

REPURCHASES AND REDEMPTIONS**INDEX**

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EXPLANATION

The *Articles* of most companies contain a provision granting the company the right to repurchase its shares. In addition, the *Articles* may contain **Special Rights and Restrictions** (see the **Authorized Share Structure** chapter) that may grant a company the right to redeem all or a portion of the shares of a certain class or series of shares and grant the shareholders the right to retract all or a portion of their shares of a certain class or series of shares.

The right to repurchase shares generally applies to all classes of shares whereas the right to redeem or retract shares is usually restricted to particular classes or series of shares. Further restrictions on the right to repurchase, redeem or retract shares are contained in the Act.

The end result of a repurchase, redemption or retraction is the same: the company purchases a number of shares from the shareholder and the shareholder receives an agreed amount for his or her shares, either in cash or some other consideration, together with any declared but unpaid dividends. However, the three rights differ in the following ways:

- a **repurchase** of shares permits the company to purchase shares of itself from its shareholders, however, the company cannot force shareholders to sell their shares unless there is a right of redemption attached to the shares;
- a **redemption** of shares entitles a company to require shareholders to sell all or a portion of their shares to the company, usually for a predetermined amount. A specific right of redemption is attached to those shares in the **Special Rights and Restrictions** contained in the *Articles* of the company and if such special right is not contained in the *Articles*, the shares may not be redeemed (s. 77). In the case of a redemption of shares, the company is usually required to give notice to the shareholder of its intention to redeem the shares;
- a **retraction** of shares entitles the shareholder to require the company to redeem all or a portion of his or her shares, usually for a predetermined amount. A specific right of retraction is attached to those shares in the **Special Rights and Restrictions** contained in the *Articles* of the company, and if such special right is not contained in the *Articles*, the shares may not be retracted (s. 77). In the case of a retraction of shares, the shareholder is usually required to give the company notice calling for the redemption.

In all three cases:

- the *Share Certificates* representing the shares being repurchased or redeemed are surrendered to the company; and
- the shares may be reissued at a later date if they have been cancelled, or they may be sold, gifted or otherwise disposed of if they have been retained (s. 82(5)).

Repurchases or redemptions of shares by the company are subject to any right of first refusal and/or additional restrictions contained in the **Special Rights and Restrictions** in the *Articles* of the Company or in any *Shareholders' Agreement*. The **Special Rights and**

Restrictions also set out the procedures that must be followed by the shareholder or the company, or both, in order to redeem shares of the company.

Note: **Special Rights and Restrictions** may be added or altered in the manner described in the **Authorized Share Structure** chapter.

A predetermined repurchase or redemption price may be:

- determined by the directors when the shares are issued;
- the fair market value of the shares determined at the time of the repurchase or redemption;
- each share's par value; or
- a fixed amount set out in the **Special Rights and Restrictions** attached to those shares.

If the amount is **not** predetermined, the repurchase or redemption price must be negotiated between the shareholder and the **Board of Directors**.

Preference shares that have a par value and contain redemption or retraction rights are often redeemable or retractable for an amount higher than their par value.

Shares of the company may **not** be redeemed if the company is insolvent or if one of the following acts would render the company insolvent:

- making a payment or providing any other consideration to purchase or otherwise acquire the shares (s. 78(1)); or
- making a payment or providing any other consideration to redeem the shares (s. 79(1)).

The term "insolvent" is defined in section 1 of the Act and means that a company is unable to pay its debts as they become due in the ordinary course of its business.

REPURCHASE OF SHARES

Subject to the restrictions set out in section 78 of the Act and Table 3 of the Regulations – Pre-existing Company Provisions – and any restrictions in the company's **Articles**, a company is permitted to repurchase any of its shares from the existing shareholders (s. 77). In other words, subject to the noted restrictions, the company may purchase all or any of the shares owned by a shareholder if the shareholder agrees to sell the shares at the price offered by the company. The company may make an offer in writing to the shareholder setting out:

- the number of shares to be purchased;
- the purchase price; and
- the terms of the purchase.

Section 85 of the Act permits a subsidiary to purchase shares or otherwise acquire shares of its parent company as long as the subsidiary is not insolvent, or the purchase would not

render the subsidiary insolvent (see definition of “subsidiary” in s. 2(2) of the Act and in **Appendix D – Glossary**).

Under Table 3 of the Regulations – Pre-existing Company Provisions, when a **pre-existing** company purchases any of its shares, it must first make an offer to every shareholder of the same class or series of shares, to purchase rateably (i.e. proportionately) from those shareholders the number of such shares of that class or series that the company wishes to purchase. This provision does not apply if the company has been transitioned into the Act, has removed the Pre-existing Company Provisions and has adopted new *Articles* that do not contain such a right. Companies incorporated under the Act are not required to make such an offer unless obliged by the company’s *Articles* or by a *Shareholders’ Agreement*.

With respect to **pre-existing** companies which have **not** removed the Pre-existing Company Provisions, there are extensive exceptions to this requirement to make a rateable offer to other shareholders. It is quite possible that a repurchase may be exempt from the requirement on one of the following grounds:

- if the purchase is made through a securities exchange or a quotation and trade reporting system, such as a public company trading on the stock exchange;
- if the shares are being purchased:
 - from an employee or former employee of the company or an affiliate of the company; or
 - in the case of shares beneficially owned by an employee or former employee of the company or an affiliate of the company, from the registered owner of the shares;
- if the shareholders holding shares of the class of shares being purchased sign a special separate resolution relieving the company from its obligation to offer to repurchase shares from the other shareholders holding shares of that class – see *Special Resolution (Rateable Repurchase)* (page 18);
- if the *Articles* of the company provide otherwise;
- if there are reasonable grounds for believing that the purchase price for the shares being purchased is not more than the fair market value of those shares;
- if it is a purchase of fractional shares; or
- if the shareholders waive, in writing, their right to receive an offer to purchase the shareholders’ shares – see *Waiver and Consent (Rateable Repurchase)* (page 14).

REDEMPTIONS AND RETRACTIONS

Redemptions and Retractions

Unlike a repurchase of shares, the right of a company to **redeem** any of its shares must be specifically provided for in the **Special Rights and Restrictions** in the *Articles* of the company. This right of redemption is attached to specific classes or series of shares and it entitles a company to require a shareholder to sell to the company, for a predetermined

amount or redemption price, all or a portion of the shares of the company held by that shareholder.

A **shareholder's** right to **retract** all or a portion of the shares of the company held by that shareholder is also set out in the **Special Rights and Restrictions** attached to specific classes or series of shares. The right of retraction entitles a shareholder to require that the company redeem all or a portion of the shareholder's shares. It is not beneficial for most companies to grant shareholders the right to choose when their shares will be redeemed, so retraction rights are less common than redemption rights. There is generally a corresponding right of redemption when the **Special Rights and Restrictions** contain retraction privileges and usually the price or consideration for the redemption/retraction will be the same.

There is sometimes confusion in the use of the words "**retraction**" and "**redemption**". The word "**retraction**" is used to describe the right of a shareholder to demand redemption of some or all of the shares held by the shareholder. Once the demand is made by the shareholder, the company "**redeems**" the shares in question.

Table 3 of the Regulations – Pre-existing Company Provisions – requires that, unless the Pre-existing Company Provisions are removed or the *Memorandum* or *Articles* of the company provide otherwise, a **pre-existing** company that proposes to redeem some but not all of the shares of a particular class or series of shares, must ensure that the redemption is made rateably (i.e. proportionately) among every shareholder who holds shares of the class or series of shares to be redeemed. If a *Notice of Alteration to a Notice of Articles* has been filed removing the Pre-Existing Company provisions, you should also check to ensure that a rateable right of redemption is not contained in the special rights and restrictions attached to the share class.

For accounting purposes, some share redemptions are deemed to be dividends for Income Tax purposes. The instructions to treat a redemption as a deemed dividend are given by the accountants, generally to the law firm, but sometimes to the client who in turn directs the law firm.

CANCELLATION AND RETENTION OF SHARES

Section 82(1) of the Act provides that a company that has repurchased, redeemed or otherwise acquired any of its shares:

- **must** cancel the shares if required to do so by its *Memorandum* or *Articles* or by a resolution of the directors; and
- if not so required, **may** cancel the shares; or
- **must**, if the shares are not cancelled, retain the shares.

A share is cancelled for the purposes of the Act if:

- the company's *Central Securities Register* is altered to reflect that the share is no longer an issued share (s. 82(2)); and

- the *Share Certificate*, if any, representing the cancelled shares is marked in a manner that indicates that the shares are no longer issued shares (s. 82(3)).

If the shares are **not** cancelled, the company must retain the shares and the *Central Securities Register* must show the company as the holder of the shares in question (s. 82(4)). A *Share Certificate* in the name of the company should be issued to reflect the fact that the company is the holder of the shares.

Sometimes, it is useful for a company that has repurchased shares to hold the shares for a time until a new investor purchases the shares so that, in the interim, the proportionate shareholdings of the shareholders remain the same. However, before issuing a *Share Certificate* in the name of the company, check the *Articles* of the company to ensure that the company is permitted to hold shares of itself.

Pursuant to s 82(5), a company may, unless its *Memorandum* or *Articles* provide otherwise:

- reissue a share that it has cancelled under sections 82(1)(a) or (b); and
- sell, gift or otherwise dispose of a share that it has retained under s. 82(1)(c).

If a company retains a share under s. 82(1)(c), the company:

- is not entitled to vote the share at a meeting of its shareholders;
- must not pay a dividend in respect of the share; and
- must not make any other distribution in respect of the share.

