

AUTHORIZED SHARE STRUCTURE

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EXPLANATION

This chapter deals with:

- the authorized share structure of the company;
- changes to the authorized share structure;
- the special rights and restrictions attached to any classes or series of shares of a company; and
- alterations to the *Notice of Articles* and the *Articles* as a result of the above.
- transformations of limited companies to unlimited liability companies and unlimited liability companies to limited companies

AUTHORIZED SHARE STRUCTURE

The authorized share structure of a company must consist of one or more classes of shares having either or both of the following characteristics (s. 52):

- shares without par value;
- shares with par value, which must be expressed in reference to a currency and, if the currency is not Canadian currency, the type of currency must be stated – for example: French francs.

If the authorized share structure consists of both shares without par value and shares with par value, each kind of share must be of a different class (for example, Class A without par value or Class B with a par value of \$1.00 per share).

Except where a class consists of different series of shares (page 4), a class of shares is a group of shares that are identical to each other: they have the same name, the same par value (if the shares have a par value), and the same characteristics and attributes – for instance, the same **Special Rights and Restrictions** (see explanation below). Pursuant to section 59(2) of the Act, if the company does not make express provision in its *Notice of Articles* and its *Articles* for one or more classes of shares, the authorized share structure will consist of a single class of shares for the purposes of the Act, and will be what are generally referred to as “common” shares.

“**Common**” shares usually have the following characteristics:

- their holders are entitled to vote at meetings of the shareholders;
- their holders are entitled to participate proportionately in the profits or dividends of the company;
- the shares are not redeemable or retractable (see the **Repurchases and Redemptions** chapter); and
- their holders are entitled to share proportionately the remaining assets of the company upon dissolution or winding-up after paying all creditors and satisfying the claims of any preferred shareholders.

Common shares are sometimes referred to as “equity” shares.

Shares that have characteristics different from those described above are often referred to as “**preferred**” shares, as they are usually (though not always) created to give the shareholder preferential treatment in one or more respects. “Preferred” shares often have one or more of the following characteristics, though they are not required to do so:

- their holders are often not entitled to attend and vote at meetings of the shareholders;
- their holders may be entitled to a fixed preferential dividend;
- the shares are frequently redeemable and sometimes retractable (see the **Repurchases and Redemptions** chapter); and
- the holders are entitled to a fixed amount, together with any declared but unpaid dividends, upon dissolution or winding-up.

Note that the words “common” and “preferred” have no particular legal meaning, and in particular, “preferred” shares can have characteristics that vary widely: a company can have numerous classes of shares, each with different special rights and restrictions, and the share class names can each have “Common” and “Preferred” included in them, as long as they are differentiated in some other way.

The authorized share structure of the company may, on or after the recognition of the company, include one or more **series** of shares in any class of shares if the special rights and restrictions attached to the shares of that class provide for it (s. 60(1)(a)). A series is a subgroup of shares in a specific class. The main difference between a class and a series is that the directors, rather than the shareholders, may, if permitted by the *Articles*, create a series of shares and alter the *Articles* to attach special rights and restrictions to those shares (s. 60(1)(b)). However, if shares in the series are already issued, in order to change the special rights and restrictions attached to the shares in the series, the shareholders must pass the type of resolution specified by the *Articles*, or if not specified, a **Special Resolution** (s. 60(3)).

When a company is incorporated or recognized, a **Notice of Articles** is completed and filed (see the **Incorporation** chapter). The **Notice of Articles** must contain the following information (s. 53) with respect to the authorized share structure:

- the identifying name of each class or series of shares (Common, Class A, Class B, or Class A Series 1, etc.) and the kind of shares in each class or series of shares;
- the maximum number of shares of each class or series of shares that the company is authorized to issue, or a statement that there is no maximum number (for example, a maximum of 10,000 Class A shares or an unlimited number of Class A shares);
- for shares with par value, their par value expressed with reference to a currency (e.g. \$1.00 US or 1 French franc); and
- for shares without par value, a statement that the shares are “without par value”.

In addition to the description of the authorized share structure, the **Notice of Articles** must set out whether or not there are special rights and restrictions attached to the classes or series of shares of the company (s. 11(h)) and, if there have been changes to such rights, the dates of resolutions changing them.

The following table is an example of the authorized share structure for a “complex” company with several classes of shares:

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number		Kind of Shares of this class or series of shares		Type of currency	Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (a)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (a)	WITH A PAR VALUE (\$)		YES (a)	NO (a)
Class A Common		100,000	a			a	
Class B Common		100,000		\$1.00	Canadian	a	
Class C Preferred	a			\$1.00	Canadian	a	

Some solicitors describe the class of shares with a letter in quotation marks (e.g. Class “A”) and some by the letter alone (Class A). Both are correct and you should follow the policy of your firm in this regard. It is very important to be consistent and not mix the descriptions.

CHANGE IN AUTHORIZED SHARE STRUCTURE

Once a company is incorporated or organized, almost any aspect of the authorized share structure may be changed (s. 54). However, before altering its authorized share structure, a pre-existing company must file a transition application (s. 256(2)(b) – see the **Transition** chapter.

Generally, in order to approve a change to the authorized share structure, the shareholders must pass a special resolution unless another type of resolution is specified in the *Articles* (s. 54(3)(c)).

Section 54(1) of the Act lists the possible alterations to the share structure:

- the creation of one or more **classes** of shares;
- the creation of one or more **series** of shares;
- the increase, reduction or elimination of the maximum number of shares that the company is authorized to issue out of any class or series of shares;
- the establishment of a maximum number of shares that the company is authorized to issue out of any class or series of shares for which no maximum was originally established;
- the subdivision of all or any of its unissued, or fully paid issued, shares with par value into shares of smaller par value;
- the subdivision of all or any of its unissued, or fully paid issued, shares without par value;

- the consolidation of all or any of its unissued, or fully paid issued, shares with par value into shares of larger par value;
- the consolidation of all or any of its unissued, or fully paid issued, shares without par value;
- if the company is authorized to issue shares of a class of shares with par value:
 - subject to section 74, the decrease of the par value of those shares; or
 - the increase of the par value of those shares if **none** of the shares of that class of shares are allotted or issued;
- the elimination of any class or series of shares if **none** of the shares of that class or series of shares are allotted or issued;
- the change of all or any of its unissued, or fully paid issued, shares with par value into shares without par value;
- the change of all or any of its unissued shares without par value into shares with par value;
- the alteration of the identifying name of any of its shares; or
- other alterations of its authorized share structure when required or permitted to do so by the Act.

A subdivision or consolidation of shares with par value must result in the same total number after as before when you multiply the number of shares by their par value (s. 54(2)).

In addition, a company may, in conjunction with the subdivision or consolidation of shares referred to in s. 54 (1), convert fractional shares within the class or series of shares being subdivided or consolidated into whole shares in accordance with s. 83 (s. 54(4)).

If a change in the authorized share structure would render either or both the *Notice of Articles* and the *Articles* incorrect or incomplete, that is, if the change affects a description of a class of shares in the *Notice of Articles* as filed, or in the *Articles*, in order to reflect that change (s. 54(3)), the company must:

- alter its *Articles*; and/or
- file the *Alteration Notice* (Form 11).

See *Alteration Notice* and the *Articles* on page 8 of the **Explanation** regarding the above changes.

SPECIAL RIGHTS AND RESTRICTIONS

Different classes of shares may have different **special rights and restrictions** attached to them but any rights attached to a particular class of shares must apply equally to all shares of that class (s. 59(4)). This rule does not apply to any special rights or restrictions that are applicable only to one or more series of shares (s. 59(6)). With respect to the special rights or restrictions attached to a particular series of shares, each share in that series must have the same special rights or restrictions and the special rights or restrictions must be consistent with the special rights or restrictions attached to the shares of the class of which that series of shares is a part (s. 60(4)).

The same special rights or restrictions may be attached to shares of more than one class or series of shares (s. 58(4)). For example, different classes of shares may have the same voting rights. Alternatively, a company may create one or more classes of shares **without** special rights or restrictions, subject to section 60 (4)⁽¹⁾, or one or more series of shares without special rights or restrictions.

