parties.

Pending cases not affected.

17. This act shall come into force only upon the proclamation of the Lieutenant-Governor of the Province of Quebec, which shall be issued upon the declaration of the company that the said act has received the written assent of two-thirds in amount of the shareholders of the company; and, unless such assent be given prior to the first day of June, 1888, this act shall be inoperative and of no effect, and the relative rights, rank and position of the present securities and the holders thereof shall remain unchanged.

Coming into force.