PROCEDURE/CHECKLIST

1. Read the instructions from the client carefully and check that you have the following information:
 - the full names and addresses of the shareholders whose shares are being repurchased, redeemed or retracted
 - the number and description of the class or series of shares to be repurchased, redeemed or retracted
 - the price per share or other consideration
 - the effective date of the repurchase or redemption

If there are any special instructions, such as the terms of payment of the repurchase or redemption price, check with the supervising solicitor to determine if other documents are required, such as a promissory note or an agreement

2. Check:
 - that the shareholder owns the shares being repurchased or redeemed (verify by reviewing the *Central Securities Register*) and
 - that the *Share Certificates* are located in the *Records Book*, and that the number of shares and the name of the shareholder shown on the certificates is correct. If the *Share Certificates* are not contained in the *Records Book*, determine their location and whether the certificates will be available for cancellation
3. Check the company's *Articles*, the latest *Notice of Articles* and any *Shareholders' Agreement* to determine the company's rights to repurchase or redeem shares, the shareholders' right to retract their shares (if applicable) and whether or not there are any restrictions on the repurchase or redemption of shares, such as a requirement that shares be redeemed rateably among the shareholders, or a prohibition against redeeming shares while shares of a different class remain outstanding (i.e. some of the shares of that different class have been issued but not yet redeemed). In the case of a redemption designated as deemed dividend, check whether or not the shares are entitled to dividends.

REPURCHASE OF SHARES

4. **For a pre-existing company** that has **not** removed the Pre-existing Company Provisions:
 - (a) check if any of the exceptions listed in Table 3 of the Regulations – Pre-existing Company Provisions – apply to the repurchase (described in **Explanation – Repurchase of shares** – page 5). Confirm with the supervising solicitor that the exception will apply
 - (b) if none of the exceptions apply, check the instructions from the client to determine if the directors are planning to make an offer to the other

- shareholders. If an offer is to be made, prepare an *Offer of Repurchase* (page 12)
5. If the other shareholders are prepared to consent to the repurchase and waive the notice period, prepare a *Waiver and Consent (Rateable Repurchase)* (page 14). The *Waiver* is effective if given before or after the repurchase
 6. If none of the exemptions in Part 4 of Table 3 apply, all of the other shareholders agree to the repurchase, and the directors prefer not to make an offer to the other shareholders or to have a Waiver signed by the other shareholders, prepare a *Special Resolution (Rateable Repurchase)* (page 18). If not all the shareholders consent to the repurchase and the directors do not wish to make an offer to the other shareholders, a meeting of the shareholders of the class of shares being repurchased will have to be called and a special resolution passed (see **Miscellaneous** chapter)
 7. If the shareholder from whom the shares are being repurchased is a director or an officer of the company, prepare a *Disclosure Statement* (see the **Directors and Officers** chapter)

For new companies and companies that have removed the Pre-existing Company Provisions:

8. Determine if there is a requirement in the *Articles* or any *Shareholders' Agreement* for an offer to be made for rateable repurchase to the other shareholders. If there is prepare an *Offer of Repurchase* (page 12)
9. If the other shareholders are prepared to consent to the repurchase and waive the notice period, prepare *Waiver and Consent (Rateable Repurchase)* (page 14)

For both pre-existing and new companies:

10. Prepare:
 - (a) *Agreement (Repurchase of Shares)* (page 22) if one is required – check with the supervising solicitor
 - (b) *Directors Resolution (Approving Repurchase)* (page 26)
11. Complete the back of the *Share Certificate* for endorsement by the shareholder for cancellation **or** prepare a *Surrender of Share Certificate* (page 34). Check with the supervising solicitor or your corporate supervisor regarding the firm's policy on cancelling repurchased shares (see the **Records** chapter – *Share Certificates – Back*)

REDEMPTIONS

12. Prepare:

- (a) *Notice of Redemption and Waiver of Notice* (page 31) if required by the *Articles* and the shares are being redeemed with the consent of the shareholder(s) before the expiry of the minimum notice period required by the *Articles* or
- (b) If the redemption price (or a portion thereof) is considered to be a deemed **eligible dividend**, *Notice (Redemption as Deemed Eligible Dividend)* (page 44)
- (c) *Waiver and Consent (Redemption)* (page 32) for both pre-existing companies and new companies, if:
 - (i) the *Articles* require that the shares be offered to the other shareholders of the class of shares being redeemed on a rateable basis
 - (ii) the other shareholder(s) consent to the redemption; and
 - (iii) the other shareholder(s) shares are not being redeemed
- (d) *Directors Resolution (Approving Redemption)* (page 36) or *Directors Resolution (Approving Redemption as Deemed Dividend)* (page (40))
- (e) Check with the supervising solicitor or your corporate supervisor regarding the firm's policy on cancelling redeemed shares. If instructed to do so, prepare a *Surrender of Share Certificate* (page 34).

RETRACTION

13. Prepare:

- (a) *Notice of Retraction* (page 46)
- (b) *Waiver of Notice (Retraction)* (page 48) – if the *Articles* require a minimum period of Notice to be given and the shares will be redeemed before the expiry of the minimum notice period
- (c) *Waiver and Consent (Redemption)* (page 32) for both pre-existing companies and new companies, if the *Articles* require that the shares be offered to the other shareholders of the class of shares being redeemed on a rateable basis, the other shareholder(s) consent to the redemption and the other shareholder(s) shares are not being redeemed
- (d) *Consent Directors' Resolution (Approving Retraction)* (page 50)
- (e) Prepare a *Surrender of Share Certificate* (page 34) **or** complete the back of the *Share Certificate* for endorsement by the shareholder for cancellation if required by the *Special Rights and Restrictions* attached to the shares (see the **Records** chapter – *Share Certificates – Back*)

IN ALL CASES

14. If not all the shares on a particular *Share Certificate* are repurchased or redeemed, prepare a new *Share Certificate* for the balance of shares not redeemed on the certificate (see the **Records** chapter)
15. If the repurchase, redemption or retraction affects the information in the Transparency Register, determine who the Significant Individual(s) is/are as a result of this transaction (see the Records chapter)
16. Prepare the *Transmittal Letter (Forwarding Documents for Signature)* (page 54)
17. When the signed documents are returned,
 - (a) date and time stamp the documents
 - (b) stamp or mark the cancelled *Share Certificates* with the words “**Cancelled**”
 - (c) file the signed documents in the *Records Book* as follows:

Tab in Records Book	Documents
Directors’ Minutes/Resolutions	<p><i>Directors Resolutions</i> (with copies of the appropriate documents attached to them):</p> <p style="padding-left: 40px;"><i>Offer of Repurchase</i> <i>Waiver and Consent (Rateable Repurchase)</i></p> <p style="padding-left: 20px;"><i>or:</i></p> <p style="padding-left: 40px;"><i>Notice of Redemption</i> <i>Waiver of Notice</i> <i>Waiver and Consent (Redemption)</i></p> <p style="padding-left: 20px;"><i>or:</i></p> <p style="padding-left: 40px;"><i>Notice of Retraction</i> <i>Waiver of Notice (Retraction)</i> <i>Waiver and Consent (Redemption)</i></p>
Shareholders’ Minutes/Resolutions	<p><i>Special Resolution (Rateable Repurchase)</i> if applicable</p>
Share Certificates	<p>Cancelled <i>Share Certificate</i> marked or stamped “Cancelled” with <i>Surrender of Share Certificate</i> attached</p> <p>New <i>Share Certificate(s)</i></p>

Note: The *Agreement (Repurchase of Shares)* is filed in the corporate file unless it is your firm’s policy to file such agreements with the corporate resolutions authorizing them. If the shareholder is a company, one additional originally signed copy of the agreement should be prepared for the shareholder’s corporate file or records book, as the case may be

18. Complete or update the *Central Securities Registers*
19. Update the *Transparency Register* if applicable
20. Update database (if applicable)

OFFER OF REPURCHASE

General Notes

Table 3 of the Regulations – Pre-existing Company Provisions – requires that, before purchasing any of its shares, a **pre-existing** company must make an offer to every shareholder who holds shares of the class or series of shares to be purchased, to purchase rateably from those shareholders the number of shares of that class or series of shares that the company proposes to purchase. There are a number of exceptions (see **Explanation – Repurchase of Shares** – page 5).

In addition, this Offer is **not** required:

- for **pre-existing** companies:
 - if there is no requirement in the company's *Articles*, or any *Shareholders' Agreement* to make an offer to the other shareholders; and Table 3 of the Regulations – Pre-existing Company Provisions does not apply to the company, or
 - if the shareholders of the class of shares being purchased pass a *Special Resolution (Rateable Repurchase)* – page 18; or
- for **new** companies, unless the *Articles* or any *Shareholders' Agreement* require such Offer; or
- if all of the shareholders of the class of shares being purchased sign a *Waiver and Consent (Rateable Repurchase)* (page 14).

Preparation

Note: This *Offer of Repurchase* should be prepared for each shareholder holding shares in the class or series of shares being repurchased.

- ① Copy the number of shares being repurchased from the instructions.
- ② Copy the description of the class of shares from the company's most recent *Notice of Articles*.
- ③ Copy the price **per share** (not the total price) from the instructions.
- ④ Insert the date that the offer expires – see the client's instructions or calculate from the notice period required by the *Articles* or *Shareholders' Agreement*.

Insert the date of the offer.
- ⑥ Insert a blank date for the acceptance.

Procedure

Once this document is prepared, checked and approved by the supervising solicitor, it is sent to the company for signature – see the *Transmittal Letter (Forwarding Documents for Signature)* (page 54).

OFFER OF REPURCHASE

{NAME OF COMPANY}

(the “Company”)

TO: *{NAME OF SHAREHOLDER}*

The Company offers to repurchase from you *{number}*^① Class ^② shares as of this date, for the amount of \$^③ per share.

This offer is open for acceptance until *{date}*^④.

Dated: *{date}*^⑤.

{NAME OF COMPANY}

Per: _____

ACCEPTANCE OF OFFER

I accept the Company’s offer to purchase my *{number}*^① Class ^② shares of the Company as set out above.