The special rights and restrictions that may be attached to shares of a company vary depending on the complexity of the shareholders' rights, the drafting skills, knowledge or experience of the drafter and the intricacy of any instructions received from the client or accountants for the company.

For a pre-existing company that has not been "transitioned" into the Act, the special rights or restrictions attached to the shares are as set out in the pre-existing company's **Memorandum** or **Articles** (s. 58(1)(a)). For companies recognized under the Act, the special rights or restrictions must be set out in the company's **Articles** (s. 58(1)(b)).

Some examples of special rights and restrictions commonly included in a company's **Articles** are:

- voting rights;
- rights to participate in the profits (dividends) of a company while it is in existence;
- rights to redemptions and or retractions; and
- rights to participate in the distribution of capital assets of the company on winding-up.

If no special rights or restrictions are specified in the **Articles**, all the shares of the company are deemed to be common shares (i.e. voting, participating, without any rights to redemption or retraction and with equal rights to participate in the distribution of capital assets on winding-up).

Unless the **Articles** specify another type of shareholders resolution, a company may by **Special Resolution** (s. 58(2)):

- create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

However, no such change to a class or series of shares of which some are outstanding may be made unless the holders of the outstanding shares of the class (or series) have passed their own separate special resolution approving the change (s. 61).

A company may not create, attach or vary special rights and restrictions until the **Articles** have been altered to reflect such creation, attachment, variation or deletion (s. 58(3)).

If a class of shares has no special rights or restrictions attached to any of its shares – and the **Notice of Articles** shows that there are no special rights and restrictions – when special

⁽¹⁾ Section 60(4) states that each share of a series of shares must have the same special rights or restrictions as are attached to every other share of that series of shares, and the special rights or restrictions attached to shares of a series of shares must be consistent with the special rights or restrictions attached to shares of the class of shares of which the series of shares is a part.

rights and restrictions are created for any class of shares, an *Alteration Notice* (Form 11) must be filed with the Registrar showing that the shares now have special rights and restrictions.

ALTERATIONS TO THE NOTICE OF ARTICLES AND THE ARTICLES

When a company is incorporated or recognized, a set of *Articles* is adopted and a *Notice of Articles* is filed (see the **Incorporation, Transition, Amalgamations and Continuations** chapters).

Although the *Articles* are not filed with the Registrar, there is a check box to be completed on the *Notice of Articles* to indicate whether or not special rights and restrictions are attached to a particular class or series of shares.

When the *Articles* are subsequently altered and the information in the *Notice of Articles* is rendered incomplete or incorrect by such amendment (s. 259(4)), an *Alteration Notice* (Form 11) (page 76) describing the alteration must be prepared and filed.

If the *Articles* of a company are to be altered (s. 259(1)), one of the following resolutions must be passed:

- the type of resolution specified by the Act;
- if the Act does not specify the type of resolution, the type of resolution specified by the company's *Articles*; or
- if neither the Act or the *Articles* specify the type of resolution, a *Special Resolution*.

In order that the rights of existing shareholders will not be compromised:

- if the *Articles* of a company are altered to specify or change the majority of votes that are required to pass a special resolution⁽¹⁾, the shareholders must approve such change by a special resolution passed by a majority at least equal to the majority required to pass a special resolution **before** making the alteration (s. 259(2)); and
- if the *Articles* of a company are altered to specify or change the majority of votes that are required to pass a special **separate** resolution of the holders of a class or series of shares⁽¹⁾ the shareholders holding shares of that class or series of shares must approve such change by a special separate resolution passed by a majority at least equal to the majority required to pass a special resolution before making the alteration (s. 259(3)).
- for a pre-existing company incorporated or recognized before the Act came into effect, the majority of votes required to pass a special resolution by the voting shareholders, or by the shareholders entitled to a separate class vote, is three-quarters of the votes cast on the resolution, unless and until:

⁽¹⁾ The majority must be at least 2/3 and not more than 3/4 of the votes cast on the resolution as defined in the *Articles* of the company, unless the resolution is consented to in writing, in which case all of the voting shareholders and all of the shareholders of the class or series shares must sign the resolution (see **Appendix D – Glossary** for a definition of a **Special Resolution**).

- the shareholders of the pre-existing company pass a special resolution removing the application of the Pre-existing Company Provisions (s. 442.1(3)); and
- the pre-existing company's *Notice of Articles* is altered to remove the application of the Pre-existing Company Provisions (s. 442.1(2)(b) by filing an *Alteration Notice* (page 72).

If an alteration to the *Articles* renders the *Notice of Articles* inaccurate (s. 259(4)), the company must:

- include in the enabling resolution a paragraph stating that the alteration to the *Articles* does not take effect until the *Notice of Articles* is altered to reflect that alteration to the *Articles*;
- deposit that resolution at the company's Records Office, and
- alter its *Notice of Articles* to reflect the alteration to be made to the *Articles* by filing an *Alteration Notice* (Form 11) (s.257).

Such an alteration to the *Articles* takes effect when the *Alteration Notice* takes effect (s. 259 (5)), that is either:

- on the date and time the *Alteration Notice* is filed with the Registrar; or
- on a date and time specified in the resolution and in the *Alteration Notice* (s. 257(5)) (which latter date must be later than the date and time of the filing of *Alteration Notice* but no more than ten days' from the date of filing (Reg. 29 (b)).

For example, if no date is specified and the *Alteration Notice* is filed on December 15th, at 3:00 p.m., the effective date and time is the date of filing. If, on the other hand, the *Alteration Notice* states the effective date to be December 17th at 9:00 a.m., the *Alteration Notice* may be filed on December 15th, at 3:00 p.m. but will be effective on December 17th at 9:00 a.m. Note: Section 258 provides that, if there is a specified date in the *Alteration Notice*, the *Alteration Notice* may be withdrawn by filing a *Notice of Withdrawal* (Form 19) before the specified date (see the **Miscellaneous** chapter).

An *Alteration Notice* must be filed if a resolution or Court Order alters **special rights or restrictions** attached to a class or series of shares (even if the authorized share structure is not altered), and the Notice must show the date of such resolution or Court Order. However, if an alteration to a provision of the *Articles* does **not** affect any information in the *Notice of Articles* or *special rights and restrictions*, it is **not** necessary to file an *Alteration Notice* and the alteration will take effect:

- on the date and time that the resolution authorizing the alteration is received for deposit at the company's Records Office. It is therefore very important to stamp on the resolution the date and time that the resolution is received and filed in the *Records Book* (s. 44(3)); or
- if the resolution specifies a date, or a date and time, on which the alteration is to take effect that is later than the date and time on which the resolution is received for deposit at the company's records office:
 - on the specified date and time, or

- if no time is specified, at the beginning of the specified date.

This concept of the “effective date” applies to many documents throughout the Act, including the *Notice of Articles*. If no date is specified, by default, the effective date is the date either the Registrar or the company, as applicable, receives the document. If a date is specified, that date must be after the date the document is received by the Registrar or Records Office, but when received by the Registrar it can be post-dated no more than 10 days’ from the date the document is received, and the effective date will be the specified date.

Some companies may adopt the “Table 1” set of *Articles* that are the form established by the Registrar set out in the Regulations to the Act. Any amendment to those *Articles* by regulation will effect a corresponding alteration to the company's *Articles*, without the necessity for the company to pass a resolution to make that alteration.

To alter its *Articles*, the company may attach a copy of the resolution altering the *Articles* to the *Articles* kept in the company's *Records Book* (see the **Records** chapter) rather than restating its *Articles* each time a change is made. When the number of resolutions changing the *Articles* reaches a point where it is difficult to read the *Articles*, the *Articles* may be restated (i.e. a new edition of the *Articles* incorporating all the previous changes is produced and the new *Articles* are ratified and confirmed by the shareholders).

Once the *Articles* have been altered (s. 262), a company must not provide a copy of the *Articles* to anyone unless:

- the copy of the *Articles* reflects the alteration; or
- there is attached to the copy of the *Articles* a copy of each resolution, court order or other record by which the *Articles* being issued were altered.