Dated: *{date}*^⑥

{NAME OF SHAREHOLDER}

WAIVER AND CONSENT (Rateable Repurchase)

General Notes

This *Waiver and Consent* is only required:

- for **pre-existing** companies if:
 - an *Offer to Repurchase* has not been made; or
 - Table 3 of the Regulations – Pre-existing Company Provisions – apply to the company, or
 - there is a requirement in the company’s *Articles*, or any *Shareholders’ Agreement* to make an offer to the other shareholders;
 - a Special *Resolution (Rateable Repurchase)* (page 18) has **not** been passed.
- for **new** companies (incorporated under the Act) if the *Articles* or a *Shareholders’ Agreement* contain a right of shareholders to receive a rateable offer to repurchase shares;

and the other shareholders are prepared to consent to the repurchase.

Preparation

Note: This Waiver may be prepared in two ways:

- a separate Waiver for each shareholder; or
 - one Waiver for all shareholders holding a particular class or series of shares.
- ① Delete whichever reference is inappropriate (i.e. if the *Waiver* is not required by the Act or the Regulations, delete the reference to the Act or the Regulations; if the *Waiver* is not required by the company’s *Articles*, delete the reference to the *Articles*).
 - ② Copy the **number of shares** from the instructions received from the company or its accountants.
 - ③ Copy the description of the class of shares from the company’s most recent *Notice of Articles*.
 - ④ Copy the **price per share** from the instructions received from the company or its accountants.
Insert the date of repurchase or a date prior to it.
 - ⑥ Check the *Central Securities Register* of the company and prepare a *Waiver* for each shareholder of the class or series of shares that are being purchased. If preparing a Waiver to be signed by all the shareholders, insert all the names of current shareholders from the *Central Securities Register*.

Procedure

Once this document is prepared, checked and approved by the supervising solicitor, it is sent to the company for signature – see the *Transmittal Letter (Forwarding Documents for Signature)* (page 54).

WAIVER AND CONSENT

To: *{NAME OF COMPANY}*
(the “Company”)

I waive my right under the ①*Business Corporations Act*, the *Regulations* thereto, and the Articles of the Company to receive an offer to repurchase *{number}*② Class ③ shares at a price of \$④ per share and consent to the disproportionate repurchase of Class ③ shares as follows:

NAME OF SHAREHOLDER	Number of Class ③ shares to be repurchased
<i>{NAME OF SHAREHOLDER}</i>	<i>{number}</i> ②

Dated: *{date}*⑤.

⑥*{NAME OF SHAREHOLDER}*

ACKNOWLEDGMENT OF REPURCHASE

General Notes

This *Acknowledgement of Repurchase* is only required when there is no *Agreement (Repurchase of Shares)* and it is helpful to include this document as part of the paper trail regarding the transaction. It is often included as one of the standard documents prepared to organize the company after incorporation when the incorporator's shares are repurchased by the company.

Check with the supervising solicitor or the corporate supervisor to determine whether this document should be prepared.

Preparation

- ① Insert the name of the company repurchasing the shares.
- ② Copy the **number of the shares** from the instructions received from the company or its accountants and the **description of the shares** from the company's most recent *Notice of Articles*.
- ③ Calculate the total purchase price of the shares by multiplying the **number of shares** by the **price per share** from the instructions received from the company or its accountants.
- ④ Insert the date of repurchase.
- ⑥ Insert the name of the shareholder whose shares are being repurchased as shown in the *Central Securities Register*. If the shareholder is a company, provide for the execution by the shareholder as follows:

{NAME OF COMPANY}

Per: _____
 Authorized signatory

Procedure

Once this document is prepared, checked and approved by the supervising solicitor, it is sent to the company for signature – see the *Transmittal Letter (Forwarding Documents for Signature)* (page 54).

ACKNOWLEDGEMENT OF REPURCHASE

To: ①{*NAME OF COMPANY*} (the “Company”)

And To: The directors of the Company

Re: Repurchase of Shares

The undersigned assigns and transfers the *{number and class of shares}*② shares held by the undersigned in the Company to the Company for the total purchase price of \$③.

Dated ④.

{NAME OF SHAREHOLDER}

SPECIAL RESOLUTION (Rateable Repurchase)

General Notes

This *Special Resolution* is only required for **pre-existing** companies if:

- an *Offer to Repurchase* (page 12) has not been made;
- a *Waiver and Consent (Rateable Repurchase)* (page 14) will not be signed; and
- Table 3 of the Regulations – Pre-existing Company Provisions – apply to the company which requires that the company, before purchasing any of its shares, must make an offer to every shareholder who holds shares of the class or series of shares to be purchased to purchase rateably from those shareholders the number of shares of that class or series of shares that the company wishes to purchase,

One of the exceptions to Table 3 of the Regulations – Pre-existing Company Provisions is that the shareholders of the class or series of shares being purchased may sign a special separate resolution relieving the company of its obligation to offer shares (see **Explanation – Repurchase of Shares** (page 5)).

If shareholders of a non-voting class or classes of shares are entitled to pass a special separate resolution because of the Pre-existing Company Provisions and will not be signing an *Offer of Repurchase* or a *Waiver and Consent (Rateable Repurchase)*, you may:

- prepare the resolution shown opposite for all the voting shareholders, and include the consent of the holders of any non-voting shares entitled to receive an offer of repurchase as part of the Special Resolution; **or**
- prepare a separate class resolution for each class of shares entitled to receive an offer of repurchase (see the *Separate Class Resolution* in the **Authorized Share Structure** chapter).

For a discussion on the requirements of special resolutions that call for the consent of a particular class or series of shares, refer to the notes with respect to the *Shareholders Resolution (Approving Changes to Authorized Share Structure)* in the **Authorized Share Structure** chapter.

Preparation

- ① If there is only one class of shares, or if you will be preparing a **separate** resolution for the class of shares entitled to vote on the resolution (see *Separate Class Resolution* in the **Authorized Share Structure** chapter), delete this paragraph and delete the reference to “AND A SEPARATE RESOLUTION”.
- ② Copy the number of shares from the instructions received.
- ③ Copy the description of the class of shares being repurchased from the company’s most recent *Notice of Articles*.
- ④ Insert the effective date of the repurchase.

Copy the price **per share** from the instructions received.
- ⑥ Insert this paragraph only if the shareholder from whom the shares are repurchased is one of the directors or officers of the company. In this case, prepare a *Disclosure Statement* (see the **Directors and Officers** chapter).

Continued...

SHAREHOLDERS RESOLUTIONS
OF
{NAME OF COMPANY}
(the “Company”)

① Pursuant to the *Business Corporations Act*, the undersigned, being all of the shareholders of the Company, by signing this resolution, in our capacity as the holders of shares of each class entitled to a class vote on the matters herein, adopt the following resolutions and by so doing render the same as valid and effectual as if passed at a meeting of shareholders duly called and constituted.

WHEREAS

- A. It is in the best interests of the Company and reasonable and fair to the Company, that the Company repurchase from *{NAME OF SHAREHOLDER}* *{number}*② Class③ shares of the Company (collectively the “Repurchased Shares”) as of *{date}*④, for the amount of \$⑤ per share as set out in the terms of the Share Repurchase Agreement presented to the directors of the Company (the “Agreement”);
- B. ©*{NAME OF SHAREHOLDER}* has disclosed to the Company the nature and extent of his interest in the Agreement.

RESOLVED AS A SPECIAL RESOLUTION AND ① A SEPARATE RESOLUTION THAT:

1. The repurchase by the Company from *{NAME OF SHAREHOLDER}* of the Repurchased Shares for the price and upon the terms and conditions contained in the Agreement is approved.

Continued...

SPECIAL RESOLUTION
(Rateable Repurchase)

Preparation (Continued)

- ① Copy the description of the class of shares being repurchased from the company's most recent *Notice of Articles*.
- ② Insert the date of the *Directors Resolution* (page 26).
- ③ Check the *Central Securities Register* and insert the names of all the **voting** shareholders.
- ④ If you are preparing a *Separate Class Resolution* for the non-voting shareholders, insert this separate authorization paragraph for each class of **non-voting** shareholders entitled to receive an offer of repurchase and insert the names of the shareholders of each such class under the signature line, otherwise, delete this paragraph and delete the signature lines.

Procedure

Once this document is prepared, checked and approved by the supervising solicitor, it is sent to the company for signature – see the *Transmittal Letter (Forwarding Documents for Signature)* (page 54).

Special Resolution
(Rateable Repurchase)
(Page 2)

2. The company is relieved of all obligations to offer to repurchase shares from other holders of Class^① shares under the *Business Corporations Act* and *Regulations* thereto with respect to the above repurchase.

Dated effective: *{Date}*^②.

③ *{NAME OF SHAREHOLDER}*

③ *{NAME OF SHAREHOLDER}*

④ The foregoing Special Resolutions are hereby consented to by every shareholder of the Company holding Class ^① shares of the Company who would have been entitled to vote in person or by proxy at a meeting of the holders of such class of shares of the Company.

{NAME OF CLASS^① SHAREHOLDER}

{NAME OF CLASS^① SHAREHOLDER}

AGREEMENT (Repurchase of Shares)

General Notes

There are a number of reasons why the directors might consider it prudent to formally document the repurchase of shares with a written agreement between the company and the shareholder selling the shares.

An example is when the purchase price is not paid immediately in cash, and there are terms for its payment (for example: by post-dated cheques or a promissory note).

Check with the supervising solicitor to determine whether an agreement is required.

Preparation

- ① Copy the name of the Vendor (i.e. the shareholder selling the shares) from the *Central Securities Register* and *Share Certificate*.
- ② Copy the incorporation number from the *Certificate of Incorporation* and the address of the registered office from the company's most recent *Notice of Articles* or the latest *Notice of Change of Address* or if required, insert the business address of the company.
- ③ Insert the total number of shares of the class of shares held by the shareholder. Check the *Central Securities Register* to determine the exact number (this may be different from ⑤ below) – for example, the shareholder may own 500 shares but is only selling 350 shares.
- ④ Copy the description of the class of shares from the company's most recent *Notice of Articles*.

Copy the number of shares being repurchased from instructions received from the company or accountant (this may be different from ③ above).

- ⑥ Insert the total price – multiply the price per share from the *Notice of Repurchase* by the number of shares being purchased.
- ⑦ If the purchase price is not paid in cash, insert the terms of payment, for example:

“The Purchase Price shall be paid as follows: by delivery to the Vendor by the Company of a Promissory Note in the amount of \$_____, payable without interest on or before the day that is the six month anniversary of the date of this Promissory Note.”

Continued...

REPURCHASE AGREEMENT

THIS AGREEMENT made the ____ day of _____, 200__

BETWEEN:

{NAME OF VENDOR}, ① *{occupation}* of
{address of vendor}
(the “Vendor”)

AND:

{NAME OF COMPANY},
{Incorporation No. ②} of
{Registered Office or business address of the Company} ②
(the “Company”)

WHEREAS

- A. The Vendor is the registered and beneficial owner of *{number}* ③ Class ④ shares of the Company; and
- B. The Company wishes to repurchase *{number}* ⑤ Class ④ shares of the Company owned by the Vendor (the “Shares”) and the Vendor has agreed to sell the Shares to the Company.

NOW THEREFORE THIS AGREEMENT WITNESSES that for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties agree as follows:

- 1. The Company agrees to buy from the Vendor, and the Vendor agrees to sell to the Company all right, title and interest of the Vendor in the Shares for the aggregate price of \$⑥ (the “Purchase Price”) which represents the parties’ best estimate of the fair market value of the interest of the Vendor in and to the Shares as of the date hereof.
- 2. ⑦The Purchase Price will be paid at the time of the execution of this Agreement by delivery of a cheque from the Company to the Vendor.
- 3. The Vendor represents and warrants as follows and acknowledges and confirms that the Company is relying upon these representations and warranties for the purchase of the Shares:
 - (a) the Vendor is the sole registered and beneficial owner of the Shares, free of all liens, charges, security interests and encumbrances;
 - (b) no person, other than the Company, has any right or option capable of becoming an agreement or option for the purchase of the Shares.

Continued...

AGREEMENT
(Repurchase of shares)

Preparation

- ① Insert the share certificate number or numbers from the *Share Certificates*.
- ② There are a number of essential clauses that are attached to most agreements. Confirm with the supervising solicitor as to which clauses should be used for this agreement or use the clauses shown opposite.
- ③ Prepare and complete this form of execution clause for each **individual vendor** (as opposed to a vendor who is a company – see below):

SIGNED in the presence of:)
)
 _____)
 Name)
 _____)
 Address) _____
 _____) **{NAME OF VENDOR}**
 _____)
 Occupation)

If several individuals sign before the same witness, insert additional lines under the **{NAME OF VENDOR}** and type under the name and address of the witness “*AS TO BOTH SIGNATURES*” or “*AS TO ALL SIGNATURES*” depending on the number of individuals.

- ④ For the company, and for the Vendor, if it is a company, prepare the following:

{NAME OF COMPANY} or
{NAME OF VENDOR COMPANY}

Per: _____
Authorized signatory(ies)

Procedure

Once this document is prepared, checked and approved by the supervising solicitor, it is sent to the company for signature – see the *Transmittal Letter (Forwarding Documents for Signature)* (page 54).

Repurchase Agreement**Page 2**

4. Concurrently with the execution and delivery of this Agreement:
 - (a) the Vendor will deliver to the Company share certificate number ① representing the Shares, endorsed for transfer; and
 - (b) the Company will execute and deliver to the Vendor the cheque contemplated by Paragraph 2.
5. ②Time will be of the essence of this Agreement.
6. ②This Agreement contains the entire agreement of the parties with respect to the matters contained herein and supersedes all previous expectations, negotiations, agreements, representations and covenants, oral or written, between the parties.
7. ②This Agreement shall enure to the benefit of and be binding upon the Vendor and the Company and their respective personal representatives, successors and permitted assigns.
8. ②Each of the parties will execute such further assurances and other documents and instruments and do such further acts as may be necessary to implement and carry out the intent of this Agreement.
9. ②No amendment, modification, supplement, termination or waiver of any provision of this Agreement will be effective unless in writing signed by the appropriate party and then only in the specific instance and for the specific purpose given.
10. ②Except as may be expressly provided for in this Agreement, no party may assign its rights or obligations under this Agreement without the consent in writing of the other party.
11. ②This Agreement may be executed in any number of counterparts or by facsimile, each of which shall together, for all purposes, constitute one and the same instrument, binding on the parties, and each of which shall together be deemed to be an original, notwithstanding that all of the parties are not signatory to the same counterpart or facsimile.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the *{date}*.

③

④

DIRECTORS RESOLUTION (Approving Repurchase)

General Notes

In order to complete a repurchase, the directors must pass a resolution approving the repurchase.

Preparation

- ① Insert the first paragraph if there is a Repurchase Agreement, and the second if there is none.
- ② Insert the number of shares being repurchased from the instructions.
- ③ Insert the description of the class of shares being repurchased from the company's most recent *Notice of Articles*.
- ④ Insert the price per share from the instructions. If the shares to be redeemed are not entitled to dividends, delete the words "together with all declared and unpaid dividends thereon".

Insert the total amount. Multiply the price per share by the number of shares being repurchased.

- ⑥ Delete this paragraph entirely if:
 - there is no requirement in the company's *Articles*, or any *Shareholders' Agreement* to make an offer to the other shareholders; and Table 3 of the Regulations – Pre-existing Company Provisions does not apply to the company, or
 - the shareholders of the class of shares being repurchased have agreed to sign a *Special Resolution (Rateable Purchase)* (page 18).
- ⑦ Insert the effective date of the repurchase.
- ⑧ If there is no Repurchase Agreement, delete to the end of paragraph and substitute:
 "*and pay the Purchase Price to the Vendor.*"
- ⑨ Include only if there is a *Share Repurchase Agreement*, and make any necessary adjustments to the authorized signatory (you may substitute "the sole director" or "the President" or the office of another signing officer, as appropriate).
- ⑩ Insert the share certificate number or numbers from the *Share Certificates*.

Continued...

DIRECTORS RESOLUTIONS
OF
{NAME OF COMPANY}
 (the “Company”)

WHEREAS:

A. ①It is expedient for the Company to repurchase for cancellation from *{NAME OF SHAREHOLDER}* (the “Vendor”) *{number of shares}*② Class ③ shares of the Company (the “Shares”) pursuant to the repurchase agreement dated *{date}* between the Vendor and the Company (the “Repurchase Agreement”) presented to the directors of the Company;

or:

A. ①The Company proposes to repurchase for cancellation from *{NAME OF SHAREHOLDER}* (the “Vendor”) *{number of shares}*② Class ③ shares of the Company (the “Shares”) in consideration for the payment of \$④ for each share to be purchased, together with all declared and unpaid dividends thereon, being \$⑤ in the aggregate (the “Purchase Price”);

B. ⑥All of the holders of Class③ shares have waived their rights under the Company’s *Articles* and the British Columbia *Business Corporations Act* to receive an offer to repurchase rateably their Class ③ shares of the Company;

C. The Company is not insolvent and will not be rendered insolvent as a result of the proposed repurchase of the Shares.

RESOLVED THAT:

1. The Company repurchase the Shares from the Vendor on *{date}*⑦ ⑧on the terms and conditions set out in the Repurchase Agreement.

2. ⑨The Company enter into the Repurchase Agreement and any one director or Officer of the Company, signing alone, is authorized on behalf of the Company:

- (a) to execute and deliver the Repurchase Agreement;
- (b) to make all amendments to the Repurchase Agreement as the director or officer in his or her sole discretion considers appropriate and the approval of the Company to any amendments is conclusively evidenced by the director or officer’s signature thereto.

3. The following Share Certificates be cancelled:

Certificate Number	Registered Holder	Number and Class of Shares
⑩	<i>{NAME OF SHAREHOLDER}</i>	<i>{number of shares}</i> ② <i>{description of class of shares}</i> ③

Continued...

DIRECTORS RESOLUTION **(Approving Repurchase)**

Preparation (Continued)

- ① Insert this paragraph only if not all shares on a certificate are repurchased and a new share certificate is issued for the balance of shares on the certificate. For example, if the shareholder holds 1,000 shares of the class in question, one *Share Certificate* represents all the shares, and only 350 shares are repurchased, you should include this paragraph. Delete this paragraph in its entirety (including the table) if **all** the shares on the *Share Certificate* are repurchased.
- ② Check the last number of share certificate issued for this class in the *Central Securities Register* and insert the next number (e.g. if the last was 2A insert 3A). If you have a database, check the last number issued for this class.
- ③ Insert the number of shares remaining after the repurchase. In the example given above, it would be 650 shares.
- ④ Insert the description of the class of shares being repurchased (see preceding page).

If all the shares on the *Share Certificate* have been repurchased and no new *Share Certificate* is issued, substitute:

“The above repurchase be entered in the Central Securities Register of the Company.”

- ⑥ Insert the effective date of the resolution.
- ⑦ Check the *Register of Directors* of the company and insert the names of all directors.

Procedure

Once this document is prepared, checked and approved by the supervising solicitor, it is sent to the company for signature – see the *Transmittal Letter (Forwarding Documents for Signature)* (page 54).

Directors Resolution (approving repurchase)**Page 2**

④. The following Share Certificate(s) representing the balance of shares after the repurchase, be issued:

Cert. No.	Name of Shareholder	Number and Class of Shares
<i>{number}</i> ②	<i>{NAME OF SHAREHOLDER}</i>	<i>{number}</i> ③ Class ④

5. ⑤The above repurchase and issuance be entered in the Central Securities Register of the Company, and any director of the Company is authorized to execute and deliver such certificates on behalf of the Company.

6. Any director or officer of the Company, signing alone, be authorized to execute and deliver all such documents and instruments, and to do such further acts, as may be necessary to give full effect to these resolutions or as may be required to carry out the full intent and meaning thereof.

Dated effective: *{Date}*⑥.