Under Division 1 of Part 8 of the Act, any shareholder of a company may apply to court for relief from oppression or on grounds that a resolution of the shareholders that has been passed, or is proposed, will be unfairly prejudicial to such shareholder (s. 227(1)). Under Division 2 of Part 8 of the Act, any shareholder of a company may send a notice of dissent to the company in respect of any resolution under section 259(1) to alter any restrictions on the powers of the company or on the business it is permitted to carry on (s. 238). The explanation and procedures for the court proceedings and shareholder dissent provisions contained in the Act are beyond the scope of this Guide.

PROCEDURE/CHECKLIST

1. Receive instructions from client (or accountant for client)
2. If the company is a pre-existing company – it must “transition” into the Act (see the **Transition** chapter)
3. Check if the company is in good standing and if not, attend to the required filings. Note that the Registrar does not require that Annual Report filings be up to date in order to file an *Alteration Notice* unless you are filing a change of name.
4. If you are changing the authorized share structure, altering the *Articles* or the special rights and restrictions, review the latest *Articles* and *Notice of Articles* to determine the present status

You may find it helpful to prepare a table describing the authorized share structure and the special rights and restrictions similar to the one below:

Class	Authorized	Par value	Voting	Dividend Entitlement	Redeemable	Retractable	Redemption Amount	Ranking on Distribution
A	100,000	Without	Yes	Yes	No	No	N/A	4 th
B	100,000	Without	No	No	No	No	N/A	3 rd
C	1,000,000	\$0.01	No	No	Yes	Yes	\$100.00	2 nd
D	Unlimited	Without	No	Yes	Yes	Yes	Set by the directors	1 st

5. If the *Articles* require that the shareholders pass a resolution to authorize the changes, check the *Records Book* to determine whether the shareholders usually pass consent resolutions or whether the shareholders generally hold meetings. If there is any indication that obtaining all of the signatures of the shareholders may be a problem (such as when there is a minority shareholder who does not always agree with the majority shareholder or when there are a large number of shareholders), check with the supervising solicitor to determine if the company will hold a meeting
6. If a meeting will be held, check the company's *Articles* to determine the voting threshold required to pass a special resolution and what the notice provisions are for calling a general meeting (see **Miscellaneous** chapter for the procedure to call a meeting)
7. If a meeting will not be held, prepare the *Shareholders Resolution (Approving Changes to Authorized Share Structure)* (page 14):
 - check the company's *Articles* to determine whether the type of resolution required for the proposed alteration is specified and prepare either
 - the *Shareholders Resolution* (Ordinary or Exceptional Resolution), or
 - if the *Articles* do not specify the type of Resolution, change the *Shareholders Resolution* to a *Special Resolution*;

- insert all the proposed amendments to the share structure into the ***Shareholders Resolution***. Add any other alterations required: for example, creation or changes to special rights and restrictions. You may use the precedents from individual sections in this chapter covering each amendment, or use your firm's precedents to build a resolution describing the alterations;
 - check the ***Central Securities Register*** and ***Articles*** to see if there are shareholders holding other non-voting classes of shares that will be entitled to vote on the proposed changes. If such a separate class vote will be required, the non-voting shareholders may unanimously consent in writing to the resolution, or special separate meeting(s) of the holders of the other class or classes of shares may be held. If the non-voting shareholders agree to consent in writing to the resolution, you may either:
 - include the consents of the non-voting shareholders in the ***Shareholders Resolution (Approving Changes to Authorized Share Structure)*** (page 14); or
 - prepare a separate resolution (see ***Separate Class Resolution***) – page 18) for each class of non-voting shareholders, and include the text of the special resolution in the ***Separate Class Resolution*** or attach the ***Shareholders Resolution (Approving Changes to Authorized Share Structure)*** as a schedule to the ***Separate Class Resolution***
8. If the changes affect any information in the ***Notice of Articles***, prepare an ***Alteration Notice*** (Form 11) (page 73) to reflect all the changes
 9. If the change affects the contents of any ***Share Certificate***:
 - (a) prepare the ***Directors Resolution (Issuing new Share Certificates)*** (page 77)
 - (b) cancel the ***Share Certificates*** which are being surrendered as a result of the amendments to the share structure. It is generally not necessary for the shareholder to endorse the ***Share Certificate*** for transfer when the ***Share Certificate*** is being replaced as a result of a change to the authorized share structure, but check with the supervising solicitor to determine whether a ***Surrender of Share Certificate***⁽¹⁾ should be prepared
 - (c) prepare the new ***Share Certificate(s)*** as set out in the ***Directors Resolution***⁽²⁾
 - (d) enter the changes in the ***Central Securities Register***⁽²⁾
 - (e) record the changes in your database, if you have one
 10. Arrange for the execution of the ***Resolutions*** and, if required, the ***Alteration Notice*** and the ***Share Certificates***, either at the law firm's offices or by preparing a ***Transmittal Letter (Forwarding Documents for Signature)*** (page 81). Make sure that any schedules mentioned in the resolutions are attached to the resolutions.

⁽¹⁾ See the **Repurchases and Redemptions** chapter

⁽²⁾ See the **Records** chapter

When the signed documents are returned:

11. **Date and time stamp** the *Special Resolution* or Minutes of any meeting held (and any other documents required to be kept in the *Records Book*)
12. Make a copy of the *Special Resolution* (or any other enabling resolution), and **immediately** file the original in the *Records Book* (see 18 below). If required, certify the copy of the Resolution (see step 16)
13. E-file the *Alteration Notice* (Form 11) (if applicable) – see Appendix B – **Electronic Filings**
14. Print the receipt confirming filing and file it in the company **corporate file**
15. Attach the *Alteration Notice* printed from the **Preview Screen** to the *Alteration Notice* signed by the client and file both in the *Records Book* under the tab “**Forms Filed**”
16. If the *Articles* and/or *Special Rights and Restrictions* have been amended or replaced, attach a copy of the Special Resolution amending or replacing the Articles and/or Special Rights and Restrictions to the *Articles*. If the authorized share structure has been changed, file a copy (which may be a certified copy) of the resolution altering the authorized share structure under *Charter Documents* (see step 12)
17. If it is your law firm’s policy to do so, write or type on the first page of the *Articles* or attach a sheet of paper on top of the *Articles* with the words:

“The Articles were altered by Special Resolution dated {date} and by Alteration Notice (Form 11) filed with the Registrar of Companies effective {date}”

You may cross out or mark "replaced" the appropriate section(s) of the *Articles*

18. File the documents in the *Records Book* as follows:

Tab in Minute Book	Documents
Recognition Documents	Certified copy of Notice of Articles
Forms Filed	<i>Alteration Notice</i>
Shareholders’ Minutes/ Resolutions	Shareholders Resolution
Directors’ Minutes/Resolutions	Directors Resolution
Share Certificates	Share Certificate(s)

Once a certified copy of the amended *Notice of Articles* (if applicable) is received from the Registrar:

19. File the certified copy of the amended *Notice of Articles* in the *Records Book* (see Step 18 above). Most firms remove the old *Notice of Articles* and file it under “**Historical Documents**”.
20. Report to the client and/or accountants providing them with copies

SHAREHOLDERS RESOLUTION (Approving Changes to Authorized Share Structure)

General Notes

A company must not make any changes to authorized share structure (s. 54(3)) until it has been authorized to effect that change:

- by the type of shareholders resolution specified by the *Articles*; or
- if the *Articles* do not specify the type of resolution, by a Special Resolution.

When a company proposes to make two or more alterations to its authorized share structure or the special rights and restrictions attached to its shares, several alterations may be expressed in a single resolution (s. 55(1)).

Each alteration to the authorized share structure is set out in its own sub-section in this chapter following the basic resolution framework on page 17. If there are several alterations, you can use each as a building block to be assembled into a complex resolution approving the alterations.

In order for a single resolution to authorize or provide consent for two or more alterations, that single resolution must be passed by the majority of votes that is required to authorize or consent to the alteration requiring the highest majority of authorizing or consenting votes (s. 55(2)). In other words, if the alteration consists of:

- a change in the designation of a class of shares (requiring an ordinary resolution under the *Articles* of the company); and
- a change in the par value of a class of shares (requiring a special resolution under the *Articles* of the company);

the alterations must be passed by at least a special resolution. If that special resolution is consented to in writing, it must be signed by all the voting shareholders of the company⁽¹⁾. All shareholders holding any class or classes of shares whose rights will be prejudiced or interfered with by the alteration must consent to the special resolution (s. 61).