⑦*{NAME OF DIRECTOR}*

⑦*{NAME OF DIRECTOR}*

NOTICE OF REDEMPTION AND WAIVER OF NOTICE

General Notes

This Notice is prepared and addressed to each shareholder of a particular class or series of shares to be redeemed if the **Special Rights and Restrictions** contained in the *Articles* require that such Notice be given. If several classes or series of shares are redeemed, a separate Notice should be prepared for each class or series of shares and each shareholder of each class or series. If the shareholders of each class or series of shares being redeemed consent in writing to waive such Notice, then the Notice will not be required. Prepare instead a *Waiver and Consent (Redemption)* (page 32).

Preparation

Note: Prepare a separate *Notice* for each shareholder who holds shares to be redeemed. Check in the *Central Securities Register* that the shareholder, in fact, owned the shares on the effective date.

- ① Copy the description of the class of shares from the instructions and check the company's most recent *Notice of Articles*.
- ② Insert the name of the shareholder whose shares are being redeemed.
- ③ Insert the number of shares to be redeemed from this shareholder.
- ④ Insert the effective date of the redemption from the instructions received.

Note: As the effective date of the redemption may have tax consequences, if you are unsure of the date, check with the supervising solicitor or accountant.

Insert the redemption price **per share**. If the shares to be redeemed are not entitled to dividends, delete (b) "with all declared and unpaid dividends..." to "...Redemption Date". Check the company's *Articles* to determine if the *Articles* specify the redemption price and, if not, check if the directors determined the redemption price when the shares being redeemed were issued. The *Articles* may specify "fair market value" or similar wording, in which case, check your instructions to determine that the accountants have set a redemption price. If the amount of the redemption price is unclear, check with the supervising solicitor.

- ⑥ If the Redemption Price is not paid in cash, set out the manner in which it is to be paid, for example, by the issuance of a promissory note.
- ⑦ Insert the effective date which should be on or before the Redemption Date.
- ⑧ If the Notice requirement is not being waived, delete the remainder of the page.
- ⑨ Check the company's *Articles* and insert the number of days notice that is required.

Procedure

Once this document is prepared, checked and approved by the supervising solicitor, it is sent to the company for signature – see the *Transmittal Letter (Forwarding Documents for Signature)* (page 54).

**NOTICE OF REDEMPTION OF
CLASS ① SHARES**

{NAME OF COMPANY}
(the “Company”)

To: *{NAME OF SHAREHOLDER}*②

TAKE NOTICE that the Company intends to redeem *{Number}*③ Class ① shares of the Company presently held by you, on *{Date}*④ (hereinafter called the “Redemption Date”) and will pay for each share to be redeemed:

- (a) the amount of \$⑤ per share;
- (b) ⑤all declared and unpaid dividends thereon accumulated to the Redemption Date;

(together “the Redemption Price”)

The Company will pay, or cause to be paid, the Redemption Price to, or to the order of, *{NAME OF SHAREHOLDER}*② on or after the Redemption Date on presentation and surrender of the share certificate(s) representing the shares to be redeemed, at the head office of the Company in *{City}*, British Columbia. ⑥

Dated effective: *{Date}*⑦.

{NAME OF COMPANY}

Per: _____

⑧ WAIVER OF NOTICE

I, *{NAME OF SHAREHOLDER}*② acknowledge receipt of the above Notice of Redemption and waive the obligation of the Company to provide ⑨ days notice as required by the Articles of the Company.

Dated effective: *{Date}*⑦

②*{NAME OF SHAREHOLDER}*

WAIVER AND CONSENT (Redemption)

General Notes

This *Waiver and Consent* may be used for either a redemption or a retraction and is prepared when the shares of the particular class being redeemed are **not** being redeemed rateably among the shareholders, the other shareholders consent to the unequal redemption, and one of the following conditions apply:

- the company is a **pre-existing** company to which Table 3 – Pre-existing Company Provisions apply, unless the *Special Rights And Restrictions* attached to the shares of the company provide that redemption need not be made rateably among every shareholder who holds shares of the class or series to be redeemed; or
- the *Special Rights And Restrictions* attached to the shares of the company or a *Shareholders' Agreement* include a right, if the company proposes to redeem some but not all of the shares of a particular class or series of shares, that the redemption is made rateably among every shareholder who holds shares of the class or series of shares to be redeemed.

Preparation

This *Waiver and Consent* may be prepared in two ways:

- a separate *Waiver* for each shareholder of the class or series of shares being redeemed; or
 - one *Waiver* for all shareholders holding a particular class or series of shares.
- ① Copy the description of the class of shares from the instructions and check the company's most recent *Notice of Articles*. Confirm in the *Central Securities Register* that the shareholder(s) in fact own(s) the shares.
 - ② Check the *Special Rights and Restrictions* in the *Articles* of the Company as well as any *Shareholders' Agreement* to determine whether there are any rights to rateable redemption by other shareholders of the same class. Include the date of the *Shareholders' Agreement*, if applicable. Delete the text pertaining to any rights which do not apply between the two ②'s.
 - ③ Insert the number of shares being redeemed.
 - ④ Insert the effective date.

Check the *Central Securities Register* of the company and insert the names of all the shareholders of the class or series of shares being redeemed unless a separate *Waiver and Consent* is prepared for each shareholder.

Procedure

Once this document is prepared, checked and approved by the supervising solicitor, it is sent to the company for signature – see the *Transmittal Letter (Forwarding Documents for Signature)* (page 54).

WAIVER AND CONSENT

To: The Board of Directors of
{NAME OF COMPANY} (the “Company”)

The undersigned, being all of the shareholders holding Class ① shares of the Company (the “Class ① shares”) irrevocably waive:

- (a) notice of the Company’s intention to redeem shares as set out below; and
- (b) any and all of our rights whatsoever in respect of the redemption of shares set forth below, including without limitation our rights under ②the Company’s Articles, the Shareholders’ Agreement dated *{date of Agreement}* and the *Business Corporations Act* and the Regulations thereto②;

and we consent to the disproportionate redemption of Class ① shares as follows:

NAME OF SHAREHOLDER	Number and Class shares to be redeemed
<i>{NAME OF SHAREHOLDER}</i>	<i>{number}</i> ③Class ①

Dated effective: *{Date}*④.

{NAME OF SHAREHOLDER}

NAME OF SHAREHOLDER}

SURRENDER OF SHARE CERTIFICATE

General Notes

When shares are repurchased, redeemed, exchanged or otherwise surrendered to the company for cancellation, the *Share Certificate* representing those shares must be surrendered for cancellation.

An instrument of transfer is **not** required for a share being transferred involuntarily or redeemed (s. 114(b)). The cancellation of the *Share Certificate* may be accomplished in one of two ways:

- the share certificate may simply be stamped cancelled, or alternatively;
- a *Surrender of Share Certificate* is prepared and signed and attached to the cancelled certificate.

Note: If the shares are being repurchased and it is your law firm's policy to prepare an *Instrument of Transfer* or the *Articles* of the company require an endorsement of the *Share Certificate* on a redemption or exchange, see the **Records** chapter.

As part of the paper trail, the law firm may choose to prepare a *Surrender of Share Certificate*. The *Surrender of Share Certificate* is forwarded for signature and when it has been signed and returned to the law firm, it is then attached to the original *Share Certificate* which is marked or stamped "cancelled".

Preparation

- ① Copy the *Share Certificate* number from the Certificate and check against the *Central Securities Register*.
- ② Insert the **number** of shares on the *Share Certificate*. If not all of the shares on the certificate are redeemed, the number may be different.
- ③ Insert the description of the class of shares from the *Notice of Redemption and Waiver of Notice* (page 30).
- ④ If only part of the shares on the *Share Certificate* are being redeemed, delete "all" and insert the number of shares being redeemed.

Insert the date of the redemption (check the *Notice of Redemption and Waiver of Notice* – page 30)).

- ⑥ If the shareholder is a company, provide for the execution by the shareholder as follows:

{NAME OF COMPANY}

Per: _____
 Authorized signatory

Procedure

Once this document is prepared, checked and approved by the supervising solicitor, it is sent to the company for signature – see the *Transmittal Letter (Forwarding Documents for Signature)* (page 54).

SURRENDER OF SHARE CERTIFICATE

For valuable consideration received, the undersigned shareholder surrenders Share Certificate No. ① representing *{number}* ② Class ③ shares of *{NAME OF COMPANY}* (the “Company”).

The undersigned shareholder warrants that the undersigned shareholder has full authority to sell, assign and transfer all ④ such shares and the undersigned shareholder sells, assigns and transfers all such shares to the Company.

Dated: *{date}* ⑤.

⑥{NAME OF SHAREHOLDER}

DIRECTORS RESOLUTION (Approving Redemption)

General Notes

In order to complete the redemption, the directors must pass a resolution approving the redemption.

For a redemption which is deemed to be a dividend (whether eligible or ineligible), use the *Directors Resolution (Approving Redemption as Deemed Dividend)* (page 40)

Preparation

- ① Insert the effective date of the redemption.
- ② Copy the number of shares to be redeemed from the instructions.
- ③ Copy the description of the class of shares from the most recent *Notice of Articles*, and check the *Central Securities Register* to verify that the shareholder in fact owns the shares and that the *Share Certificate* number is correct.
- ④ Insert the name of the shareholder whose shares are being redeemed. Check the *Central Securities Register* to verify the correct name.

Insert the price per share from the instructions or the amount fixed by the company's *Articles*. If the shares to be redeemed are **not** entitled to dividends, delete the words "together with all declared and unpaid dividends thereon".

- ⑥ If several shareholders' shares are being redeemed, insert the second paragraph.
- ⑦ If no other shareholders are entitled to receive an offer of redemption of the class of shares being redeemed, delete the entire paragraph.
- ⑧ Insert the *Share Certificate(s)* numbers of the certificates surrendered by the shareholder(s).
- ⑨ Insert the number and description of class of shares on the *Share Certificate(s)* surrendered by the shareholder(s), which may not be the number of shares redeemed.

Continued...