If there are shareholders holding several classes of shares, and some of those shares are non-voting, you may either:

- prepare a special resolution for all the **voting** shareholders (of one or more classes of voting shares) and include the class vote of the holders of any non-voting share class as part of the Special Resolution by:
 - including the paragraph starting with “Pursuant to the *Business Corporations Act*, the undersigned, ...”;
 - including the words: “**AND A SEPARATE RESOLUTION**”;

Continued...

⁽¹⁾ In order to authorize both alterations in a single resolution at a general meeting, a special resolution would have to be passed by the majority required to pass a special resolution as set out in the *Articles* of the company, and the definition of “consent resolution” requires that in case of any shareholders resolution, other than an ordinary resolution, a resolution in writing must be a unanimous (s. 1(1)).

SHAREHOLDERS RESOLUTION
(Approving Changes to Authorized Share Structure)

General Notes (Continued)

inserting the signatures of all of the voting shareholders;

after the signatures of the voting shareholders, add the paragraph starting with “The foregoing Special Resolutions are hereby consented to by every shareholder of the company holding Class X shares ...” inserting the description of a non-voting class of shares entitled to vote on the resolution;

add lines for all the signatures of the shareholders of that class.

repeat the last two paragraphs for each class of shares affected by this Resolution

or:

Prepare as separate resolutions:

first: a special resolution for the voting shareholders:

- o in the special resolution, remove the first paragraph which starts with “Pursuant to the Business Corporations Act, the undersigned...”;
- o delete the words “AND A SPECIAL SEPARATE RESOLUTION”;
- o after the signatures of the voting shareholders, delete the paragraph starting with “The foregoing Special Resolutions are hereby consented to by every shareholder of the Company holding Class X shares ...”; and then

a separate resolution for the holders of each non-voting class of shares, (see the Separate Class Resolution on page 18.

Continued...

SHAREHOLDERS RESOLUTION (Approving Changes to Authorized Share Structure)

General Notes (see previous page)

Preparation

If there is only one class of shares authorizing the resolution, or you will be preparing separate resolutions of the other class or classes of shares entitled to vote on the resolution (see Separate Class Resolution – page 18), delete this paragraph and delete the reference to “and a Special Separate Resolution”.

Review the Articles of the company to determine whether they prescribe the type of shareholders’ resolution required to authorize the change. If there is no provision in the Articles, use a Special Resolution.

Insert each alteration from the individual resolutions, for example:

“the authorized share structure of the Company be altered by decreasing the par value ... or: ..redesignating the Common shares without par value as Class X shares without par value... etc.”

Number each of the resolutions and, if there is more than one, renumber the subsequent paragraphs.

If there is no effective date, delete to the end of the paragraph. If the alterations are to be effective on a specific date (and time) in the future, insert the date (and time) – see Explanation of “effective date” on page 9. Note: The date cannot be more than ten days after the proposed date of filing of the Alteration Notice (Form 11) (page 72) and the effective date must be inserted in the Alteration Notice.

Insert either this paragraph or the Notice shown in below.

Check the Central Securities Register of the company and insert the names of all the voting shareholders.

If you are not preparing a separate resolution for the holders of other classes of shares (page 18), insert this separate authorization paragraph for the holders of each such class of shares and insert the names of the shareholders for each such class.

Insert the names of the holders of all the shareholders of the Class X shares.

Processing

If Share Certificates will be cancelled and new Share Certificates issued as a result of the alterations, see the Directors Resolution (Issuing New Share Certificates) (page 76).

Prepare an Alteration Notice (Form 11), if required (page 72).

Once these documents are prepared, checked and approved by the supervising solicitor, they are sent to the company for signature – see Transmittal Letter (Forwarding Documents for Signature).

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 these resolutions, in our capacity as the holders of shares of each Class entitled to 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.

RESOLVED AS ② A SPECIAL RESOLUTION ① AND A SPECIAL SEPARATE RESOLUTION THAT:

1. ③
2. The Articles and Notice of Articles of the Company be altered accordingly, and the directors of the Company instruct its agents to file an Alteration Notice reflecting the above changes ④ effective *{date and time}*.
3. 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.
4. The Company hereby appoints *{Name of Law Firm}* to act as its agent for filing the Alteration Notice as set out in paragraph 2 above.
5. The alteration to the Articles of the Company referred to above does not take effect until the Alteration Notice of the Company has been filed with the Registrar of Companies and takes effect.

Dated effective: *{Date}*

⑥ *{NAME OF VOTING SHAREHOLDER}*

⑥ *{NAME OF VOTING SHAREHOLDER}*

⑦ The foregoing ⑦ Special Resolutions are hereby consented to by every shareholder of the Company holding Class **X** 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.

⑧ *{NAME OF CLASS X SHAREHOLDER}*

⑧ *{NAME OF CLASS X SHAREHOLDER}*

NOTICE

The alteration to the Articles of the Company referred to above does not take effect until the Alteration Notice of the Company has been filed with the Registrar of Companies and takes effect.

SEPARATE CLASS RESOLUTION

General Notes

If there are shareholders holding non-voting shares of a class or classes of shares entitled to vote on a particular resolution, for example, a special resolution authorizing a change in the share structure or special rights and restrictions, the holders of other classes of shares whose rights are affected by the change may:

- either authorize the special resolution by a consent included in the special resolution (see *Shareholders Resolution (Approving Changes to Authorized Share Structure)* –page 14); or
- pass a **separate** resolution such as shown opposite to approve the changes.

Preparation

- ① Insert the date of the voting shareholders resolution.
- ② If you wish to insert the text of the special resolution, you may delete the rest of this line, insert “*as follows:*” and enter the text of the special resolution in numbered format below.
- ③ Insert the subject of the special resolution being approved, for example:

“...the reorganization of the authorized share structure of the Company..”
- ④ Insert the date of this resolution, which should be the same or after the date in ①.

Check the *Central Securities Register* of the company and insert the names of all the shareholders of the class of shares that will be passing the resolution.

Processing

Attach a copy of the *Shareholders Resolution (Approving Changes to Authorized Share Structure)* –page 14) as Schedule “A” to this resolution.

Once this documents 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 81)

**SEPARATE RESOLUTIONS
OF
THE HOLDERS OF CLASS X SHARES
OF
{NAME OF COMPANY}
(the “Company”)**

RESOLVED AS A SEPARATE RESOLUTION THAT:

1. The holders of all of the issued Class X shares consent to the special resolutions of shareholders dated ① ② a true copy of which has been provided to such shareholders authorizing ③ as set out in Schedule “A” attached hereto.

Dated effective: {Date}④

{NAME OF CLASS X SHAREHOLDER}

{NAME OF CLASS X SHAREHOLDER}

CREATING NEW CLASSES OR SERIES OF SHARES

General Notes

A company may create one or more classes of shares (s. 54(1)(a)) or create one or more series of shares (s. 54(1)(b)).

The **creation** of an additional class of shares or a series of shares alters the authorized share structure of the company by adding to it that class or series.

Creating a new class of shares

Example: The company is authorized to issue 10,000 Class **X** common voting shares without par value.

A new class of 100,000 Class **Z** Preferred shares with a par value of \$1.00 each is created.

If you only have shares without a class designation, unless you intend to name the new class of shares “Preferred” or some similar designation, it is the usual practice to redesignate the original shares as Class **X** (for example: “Class A Common” or “Class A” – check with the supervising solicitor or corporate supervisor with respect to naming conventions).

Creating shares in series

To create a class of shares that can be issued in one or more series, increase the authorized share structure by the creation of a new class of shares as above, then attach special rights and restrictions to the new class of shares granting the directors the right to issue the shares in series (see the section on Series, page 62).

Preparation and Processing

Insert the paragraphs opposite into the body of the *Shareholders Resolution (Approving Changes to Authorized Share Structure)* (page 14). For clarity, the precedent uses fictitious numbers and designations of class. The examples shown must be adapted to each situation.

- ① You may have to create the special rights and restrictions that will be attached to the new class of shares being created. For example, the new shares may be voting, participating, have rights of redemption and retraction and rank third on distribution.