DIRECTORS RESOLUTIONS
OF
{NAME OF COMPANY}
 (the “Company”)

WHEREAS:

A. On *{Date}*^① (the “Redemption Date”), the Company proposes to redeem *{Number}*^② Class ^③ shares of the Company held by *{NAME OF SHAREHOLDER}*^④ (the “Shares”) by payment of the redemption price of \$ per share, ^⑤together with all declared and unpaid dividends thereon (the “Redemption Price”);

or:

⑥ On *{Date}*^① (the “Redemption Date”), the Company proposes to redeem the following Class ^③ shares of the Company (the “Shares”) by payment of the redemption price of \$^⑤ per share, ^⑤together with all declared and unpaid dividends thereon (the “Redemption Price”):

Name of Shareholder	Number and Class of Shares
<i>{NAME OF SHAREHOLDER}</i> ^④	<i>{Number}</i> ^② Class ^③

B. ^⑦All the holders of Class ^③ shares of the Company have waived their rights with respect to the above redemption of the Shares;

C. The Company is not insolvent and will not be rendered insolvent as a result of the proposed redemption of the Class ^③ shares.

RESOLVED THAT:

1. The Company redeem the following shares for the Redemption Price, such redemption to be effective on the Redemption Date:

Name of Shareholder	Number and Class of Shares Redeemed	Redemption Price
<i>{NAME OF SHAREHOLDER}</i>	<i>{number}</i> ^② Class ^③	\$

2. The following Share Certificates be cancelled:

Certificate Number	Name of Shareholder	Number and Class of Shares
<i>{number/s}</i> ^⑧	<i>{NAME OF SHAREHOLDER}</i>	⑨

Continued...

DIRECTORS RESOLUTION **(Approving Redemption)**

Preparation (Continued)

- ① Insert this paragraph if not all shares on a certificate are redeemed and a new *Share Certificate* is issued for the balance of shares on the certificate. For example, if the shareholder holds 1,000 shares of the class in question and one *Share Certificate* represents all the shares, but only 350 shares are redeemed, you would include this paragraph. Delete this paragraph in its entirety (including the table) if **all** the shares on the *Share Certificate* are redeemed.
- ② Check the number of the last share certificate issued for this class of shares in the *Central Securities Register* and insert the next number (e.g. if the last number was 2A insert 3A). If you have a database, check that the certificate number shown for the balance of shares is in fact the next sequential number.
- ③ Insert the number of shares remaining after redemption. In the example given above, the balance would be 650 shares.
- ④ Insert the description of the class of shares being redeemed (see preceding page).

If all the shares on the *Share Certificate* have been redeemed, and no new *Share Certificate* is issued, substitute:

“The above redemption be entered in the Central Securities Register of the Company.”

- ⑥ Insert the effective date of the resolution.
- ⑦ Check the *Register of Directors* of the company and insert the names of all directors.

Procedure

Once this document is prepared, checked and approved by the supervising solicitor, it is sent to the company for signature – see the *Transmittal Letter (Forwarding Documents for Signature)* (page 54).

Directors Resolution (Approving Redemption)**Page 2**

3. ①The following Share Certificate(s) representing the balance of shares after the redemption, be issued:

Cert. No.	Name of Shareholder	Number and Class of Shares
<i>{number}</i> ②	<i>{NAME OF SHAREHOLDER}</i>	<i>{number}</i> ③ Class ④

4. ⑤The above redemption and issuance be entered in the Central Securities Register of the Company, and that any one director be authorized to execute the certificate on behalf of the Company and to deliver it to the person entitled thereto.

5. Any director or officer of the Company, signing alone, be authorized to execute and deliver all such documents and instruments, and to do such further acts, as may be necessary to give full effect to these resolutions or as may be required to carry out the full intent and meaning thereof.

Dated effective: *{Date}*⑥.

⑦*{NAME OF DIRECTOR}*

⑦*{NAME OF DIRECTOR}*

DIRECTORS RESOLUTION (Approving Redemption as Deemed Dividend)

General Notes

Section 84(3) of the *Income Tax Act* provides that when shares are redeemed, acquired or cancelled by a Company, a dividend is deemed to be paid equal to the amount, if any, by which the amount paid by the company to the shareholder with respect to such redemption or repurchase exceeds the paid-up capital on such shares. Instructions received from the company's accountants may state that a redemption (or a portion thereof) is to be treated as a deemed dividend. Such dividends are generally determined to be a capital dividend or an "eligible" dividend⁽¹⁾, which is used to avoid situations of "double taxation" in the hands of the shareholder. This resolution may be used for either situation with some adjustments. It is important that the shareholders receiving an eligible dividend be notified in writing that the dividend is an eligible dividend before or at the time it is paid. If timing is an issue, consider whether this resolution should be in the form of Minutes of a Meeting of the Directors (actually held) (see **Miscellaneous** chapter), rather than a consent resolution.

Preparation

- ① Insert the effective date of the redemption.
- ② Insert the price per share from the instructions or the amount fixed by the company's *Articles*.
- ③ Insert the name(s) of the shareholder(s) whose shares are being redeemed. Check the *Central Securities Register* to verify the correct name(s).
- ④ Copy the number of shares to be redeemed from the instructions and check the *Central Securities Register* to verify that the shareholder in fact owns the shares and that the *Share Certificate* number is correct.
Copy the description of the class of shares from the most recent *Notice of Articles*.
- ⑥ **If the Deemed Dividend will be credited to a shareholder account, add "to be paid by set-off against amounts advanced to {Name of Shareholder} by the Company"**.
- ⑦ Insert this paragraph if the entire amount of the Deemed Dividend (or a portion thereof) is designated as an "**eligible**" dividend. If the Redemption Price is designated as a deemed **capital** dividend, replace with:
"The Company has designated the Deemed Dividend as a capital dividend (the "Capital Dividend") and pursuant to Section 83(2) of the ITA, has elected to pay the full amount of the Capital Dividend out of its capital dividend account;"
- ⑧ Delete this paragraph if the deemed dividend is not an eligible dividend.
- ⑨ If no other shareholders are entitled to receive an offer of redemption of the class of shares being redeemed, delete the entire paragraph.
- ⑩ Insert this paragraph if the entire amount of the Deemed Dividend (or a portion thereof) is designated as an "**eligible**" dividend or use the alternate paragraph 3 if only a portion of the Deemed Dividend is designated as an "**eligible**" dividend. If the Deemed Dividend is designated as a **capital** dividend, insert instead:
"The Company designate the Deemed Dividend as a Capital Dividend and elect to pay the full amount of the Capital Dividend out of its capital dividend account."

Continued...

⁽¹⁾ For an explanation of these terms, see the **Dividend** chapter. The designation of a portion of the deemed dividend as an eligible dividend applies only to dividends declared after March 29, 2012. For dividends declared before that date, a separate resolution must be passed declaring the ineligible portion of the dividend.

DIRECTORS RESOLUTIONS
OF
{NAME OF COMPANY}
 (the “Company”)

WHEREAS:

A. On *{date}*^① (the “Redemption Date”), the Company proposes to redeem the following shares of the Company (the “Shares”) by payment of the redemption price of \$^② per share thereon being \$_____ in the aggregate (the “Redemption Price”):

Name of Shareholder	Number and Class of Shares
<i>{NAME OF SHAREHOLDER}</i> ^③	<i>{Number}</i> ^④ <i>{Class}</i>

B. Pursuant to Section 84(3) of the *Income Tax Act* (Canada) (the “ITA”), the Company has determined that the amount of \$*{Amount}* resulting from the payment of the Redemption Price is a deemed dividend (the “Deemed Dividend”) ^⑥;

C. ^⑦ ***{Eligible dividend}*** Pursuant to section 89(14) of the ITA, the Company has designated the *{entire amount}* or: *{the amount of \$_____}* of the Deemed Dividend as an “eligible dividend” as that term is defined by Section 89(1) of the ITA;

D. The directors of the Company are satisfied that:

- (a) the Company will be solvent at the time of the aforesaid redemption and the payment of such Deemed Dividend;
- (b) the payment of such Deemed Dividend will not render the Company insolvent; and
- (c)^⑧ there are no reasonable grounds for believing that the amount or: *{of \$_____}* of the Deemed Dividend will exceed the balance of the Company’s General Rate Income Pool account as that term is defined by section 89(1) of the ITA at the end of the taxation year of the Company in which the said Deemed Dividend is paid;

E. ^⑨All the holders of Class ^⑤ shares of the Company have waived their rights with respect to the above redemption of the Shares.

RESOLVED THAT:

1. The Company redeem the following shares for the Redemption Price, such redemption to be effective on the Redemption Date.

2. The amount of \$*{Amount}* resulting from the payment of the Redemption Price be designated as a Deemed Dividend.

^⑩ 3. ***{Eligible dividend}***The *{entire amount}* or: *{the amount of \$_____}* of the Deemed Dividend be designated as an eligible dividend pursuant to section 89(14) of the ITA.

or:

3. \$*{Amount}* of the Deemed Dividend be designated as an eligible dividend pursuant to section 89(14) of the ITA.

Name of Shareholder	Number and Class of Shares Redeemed	Aggregate Redemption Price
<i>{NAME OF SHAREHOLDER}</i>	<i>{Number}</i> ^④ <i>{Class}</i>	\$ ^②

Continued....

DIRECTORS RESOLUTION
(Approving Redemption as Deemed Dividend)

Preparation (Continued)

- ① Replace this paragraph with the following if the dividend is deemed to be a capital dividend:

“Any officer or director of the Company be authorized and directed to complete, sign and file an election in form T2054, together with certified copies of these resolutions pursuant to the ITA prior to payment of the deemed Capital Dividend and to sign and deliver all other documents and to do all other acts which are necessary or desirable in connection with these resolutions.”
- ② Insert the **Share Certificate(s)** numbers, the number and description of class of shares of the certificates surrendered by the shareholder(s). The number of shares on the Certificate may not be the number of shares redeemed.
- ③ Insert this paragraph if not all shares on a certificate are redeemed and a new **Share Certificate** is issued for the balance of shares on the certificate. For example, if the shareholder holds 1,000 shares of the class in question and one **Share Certificate** represents all the shares, but only 350 shares are redeemed, you would include this paragraph. Delete this paragraph in its entirety (including the table) if **all** the shares on the **Share Certificate** are redeemed.
- ④ Check the number of the last **Share Certificate** issued for this class of shares in the **Central Securities Register** and insert the next number (e.g. if the last number was 2A insert 3A). If you have a database, check that the certificate number shown for the balance of shares is in fact the next sequential number.

Insert the number of shares **remaining** after redemption. In the example given above, the balance would be 650 shares.
- ⑥ Insert the description of the class of shares being redeemed (see preceding page).
- ⑦ If all the shares on the **Share Certificate** have been redeemed, and no new **Share Certificate** is issued, substitute:

“The above redemption be entered in the Central Securities Register of the Company.”
- ⑧ Insert this paragraph if all of the recipients of the eligible dividend are also directors signing this resolution. If you are inserting this paragraph, you may omit the **Notice** (see page 44). Delete this paragraph if the deemed dividend is a regular dividend or a capital dividend.
- ⑨ Insert the effective date of the resolution.
- ⑩ Check the **Register of Directors** of the company and insert the names of all directors.

Procedure

Once this document is prepared, checked and approved by the supervising solicitor, it is sent to the company for signature – see the **Transmittal Letter (Forwarding Documents for Signature)** (page 54).

Directors Resolution**(Approving Redemption as Deemed Dividend)****Page 2**

①4. At the time of the payment of the eligible dividend, the Company provide each shareholder receiving the eligible dividend with notice in writing advising the recipient that the dividend has been designated as an eligible dividend.

5. On payment of the Redemption Price, the following Share Certificate(s) be cancelled:

Certificate Number	Name of Shareholder	Number and Class of Shares
<i>{number/s}</i> ②	<i>{NAME OF SHAREHOLDER}</i>	②

③6. The following Share Certificate(s) representing the balance of shares after the redemption, be issued:

Certificate Number	Name of Shareholder	Number and Class of Shares
<i>{number}</i> ④	<i>{NAME OF SHAREHOLDER}</i>	<i>{number}</i> ⑤ <i>{Class}</i> ⑥

⑦7. The above redemption and issuance be entered in the Central Securities Register of the Company, and that any one director be authorized to execute the certificate on behalf of the Company and to deliver it to the person entitled thereto.

8. Any director or officer of the Company, signing alone, be authorized to execute and deliver all such documents and instruments, and to do such further acts, as may be necessary to give full effect to these resolutions or as may be required to carry out the full intent and meaning thereof.

⑧9. By signing these resolutions, the Directors hereby acknowledge that they are the only recipients of the dividends referred to above and that they have knowledge that the dividends have been designated as eligible dividends.

Dated effective: *{date}*⑨.

⑩ *{NAME OF DIRECTOR}*

⑩ *{NAME OF DIRECTOR}*

NOTICE
(Redemption as Deemed Eligible Dividend)

General Notes

Pursuant to section 89(14) of the *Income Tax Act*, if a company designates a dividend (or a portion thereof) to be an eligible dividend, in order for such dividend to qualify as an eligible dividend, at the time the dividend is declared, the company must provide a notice in writing to each shareholder to whom it pays such dividend stating that the dividend is an eligible dividend (see notes opposite the *Directors Resolution Declaring an Eligible Dividend and Authorizing its Payment* in the **Dividend** chapter).

The *Notice* should be prepared by the law firm and forwarded to:

- the shareholders receiving the dividend; or
- the company to be forwarded to the recipients of the dividend.

This Notice is optional if the shareholders receiving the dividend are also the directors signing the *Consent Directors' Resolution* (page 40) and item ⑧ on page 2 of the precedent is included in the Resolution. The Notice is not required for a regular or capital dividend.

Preparation

Prepare a separate Notice for each shareholder receiving an eligible dividend and complete each Notice as follows:

- ① Insert the name of each shareholder holding shares being redeemed which will be deemed to be “eligible” dividends.
- ② Insert the total amount to be paid to the shareholder.
- ③ Insert the description of the class of shares on which the dividend will be paid.
- ④ Insert the number and class of shares to be redeemed for this shareholder.
Insert the effective date of the redemption.
- ⑥ Insert the total amount of the Redemption Price payable to this shareholder.
- ⑦ Check the company's *Articles* and insert the number of days notice that is required.

Processing

Once this document is prepared, checked and approved by the supervising solicitor, it is sent to the company for signature – see *Transmittal Letter (Forwarding Documents for Signature)* (page 54).

NOTICE***{NAME OF COMPANY}***

(the “Company”)

To: ①**Re: Redemption and Payment of Deemed Eligible Dividend of \$② per Class “③” share****TAKE NOTICE THAT:**

1. The Company intends to redeem *{number and class of shares to be redeemed}*④ of the Company presently held by you on *{date}*⑤ (hereinafter called the “Redemption Date”) and will pay for each share to be redeemed the aggregate amount of *#{total redemption amount }*② (“the Redemption Price”).
2. { \$_____ of the) The Redemption Price is declared to be a deemed dividend and has been designated by the Company as an “eligible dividend” pursuant to section 89(14) of the *Income Tax Act* (Canada).
3. Eligible dividends received by Canadian resident individuals will be entitled to an enhanced gross-up and dividend tax credit that is not available on dividend payments that have not been designated as eligible dividends. Please consult your accountants in this regard.

Accordingly, we enclose our cheque in your favour in the amount of \$⑥, being the payment of the above Redemption Amount.

Date:

{NAME OF COMPANY}

Per: _____
Authorized signatory

WAIVER OF NOTICE AND ACKNOWLEDGEMENT

The undersigned acknowledges receipt of:

- (a) the above Notice of Redemption and Payment of Deemed Eligible Dividend;
- (b) cheque in the amount of \$⑥; and

and waives the obligation of the Company to provide *{number of days}*⑦ days notice as required by the Articles of the Company.

Date:

{NAME OF SHAREHOLDER}①

NOTICE OF RETRACTION

General Notes

If the shares of a class or series of shares of a company have “**retraction**” rights, a shareholder may require that the Company redeem all or any part of his or her shares on the terms and conditions set out in the **Special Rights and Restrictions** contained in the *Articles*.

Preparation

- ① Insert the section number of the **Special Rights and Restrictions** in the *Articles* attached to the class of shares in question.
- ② Insert the **total** number of shares of that class held by the shareholder (not the number being retracted).
- ③ Insert the description of the class of shares being redeemed, as shown in the client’s instructions, and confirm it by checking the company’s most recent *Notice of Articles*.
- ④ Insert the number of shares being retracted (and not the total number of shares on the Certificate).

Insert the certificate number(s) of the *Share Certificate(s)* representing the shares being redeemed.

- ⑥ Insert the **total price** for the shares being redeemed. To calculate the total price multiply the number of shares being redeemed ② by the price per share shown in the instructions.
- ⑦ Insert the date of redemption.
- ⑧ Insert the name of the shareholder who has requested the redemption. If the Shareholder is a company, change the signature line to:

{NAME OF SHAREHOLDER}

Per: _____
 Authorized signatory

Procedure

Once this document is prepared, checked and approved by the supervising solicitor, it is sent to the company for signature – see the *Transmittal Letter (Forwarding Documents for Signature)* (page 54).

NOTICE OF RETRACTION

To: The Board of Directors of
{NAME OF COMPANY} (the “Company”)

Under section ① of the Articles of the Company, the Undersigned, as the holder of *{Number}*② Class③ shares of the Company, gives notice to the Company to redeem *{Number}*④ Class ③ shares registered in the name of the Undersigned and represented by certificate(s) number(s) ⑤ for an aggregate price of \$⑥.

Dated effective: *{Date}*⑦.

⑧*NAME OF SHAREHOLDER*

WAIVER OF NOTICE (Retraction)

General Notes

When preparing this *Waiver of Notice*, you should check the **Special Rights and Restrictions** attached to the class or series of shares for which the application is made. Usually the **Special Rights and Restrictions** state that the shareholder must give the company a specific number of days notice before the company must redeem the shares. If the shareholder and the directors are in agreement, and the company agrees to redeem the shares in a shorter period of time, you should prepare a *Waiver of Notice*.

If the *Articles* do not specify a notice period, this waiver will not be required.

Preparation

- ① Insert the paragraph number of the **Special Rights and Restrictions** in the *Articles* setting out the notice requirements to be given to the company by shareholders who wish to have their shares redeemed by the company.
- ② Insert the number of days notice required to be given to the company by the shareholder as set out in the **Special Rights and Restrictions**.
- ③ Copy the number of shares being redeemed from the instructions.
- ④ Copy the description of the class of shares being redeemed from the instructions and confirm it by checking the company's most recent *Notice of Articles*.

Insert the *Share Certificate* number(s) representing the shares being redeemed.

- ⑥ Insert the date of the redemption.

Procedure

Once this document is prepared, checked and approved by the supervising solicitor, it is sent to the company for signature – see the *Transmittal Letter (Forwarding Documents for Signature)* (page 54).

WAIVER OF NOTICE

In reference to paragraph^① of the Articles of *{NAME OF COMPANY}* (the “Company”), the Company agrees to waive the ^② day notice of retraction required to be given by *{NAME OF SHAREHOLDER}* for the redemption of *{number}*^③ Class ^④ shares and upon surrender of Share Certificate number ^⑤ to redeem *{number}*^③ Class ^④ shares from *{NAME OF SHAREHOLDER}*.

Dated: *{Date}*^⑥.

{NAME OF COMPANY}

Per: _____

DIRECTORS RESOLUTION (Approving Retraction)

General Notes

In order to complete the redemption, the directors must pass a resolution approving the redemption. It is useful to again clarify the use of the words “**retraction**” and “**redemption**”. The word “**retraction**” is used for the right of a shareholder to demand the redemption of some or all of his or her shares. Once the shareholder has made the demand to the company, the company **redeems** the shares in question.