If no special rights and restrictions will be attached, delete the remainder of this line and the following paragraph.

If the *Articles* already contain special rights and restrictions attached to other classes of shares and you will be replacing the entire Part containing the special rights and restrictions, you may substitute:

“The Articles be altered by deleting Part {number}② thereof and substituting therefor Part {number}② attached hereto as Schedule “A”.

- ② Insert the part or paragraph number where the special rights and restrictions will be located in the *Articles*.
- ③ Insert the description of the existing classes of shares contained in the latest *Notice of Articles*.

RESOLUTION

1. The authorized share structure of the Company be altered by creating *{100,000}* Class **Z** Preferred shares with a par value of *{\$1.00}* each (the “Class **Z** shares”).
- ②. There be created and attached to the Class **Z** Preferred shares the special rights and restrictions set out in Part *{number}*② of the Articles attached hereto as Schedule “A”.
3. ①The Articles of the Company be altered by adding as Part *{number}*② the special rights and restrictions set out in Schedule “A” hereto.

ALTERATION NOTICE (Form 11)

Description of authorized share structure in Item H of the Notice to reflect the above changes

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number		Kind of Shares of this class or series of shares		Type of currency	Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (a)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (a)	WITH A PAR VALUE (\$)		YES (a)	NO (a)
③							
Class Z Preferred		100,000		\$1.00	Canadian	a	

INCREASING, REDUCING OR ELIMINATING THE MAXIMUM NUMBER OF SHARES

General Notes

The *Notice of Articles* filed when a company is incorporated must state the maximum number of shares of a class or series of shares that the company is authorized to issue, or state that the number is unlimited, if that is the case.

A company may “increase, reduce or eliminate the maximum number of shares that the company is authorized to issue out of any class or series of shares” (s. 54(1)(c)). In other words, a company may change the maximum number of shares set out in the *Articles* and *Notice of Articles* (either up or down) or change the maximum number to an unlimited number.

A. Increasing the maximum number of shares

Example: The company is authorized to issue a maximum of 50,000 Class **X** common voting shares without par value.

The maximum number of Class **X** common voting shares without par value that the company is authorized to issue is **increased** to 1,000,000.

B. Reducing the maximum number of shares (see Note in ① below)

Example: The company is authorized to issue a maximum of 1,000,000 Class **Y** common voting shares without par value.

The maximum number of Class **Y** common voting shares without par value that the company is authorized to issue is **reduced** to 500,000.

C. Eliminating the maximum number of shares

Example: The company is authorized to issue a maximum of 1,000,000 Class **Z** common voting shares without par value

The maximum number of Class **Z** common voting shares without par value that the company is authorized to issue is eliminated and the company is authorized to issue an **unlimited** number of Class **Z** common voting shares without par value.

Preparation and Processing

Insert one of the paragraphs opposite into the body of the *Shareholders Resolution (Approving Changes to Authorized Share Structure)* (page 14). For clarity, the precedent uses fictitious numbers and designations of class. The examples shown must be adapted to each situation.

- ① If no shares of the class are issued, substitute:
 “... of which none are allotted or issued ...”

Note: In the case of the reduction of the maximum number of shares of a particular class of shares that the company is authorized to issue, the number of shares issued and outstanding of that class should not be greater than the newly reduced number (for example, if the maximum is now 1,000,000 and 800,000 are issued, you cannot reduce the maximum below 800,000).

RESOLUTION

A. Increase the maximum number

1. The maximum number of Class **X** common shares without par value that the Company is authorized to issue of which **{499}** ① are issued be increased from **{10,000}** to **{1,000,000}** and the authorized share structure of the Company be altered accordingly.

B. Reduce the maximum number

1. The maximum number of Class **Y** Common shares without par value that the Company is authorized to issue of which **{499}** ① are issued be reduced from **{1,000,000}** to **{500,000}** and the authorized share structure of the Company be altered accordingly.

C. Eliminate the maximum number

1. The Company be authorized to issue an unlimited number of Class **Z** common shares without par value and the authorized share structure of the Company be altered accordingly.

ALTERATION NOTICE (Form 11)

Description of authorized share structure in Item H of the Notice to reflect the above changes

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number		Kind of Shares of this class or series of shares		Type of currency	Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (a)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (a)	WITH A PAR VALUE (\$)		YES (a)	NO (a)
<i>Example A</i> Class X Common		<i>{1,000,000}</i>	a			a	
<i>Example B</i> Class Y Common		<i>{500,000}</i>	a			a	
<i>Example C</i> Class Z Common	a		a			a	

ESTABLISHING A MAXIMUM NUMBER OF SHARES FOR A CLASS OR SERIES

General Notes

The *Notice of Articles* filed when a company is recognized may state that the company is authorized to issue an **unlimited** number of a class or series of shares.

A company may later pass a resolution establishing a **maximum** number of shares of the class or series that the company is authorized to issue (s. 54(1)(d)).

Example: The company is authorized to issue an unlimited number of Class **X** common voting shares without par value:

The maximum of Class **X** common voting shares without par value that the company is authorized to issue is established at 1,000,000.

Preparation and Processing

Insert the paragraph opposite into the body of the *Shareholders Resolution (Approving Changes to Authorized Share Structure)* (page 14). For clarity, the precedent uses fictitious numbers and designations of class. The example shown must be adapted to each situation.

① In the *Alteration Notice* (Form 11), if there were special rights and restrictions attached to the Class **X** common shares, the box marked “Y” would be checked.

Note: When establishing a maximum number of shares for a particular class that a company is authorized to issue, the number of issued and outstanding shares of that class cannot be greater than the new maximum (for example, if there are 1,200,000 Class **X** shares issued, you cannot establish the maximum for that class at 1,000,000).

RESOLUTION

1. The authorized share structure of the Company be altered by establishing the maximum number of Class X common shares without par value the Company is authorized to issue at *{1,000,000}*.

ALTERATION NOTICE (Form 11)

Description of authorized share structure in Item H of the Notice to reflect the above changes

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number		Kind of Shares of this class or series of shares		Type of currency	Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (a)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (a)	WITH A PAR VALUE (\$)		YES (a)	NO (a)
Class X Common		<i>{1,000,000}</i>	a			①	a ①

SUBDIVIDING SHARES

General Notes

A subdivision of shares means that a specified number (usually all) of the authorized shares of a class, including issued shares, are multiplied by a specific factor and the total number of authorized shares of that class is increased.

Par value shares

A company may “subdivide all or any of its unissued, or fully paid issued, shares with par value into shares of smaller par value” (s. 54(1)(e)).

A company must not subdivide shares with par value unless the product obtained by multiplying the number of shares by their par value is the same both before and after the subdivision (s. 54(2)). In the example below, there are 10,000 shares with a par value of \$10.00 each that when multiplied results in a product of \$100,000. After the subdivision, the product is 100,000 x \$1.00 per share, for a total of \$100,000. As both products are the same, the subdivision complies with the Act.

Example: The company is authorized to issue a maximum of 10,000 Class **X** shares with a par value of \$10.00 each (of which 900 are issued)

Each Class **X** share with a par value of \$10.00 is to be subdivided into 10 shares with a par value of \$1.00 each.

After the subdivision, the company is authorized to issue 100,000 Class **X** shares with a par value of \$1.00 each, of which 9,000 are issued.

No par value shares

A company may “subdivide all or any of its unissued, or fully paid issued, shares without par value” (s. 54(1)(f)).

Example: The company is authorized to issue a maximum of 10,000 Class **Y** shares without par value (of which 800 are issued).

Each Class **Y** share is subdivided into 10 Class **Y** shares.

After the subdivision, the company is authorized to issue 100,000 Class **Y** shares without par value of which 8,000 are issued.

Preparation

Insert one of the paragraphs opposite into the body of the *Shareholders Resolution (Approving Changes to Authorized Share Structure)* (page 14). For clarity, the precedent uses fictitious numbers and designations of class. The examples shown must be adapted to each situation.

① If no shares of the class are issued, substitute: “...of which none are allotted or issued...”

Processing

If there are outstanding shares of the class being subdivided, prepare the *Directors Resolution (Issuing new Share Certificates)* on page 77. Also see Step 9 of the **Procedure/Checklist** for further procedures.

RESOLUTION**A. Subdivision of shares with par value into shares of smaller par value****(a) When a maximum of shares is established**

1. The authorized share structure of the Company be altered by subdividing all of the {10,000} Class X shares with a par value of {\$10.00} each of the Company, of which ①{900} are issued into {100,000} Class X shares with a par value of {\$1.00} each, of which {9,000} are issued, each Class X share being subdivided into {10} Class X shares.

2. The maximum number of Class X shares that the Company is authorized to issue be increased from {10,000} to {100,000} shares.

(b) When no maximum is established

1. The authorized share structure of the Company be altered by subdividing all of the {900} issued Class X shares with a par value of {\$10.00} each of the Company into {9,000} Class X shares with a par value of {\$1.00} each, each Class X share being subdivided into 10 Class X shares.

B. Subdivision of shares without par value**(a) When a maximum of shares is established**

1. The authorized share structure of the Company be altered by subdividing all of the {10,000} Class Y shares without par value of the Company, of which ①{800} are issued into {100,000} Class Y shares without par value, of which {8,000} are issued, each Class Y share being subdivided into {10} Class Y shares.

2. The maximum number of Class Y shares that the Company is authorized to issue be increased from {10,000} to {100,000} shares.

(b) When no maximum is established

1. The authorized share structure of the Company be altered by subdividing all of the {10,000} issued Class Y shares without par value of the Company into {100,000} Class Y shares without par value, each Class Y share being subdivided into {10} Class Y shares.

Note: If the only alteration to the authorized share structure is a subdivision of issued shares without par value, a Form 11 is not required as the subdivision of an unlimited number of shares does not result in a change to the Notice of Articles.

ALTERATION NOTICE (Form 11)**Description of authorized share structure in Item H of the Notice to reflect the above changes**

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number		Kind of Shares of this class or series of shares		Type of currency	Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (a)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (a)	WITH A PAR VALUE (\$)		YES (a)	NO (a)
A(a) – X		{100,000}		{\$1.00}	Canadian	a	
B(a) – Y		{100,000}	a			a	

CONSOLIDATING SHARES

General Notes

A consolidation of shares means that a specified number (usually all) of the authorized shares of a class, including issued shares, are **divided** by a specific factor and the total number of authorized shares is decreased.

Par value shares

A company may “consolidate all or any of its unissued, or fully paid issued, shares with par value into shares of smaller par value” (s. 54(1)(g)).

A company must not consolidate shares with par value unless the product obtained by multiplying the number of shares by their par value is the same both before and after the subdivision or consolidation (s. 54(2)). In the example below, there are 1,000,000 shares with a par value of \$1.00 each that results in a product of \$1,000,000. After the consolidation, the product is 100,000 x \$10.00 per share, for a total of \$1,000,000. As both products are the same, the consolidation complies with the Act.

Example: The company is authorized to issue a maximum of 1,000,000 Class **X** shares with a par value of \$1.00 each (of which 8,000 are issued).

The Class **X** shares are consolidated on the basis of 10 existing Class **X** shares with a par value of \$1.00 each for one new Class **X** share with a par value of \$10.00 each.

After the consolidation, the company is authorized to issue 100,000 Class **X** shares with a par value of \$10.00 each.

No par value shares

A company may “consolidate all or any of its unissued, or fully paid issued, shares without par value” (s. 54(1)(h)).

Example: The company is authorized to issue a maximum of 1,000,000 Class **Y** shares without par value (of which 8,000 are issued)

The Class **Y** shares are consolidated on the basis of 10 existing shares for one new Class **Y** share.

After the consolidation, the company is authorized to issue 100,000 Class **Y** shares without par value of which 800 are issued.

Preparation

Insert one of the paragraphs opposite into the body of the *Shareholders Resolution (Approving Changes to Authorized Share Structure)* (page 14). For clarity, the precedent uses fictitious numbers and designations of class. The examples shown must be adapted to each situation.

- ① If no shares of the class are issued, substitute: “*of which none are allotted or issued*”.

Processing

If there are outstanding shares of the class being consolidated, prepare the *Directors Resolution (issuing new Share Certificates)* on page 77 – also see Step 9 of the **Procedure/Checklist** for further procedure.

RESOLUTION

A. Consolidation of shares with par value into shares of larger par value

(a) when a maximum of shares is established

1. The authorized share structure of the Company be altered by consolidating all of the *{1,000,000}* Class **X** shares with a par value of *{\$1.00}* each of the Company, of which ①*{8,000}* are issued into *{100,000}* Class **X** shares with a par value of *{\$10.00}* of which *{800}* are issued, every 10 Class **X** shares being consolidated into 1 Class **X** share.
2. The maximum number of Class **X** shares that the Company is authorized to issue be reduced from *{1,000,000}* to *{100,000}*.

(b) when no maximum is established

1. The authorized share structure of the Company be altered by consolidating all of the *{8,000}* issued Class **X** shares with a par value of *{\$1.00}* each of the Company into *{800}* Class **X** shares with a par value of *{\$10.00}* each, every 10 Class **X** being consolidated into 1 Class **X** share.

B. Consolidation of shares without par value

(a) when a maximum of shares is established

1. The authorized share structure of the Company be altered by consolidating all of the *{1,000,000}* Class **Y** shares without par value of the Company, of which ①*{8,000}* are issued into *{100,000}* Class **Y** shares without par value of which *{800}* shares are issued.
2. The maximum number of the Class **Y** shares that the Company is authorized to issue be reduced from *{1,000,000}* to *{100,000}*.

(b) when no maximum is established

1. The authorized share structure of the Company be altered by consolidating all of the *{8,000}* issued Class **Y** shares without par value into *{800}* shares, every 10 Class **Y** shares being consolidated into 1 Class **Y** share.

Note: If the only alteration to the authorized share structure is a consolidation of issued shares without par value, a Form 11 is not required as the consolidation of an unlimited number of shares does not result in a change to the Notice of Articles.

ALTERATION NOTICE (Form 11)

Description of authorized share structure in Item H of the Notice to reflect the above changes

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number		Kind of Shares of this class or series of shares		Type of currency	Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (a)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (a)	WITH A PAR VALUE (\$)		YES (a)	NO (a)
A(a) -- X		<i>{100,000}</i>		<i>{\$10.00}</i>	Canadian	a	
B(a) -- Y		<i>{100,000}</i>	a			a	

DECREASING THE PAR VALUE OF SHARES

General Notes

If the authorized shares of a company contain a class of shares with par value, a company may decrease the par value of those shares (s. 54(1)(i)(i)).

If there are issued shares of the class of shares with par value being altered, the company may only **reduce** its capital by special resolution if the capital is reduced to an amount that is not less than the realizable value of the company's assets less its liabilities (s. 74). In the case of shares with par value, the capital of the company is the aggregate sum obtained by multiplying the number of issued shares by their par value (s. 72). For example, if the company had 10,000 shares issued each having a par value of \$10.00, the capital of the company would be \$100,000. If the company wished to reduce the par value of its shares to \$1.00, the capital would be \$10,000. If the amount that could be realized by a sale of the company's assets, less all of its liabilities, totalled more than \$10,000, the change of par value to \$1.00 would not be permissible without a court order. Section 74 does not apply unless there are issued shares of the applicable class.

In addition, the resolution to reduce the capital does not take effect (s. 74(2)) if the company is a company registered under:

- the *Small Business Venture Capital Act*, until the company has paid the money payable by it to the minister under section 22 of that Act; or
- Part 2 of the *Employee Investment Act*, until the company has obtained confirmation from the minister that all of the money payable to the minister under sections 31 and 32 of that Act has been paid.

Example: The company is authorized to issue a maximum of 100,000 Class **X** Preferred shares with a par value of \$10.00 each of which 10,000 are issued.

The par value of each of the Class **X** shares is decreased from \$10.00 to \$1.00.

Preparation

Insert the paragraph opposite into the body of the *Shareholders Resolution (Approving Changes to Authorized Share Structure)* (page 14). For clarity, the precedent uses fictitious numbers and designations of class. The examples shown must be adapted to each situation.