Preparation

- ① If there is more than one retraction of shares, choose the second paragraph.
- ② Insert the effective date of the redemption.
- ③ Insert the number of shares being redeemed from the instructions and check the *Central Securities Register* to verify that the shareholder in fact owns the shares and that the share certificate number(s) are correct.
- ④ Copy the description of the class of shares from the most recent *Notice of Articles*

Insert the relevant paragraph number of the **Special Rights and Restrictions** in the *Articles*.
- ⑥ Copy the price per share from the instructions. Check the *Articles* of the company to determine whether there is a fixed redemption amount set out in the **Special Rights and Restrictions** attached to this class of shares. If the class of shares being redeemed is not entitled to dividends, delete the words “together with all declared and unpaid dividends thereon”.
- ⑦ If no notice of the retraction is required under the company’s *Articles*, delete this paragraph.
- ⑧ Insert the certificate number of the *Share Certificate(s)* surrendered by the shareholder.
- ⑨ Insert the number of shares represented by the *Share Certificate(s)* surrendered by the shareholder (which may not be the number of shares redeemed as in ③ above).

Continued...

DIRECTORS RESOLUTIONS

OF

{NAME OF COMPANY}

(the “Company”)

WHEREAS:

A. ①The Company has received a Notice of Retraction, pursuant to paragraph ⑤ of the Articles of the Company, from *{NAME OF SHAREHOLDER}* requesting the redemption on *{date}*② of *{Number}*③ Class ④ shares (the Shares”) for the amount of \$⑥ for each share to be redeemed, together with all declared and unpaid dividends thereon (the “Redemption Price”);

or:

①The Company has received Notices of Retraction, pursuant to paragraph⑤ of the Articles of the Company, from the following shareholders requesting the redemption on *{date}*② of Class④ shares (the Shares”) for the amount of \$⑥ for each share to be redeemed, together with all declared and unpaid dividends thereon (the “Redemption Price”):

Name of Shareholder	Number and Class of shares Redeemed
<i>{NAME OF SHAREHOLDER}</i>	<i>{number}</i> ③ Class ④

B. The Company is not insolvent and will not be rendered insolvent as a result of the proposed redemption of the Shares.

RESOLVED THAT:

- ⑦ The president of the Company execute a Waiver of Notice in the form attached on behalf of the Company.
- The Company redeem the following shares for the Redemption Price, such redemption to be effective on or before *{Date}*②:

Shareholder	Number and Class of shares to be redeemed	Redemption Price Per share
<i>{NAME OF SHAREHOLDER}</i>	<i>{Number}</i> ③ Class ④	\$⑥

3. The following Share Certificate(s) representing the Shares be cancelled:

Share Certificate Number	Name of Shareholder	Number and Class of Shares
⑧	<i>{NAME OF SHAREHOLDER}</i>	<i>{number}</i> ⑨ Class ④

Continued...

DIRECTORS RESOLUTION (Approving Retraction)

Preparation (Continued)

- ① Insert this paragraph if not all shares on a certificate are redeemed and a new *Share Certificate* is issued for the balance of shares on the certificate. For example, if the shareholder holds 1,000 shares of the class in question, the shares are all represented by one *Share Certificate*, and only 350 shares are redeemed, you should include this paragraph. Delete this paragraph in its entirety (including the table) if all the shares on the *Share Certificate* are redeemed.
- ② Check the number of the last share certificate issued for this class of shares in the *Central Securities Register* and insert the next number (e.g. if the last number was 2A insert 3A). If you have a database, check that the certificate number shown for the balance of shares is in fact the next sequential number.
- ③ Insert the number of shares remaining after redemption. In the example given above, it would be 650 shares.
- ④ Insert the description of the class of shares being redeemed (see ④ preceding page).

If **all** the shares on the *Share Certificate* have been redeemed, and no new *Share Certificate* is issued, substitute:

“The above redemption be entered in the Central Securities Register of the Company.”

- ⑥ If the redemption price is paid in cash, delete the entire paragraph. If there is a Promissory Note, check the instructions received and adjust the description of the Promissory Note (if interest is to be paid or there are other special terms and conditions).
- ⑦ Insert the redemption price.
- ⑧ If no Promissory Note is issued, delete the entire paragraph.
- ⑨ Insert the effective date of redemption.
- ⑩ Check the *Register of Directors* of the company and insert the names of all directors.

Procedure

Once this document is prepared, checked and approved by the supervising solicitor, it is sent to the company for signature – see the *Transmittal Letter (Forwarding Documents for Signature)* (page 54).

Directors Resolution (Approving Retraction)**Page 2**

4. ① The following Share Certificate(s) representing the balance of shares after the redemption be issued:

Cert. No.	Name of Shareholder	Number and Class of Shares
<i>{number}</i> ②	<i>{NAME OF SHAREHOLDER}</i>	<i>{number}</i> ③ Class ④

5. ⑤The necessary particulars with respect to such shares be entered in the Central Securities Register of the Company, and that the Share Certificate(s) be signed by the proper signing officer of the Company.

6. ⑥The Company make payment of the Redemption Price for each of the shares to be redeemed to the registered holder(s) of the Shares ⑥by the issuance of a non-interest bearing demand Promissory Note to *{NAME OF SHAREHOLDER}* in the amount of \$⑦ (the “Promissory Note”).

7. ⑧The execution and delivery of the Promissory Note in the form now produced, with such changes, if any, be approved.

8. Any director or officer of the Company, signing alone, be authorized to execute and deliver all such documents and instruments, and to do such further acts, as may be necessary to give full effect to these resolutions or as may be required to carry out the full intent and meaning thereof.

Dated effective: *{Date}*⑨

⑩ *{NAME OF DIRECTOR}*

⑩ *{NAME OF DIRECTOR}*

TRANSMITTAL LETTER
(Forwarding Documents for Signature)

General Notes

When all documents have been prepared, checked and approved by the supervising solicitor, arrangements should be made to have them signed. Unless the company consists of only a few individuals and all the parties will sign the documents at the law firm's offices, the documents are usually forwarded to the company for signature and return.

Preparation

- ① Insert the description that applies to the transaction.
- ② The lists below are examples only and list all possible documents for each transaction. Only list those documents that are actually enclosed.
- ③ Delete if you are not enclosing a *Surrender of Share Certificate*.
- ④ Delete if you are enclosing a *Surrender of Share Certificate*. If you are forwarding several *Share Certificates*, change to read:

“The following Share Certificates to be endorsed for cancellation:

Share Cert. No.	Name of Shareholder	Number and Class of Shares
	<i>{NAME OF THE TRANSFEROR}</i>	

If several new *Share Certificates* are attached, change to read:

“The following Share Certificates:

Share Cert. No.	Name of Shareholder	Number and Class of Shares
	<i>{NAME OF TRANSFEREE}</i>	

Continued...

File No. _____

{date}

{name and address of the company }

Dear _____:

Re: *{name of the Company}* (the “Company”)

**① Repurchase/Redemption/Retraction of Class ___ shares
from/by *{Name of Shareholder}***

Further to your instructions with respect to the above, we enclose for signature the following documents:

② *with respect to a repurchase*

1. Offer of Repurchase;
2. Agreement (Repurchase of Shares);
3. Waiver and Consent (Rateable Repurchase);
4. Acknowledgement of Repurchase
5. Special Resolution (Rateable Repurchase);

② *with respect to a redemption*

6. Notice of Redemption;
7. Waiver and Consent (redemption);

② *with respect to a retraction*

8. Notice of Retraction;
9. Waiver of Notice (retraction);
10. Waiver and Consent (redemption);

In all cases

11. Directors Resolutions;
12. ③ Surrender of Share Certificate;
13. ④ Share Certificate No. *{number}* for *{number}* Class *{description of shares}* shares in the name of *{name of shareholder}* to be endorsed for transfer and cancellation; and
14. ⑤ Share Certificate No. *{number}* for *{number}* Class *{description of shares}* in the name of *{name of shareholder}*.

Continued...

TRANSMITTAL LETTER
(Forwarding Documents for Signature)

Preparation (Continued)

- ① Use this paragraph if a *Share Certificate* is not contained in the *Records Book*. Delete if not applicable.
- ② If the **repurchase, redemption or retraction** affects the information in the *Transparency Register*, **insert this paragraph adapting it to the situation.**

For example: Shareholder A is the registered holder of 60 voting shares, shareholder B and C (who are not related) each have 20 shares out of a total of 100 issued and outstanding shares which makes shareholder A a Significant Individual before this transaction. Shareholder A is redeeming 50 shares which leaves him with 10 shares and a total of 50 issued and outstanding shares of the company. After the transaction:

- A and B have become Significant Individuals each holding 20 shares out of a total of 50 issued and outstanding shares, which is 40 per cent of the total issued and outstanding shares of the company; and
- C is no longer a Significant Individual as he now holds only 20 per cent of the issued and outstanding shares of the company.

Of course, there are many different scenarios of changes in the control of a company.

- ③ Delete this paragraph if you are not enclosing an invoice.

Procedure

Make copies of the letter and enclosures for the file and, if applicable, make another set of copies for the accountant on which you should stamp “copy”.

Ensure that all enclosures are attached to the letter.

① Our records indicate that Share Certificate No. *{number}* for *{number}* Class *{description of shares}* shares in the name of *{NAME OF SHAREHOLDER}* was delivered to *{name}* on *{Date}*. Please arrange to have the instrument of transfer on the back of the certificate endorsed by the shareholder and return the certificate to us for cancellation.

④ As a result of this transaction, *{name}* and *{name}* has/have become (a) significant individual(s) *and/or* *{name}* has ceased to be a significant individual. Accordingly, we also enclose:

1. Transparency Register Questionnaire which must be completed and signed by each new Significant Individual;
2. Notice to Individual who Becomes as Significant Individual which, if applicable should be signed by a Director of the Company and forwarded *{name}*;
3. Notice to Individual who ceases to be a Significant Individual which, if applicable, should be signed by a Director of the Company and forwarded to *{name}*.

If you have any questions in this regard, please refer to the Memorandum on Transparency Register of Significant Individuals

③ We also enclose our statement of account for acting on your behalf in this matter.

Please call if you have any questions.

Yours truly,

{NAME OF LAW FIRM}

cc: *{Accountants}*