① If no shares of the class are issued, substitute:

“of which none are allotted or issued”

Processing

If there are outstanding shares of the class for which the par value is changed, prepare the *Directors Resolution (issuing new Share Certificates)* on page 77 – also see Step 9 of the **Procedure/Checklist** for further procedures.

RESOLUTION

1. The authorized share structure of the Company be altered by decreasing the par value of the **{100,000}** Class **X** Preferred shares with a par value of **{\$10.00}** each of the Company, of which ①**{10,000}** are issued, from **{\$10.00}** to **{\$1.00}**.

ALTERATION NOTICE (Form 11)

Description of authorized share structure in Item H of the Notice to reflect the above changes

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number		Kind of Shares of this class or series of shares		Type of currency	Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (a)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (a)	WITH A PAR VALUE (\$)		YES (a)	NO (a)
Class X Preferred		{100,000}		{\$1.00}	Canadian	a	

INCREASING THE PAR VALUE OF SHARES

General Notes

If a company is authorized to issue shares of a class of shares with par value, a company may increase the par value of those shares if **none of the shares are allotted or issued** (s. 54(1)(i)(ii)). If shares of the class were already issued, the amount that was actually paid for the shares could be less than the par value of the shares, which would create an accounting and legal problem since the issue price for shares must never be less than their par value (s. 63(2)(b)).

Example: The company is authorized to issue 500,000 Class **X** Preferred shares with a par value of \$1.00 each, of which none are allotted or issued.

The par value of the Class **X** shares is increased from \$1.00 to \$10.00.

Preparation and Processing

Insert the paragraph opposite into the body of the *Shareholders Resolution (Approving Changes to Authorized Share Structure)* (page 14). For clarity, the precedent uses fictitious numbers and designations of class. The examples shown must be adapted to each situation.

RESOLUTION

1. The authorized share structure of the Company be altered by increasing the par value of the *{100,000}* Class **X** Preferred shares with a par value of *{\$1.00}* each of the Company, of which none are allotted or issued, from *{\$1.00}* to *{\$10.00}*.

ALTERATION NOTICE (Form 11)

Description of authorized share structure in Item H of the Notice to reflect the above changes

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number		Kind of Shares of this class or series of shares		Type of currency	Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (a)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (a)	WITH A PAR VALUE (\$)		YES (a)	NO (a)
Class X		<i>{100,000}</i>		<i>{\$10.00}</i>	Canadian	a	

ELIMINATING ANY CLASS OR SERIES OF SHARES

General Notes

A company may eliminate any class or series of shares if **none of the shares of that class or series are allotted or issued** (s. 54(1)(j)).

Example: The Company is authorized to issue:

- (a) 100,000 Class **X** Common shares without par value
- (b) 100,000 Class **Y** Preferred shares with a par value of \$1.00 each
- (c) 500,000 Class **Z** Preferred shares with a par value of \$1.00 each of which none are allotted or issued.

All of the Class **Z** Preferred shares with a par value of \$1.00 each are eliminated.

When you are eliminating a class of shares, you should check the special rights and restrictions attached to the shares. For example, if the shares of the class you are eliminating are the only participating or voting shares, you should obtain further instructions from the company and/or its accountants.

Note: If there are **issued** shares of a class or series of shares and you intend to eliminate the remaining unissued shares, do so by reducing the maximum number of shares of that class or series of shares to the number of outstanding shares. See page 22 regarding reducing, or page 24 regarding establishing, a **maximum** number of shares for a class or series.

Example: The Company is authorized to issue:

- (a) 100,000 Class **X** Common shares without par value
- (b) 100,000 Class **Y** Preferred shares with a par value of \$1.00 each
- (c) 500,000 Class **Z** Preferred shares with a par value of \$1.00 each of which 100 are allotted or issued.

The maximum number of Class **Z** Preferred shares is changed to 100 Class **Z** Preferred shares of which 100 are allotted or issued.

Preparation and Processing

Insert the paragraphs opposite into the body of the *Shareholders Resolution (Approving Changes to Authorized Share Structure)* (page 14). For clarity, the precedent uses fictitious numbers and designations of class. The examples shown must be adapted to each situation.

- ① Insert this paragraph if the class of shares that are being eliminated have special rights and restrictions attached to them.
- ② Insert the number of the part or paragraph in the *Articles* which sets out the special rights and restrictions attached to the class of shares being eliminated.

RESOLUTION

1. ①The special rights and restrictions attached to the Class **Z** Preferred shares be deleted and the Articles of the Company be altered by deleting Part/paragraph *{number}*② which sets out the special rights and restrictions attached to the Class **Z** Preferred shares.

2. The authorized share structure of the Company be altered by eliminating all of the authorized Class **Z** Preferred shares with a par value of *{\$1.00}* each, of which none are allotted or issued.

ALTERATION NOTICE (Form 11)

Description of authorized share structure in Item H of the Notice to reflect the above changes

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number		Kind of Shares of this class or series of shares		Type of currency	Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (a)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (a)	WITH A PAR VALUE (\$)		YES (a)	NO (a)
Class X Common		<i>{100,000}</i>	a			a	
Class Y Common		<i>{100,000}</i>		<i>{\$1.00}</i>	Canadian	a	

CHANGING SHARES WITH PAR VALUE INTO SHARES WITHOUT PAR VALUE

General Notes

A company may “change all or any of its unissued, or fully paid issued, shares with par value into shares without par value” (s. 54(1)(k)).

Example: The company is authorized to issue 1,000,000 Class **X** shares with a par value of \$1.00 each (of which 8,000 are issued).

The Class **X** shares with par value of \$1.00 each are changed into shares without par value (of which 8,000 are issued).

Preparation

Insert the paragraph opposite into the body of the *Shareholders Resolution (Approving Changes to Authorized Share Structure)* (page 14). For clarity, the precedent uses fictitious numbers and designations of class. The examples shown must be adapted to each situation.

- ① If no shares of the class are issued, substitute:
“of which none are allotted or issued”

Processing

If there are outstanding shares of the class for which the par value is being eliminated, go to the *Directors Resolution*, and follow the procedure outlined opposite that resolution.

RESOLUTION

1. The authorized share structure of the Company be altered by changing the **{1,000,000}** Class **X** shares with a par value of **{\$1.00}** each, of which ①**{8,000}** are issued, into Class **X** shares without par value.

ALTERATION NOTICE (Form 11)

Description of authorized share structure in Item H of the Notice to reflect the above changes

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number		Kind of Shares of this class or series of shares		Type of currency	Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (a)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (a)	WITH A PAR VALUE (\$)		YES (a)	NO (a)
Class X		{1,000,000}	a			a	

CHANGING UNISSUED SHARES WITHOUT PAR VALUE INTO SHARES WITH PAR VALUE

General Notes

A company may “change all or any of its **unissued** shares without par value into shares with par value” (s. 54(1)(l)).

Example: The company is authorized to issue 1,000,000 Class **X** shares without par value of which none are allotted or issued.

The Class **X** shares without par value are changed into shares with a par value of \$1.00 each.

Preparation and Processing

Insert the paragraph opposite into the body of the *Shareholders Resolution (Approving Changes to Authorized Share Structure)* (page 14). For clarity, the precedent uses fictitious numbers and designations of class. The example shown must be adapted to each situation.

RESOLUTION

1. The authorized share structure of the Company be altered by changing the ***{1,000,000}*** Class **X** shares without par value that the Company is authorized to issue, of which none are issued, into Class **X** shares with a par value of ***{\$1.00}*** each.

ALTERATION NOTICE (Form 11)

Description of authorized share structure in Item H of the Notice to reflect the above changes

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number		Kind of Shares of this class or series of shares		Type of currency	Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (a)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (a)	WITH A PAR VALUE (\$)		YES (a)	NO (a)
Class X		<i>{1,000,000}</i>		<i>{\$1.00}</i>	Canadian	a	

ALTERING IDENTIFYING NAME OF CLASS OR SERIES

General Notes

A company may “alter the identifying name of its shares” (s. 54(1)(m)).

This subsection only permits a change of the designation of the class or series, not of the attributes given to the shares. Therefore, the change of a share class name from, for example, “Class A Preferred Non-Voting shares” to “Class A shares” is permitted under this section, but it does not affect the shares’ voting rights or any other special right or restriction, it simply changes their name. If the intention is to actually modify voting rights or some other right or restriction, you would also need to concurrently pass a resolution changing the special rights and restrictions attached to the shares.

Preparation

The paragraphs opposite should be inserted into the body of the *Shareholders Resolution (Approving Changes to Authorized Share Structure)* (page 14). For clarity, the precedent uses fictitious numbers and designations of class. The examples shown must be adapted to each situation.

- ① If no shares of the class are issued, substitute:

“of which none are issued”

Processing

If the identifying name of a class is altered, and there are outstanding shares of that class, prepare the *Directors’ Resolution (issuing new Share Certificates)* on page 77 – see also Step 9 of the **Procedure/Checklist** for further procedures with respect to issuing new *Share Certificates*.

RESOLUTION

1. The identifying name of all the **common** shares without par value, of which ①{8,000} are issued, be changed to Class **X** shares without par value and the authorized share structure of the Company be altered accordingly.

ALTERATION NOTICE (Form 11)

Description of authorized share structure in Item H of the Notice to reflect the above changes

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number		Kind of Shares of this class or series of shares		Type of currency	Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (a)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (a)	WITH A PAR VALUE (\$)		YES (a)	NO (a)
Class X ⁽¹⁾		{1,000,000}	a		Canadian	a	

⁽¹⁾ Do not list the identifying name of the share class before it was redesignated

REDUCTION OF CAPITAL

General Notes

The capital of a company essentially represents the total value, at the time they are issued, of all the company's issued shares. It is determined by multiplying the number of issued shares by their issue price(s), if the shares are without par value, or by their par value, if the shares have a par value. To be more precise, the capital of the company is the total of these amounts, together with any amounts that have been added to the capital by a directors or shareholders resolution (s. 72). If shares have been issued as a result of a conversion or exchange, the capital of the company relating to those shares is the amount that was the capital of the company in relation to the shares that were converted or exchanged (s. 73). Note that the "capital" of a company as defined in the Act is not the same as "paid-up capital" as defined in the *Income Tax Act*.⁽¹⁾

A company may reduce its capital by a special resolution or court order if the capital is reduced to an amount that is **not less** than the realizable value of the company's assets less its liabilities, with the exception of certain companies registered under the *Small Business Venture Capital Act* and the *Employee Investment Act* (s. 74).

Further, section 75 permits a company, on the terms and in the manner, if any, provided in its *Articles*, to do any of the following **without** first obtaining a special resolution or court order and without changing its authorized share structure:

- redeem or repurchase shares (see the **Redemptions and Repurchase** chapter);
- accept a surrender of shares by way of gift or for cancellation;
- convert fractional shares into whole shares (s. 83):
 - on a subdivision or consolidation of shares (s. 54(4)); or
 - on a redemption, purchase or surrender.

The resolution shown opposite applies only to a reduction of capital by a cash payment to the shareholders. For an example of a resolution converting fractional shares into whole shares see page 46. The acceptance of a surrender of shares by way of gift will be covered in an update to this Guide.

Preparation

- ① Check the *Central Securities Register* and insert the number and description of the class of shares for which the capital is reduced.
- ② Insert the total amount of the capital account for the class of shares in question. This information should be provided to you by the accountants for the company.
- ③ Insert the amount by which the capital is reduced. This figure should also be provided by the accountants. If the capital of more than one class of shares is being reduced, delete the rest of the sentence and add "(such capital reduction to be allocated to each applicable class of shares as set out in paragraph 1 below)"
- ④ Check the *Articles* to see if an Exceptional Resolution is required. If it is, delete "Special" and substitute "Exceptional".
Insert the effective date of the distribution. It may or may not be the date of the resolution. Since this date could have tax implications, it should be provided by the accountants.
- ⑥ If there is more than one shareholder substitute "*pro rata to the holders of record*"
- ⑦ Insert the amount per share (divide the total reduction amount by the number of Class X shares issued).
- ⑧ Check the *Central Securities Register* of the company and insert the names of all shareholders, if the shareholders will unanimously consent to the resolution. If the shareholders are not all in agreement and a meeting must be called, check the *Articles* to determine what percentage of votes is required in order to pass the resolution.

Processing

Once this document is prepared, checked and approved by the supervising solicitor, it is forwarded to the company for signature – see the *Transmittal Letter (Forwarding Documents for Signature)* (page 81).

⁽¹⁾ See also the definition of "Capital" in the Glossary.

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

WHEREAS:

- A. The Company is authorized to issue {an unlimited number}/{*number*} of Class X shares (the “Class X Shares”) of which *Number* ① are issued and outstanding
- B. The amount of the capital account maintained by the Company for its Class X Shares is \$②.
- C. Pursuant to paragraph 74(1)(b) of the *Business Corporations Act* (British Columbia), the Company and the Company’s Shareholders have agreed that it is desirable to reduce the capital of the Company as hereinafter provided for the purpose of making a distribution to the holder(s) of Class X shares, of funds held by the Company in the amount \$③ and representing such reduction;
- D. The capital of the Company will not be reduced to an amount that is less than the realizable value of the Company’s assets less the Company’s liabilities.

RESOLVED AS SPECIAL ④ RESOLUTIONS THAT:

1. The capital of the Class X Shares of the Company be reduced by \$*Amount of Reduction* ③ by deducting that amount from the capital account for the Class X Shares.
2. An amount equal to the reduction of capital referred to in paragraph 1 hereof be distributed in cash on *Date* ⑤ to ⑥ the holder of Class X Shares of the Company, being a distribution of \$*Amount* ⑦ per share.
3. 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.
5. These special resolutions are consented to by all of the shareholders of the Company, pursuant to Section 74(b) of the *Business Corporations Act*, as evidenced by the signatures below.

Dated effective: *Date*

⑦ *{NAME OF SHAREHOLDER}*

⑦ *{NAME OF SHAREHOLDER}*

CERTIFICATE OF OFFICER

General Notes

The capital of a company must not be reduced to an amount that is less than the realizable value of the company's assets less its liabilities, with the exception of certain companies registered under the *Small Business Venture Capital Act* and the *Employee Investment Act* or where permitted by court order (s. 74).

If a special resolution is passed reducing the capital of the company, although a certificate is not required by the Act, it would be prudent to have the president or some other officer or director of the company certify that the requirements of the Act have been complied with.

Preparation

- ① Insert the name of the officer providing the certification.
- ② If the officer is not the president of the company, delete and substitute the officer's position (i.e. secretary, director etc.).
- ③ Insert the date that the Special Resolution was passed, or if the date is not known, leave the date blank to be completed when the Special Resolution has been signed.
- ④ Insert the effective date of the certificate. Note that it may or may not be the date of the resolution. If the date is not known, leave blank to be completed by the officer.

Insert the name and title of the officer signing the Certificate.

Processing

Once this document is prepared, checked and approved by the supervising solicitor, it is forwarded to the company for signature – see the *Transmittal Letter (Forwarding Documents for Signature)* (page 81).

CERTIFICATE OF OFFICER

I, _____, President of (Name of Company) (the “Company”), do hereby certify that:

- (a) the provisions of the Business Corporations Act (the “Act”) have been complied with in connection with the special resolution of the Company passed on {Date} reducing the capital of the Company pursuant to section 74 of the Act; and
- (b) there are no reasonable grounds for believing that the realizable value of the Company’s assets would thereby be less than the aggregate of its liabilities.

Dated effective: _____.

{Officer }

FRACTIONAL SHARES

General Notes

A company may issue fractional shares (s. 69) and, unless the Articles provide otherwise, a shareholder holding a fractional share has the rights of a shareholder in proportion to the fraction of the share held. The issue of a fractional share is no different to the issue of a whole share. See the Allotment chapter.

When shares of a company:

- are subdivided or consolidated (s. 54(4));
- are redeemed or purchased (s. 75(a) and 77 or 227(3)(g)); or
- surrendered by way of gift (s. 75(b));

a company may convert fractional shares into whole shares. If fractional shares are converted into whole shares each fractional share remaining after conversion that is less than 1/2 of a share must be cancelled and each fractional share that is over 1/2 of a share must be changed to a whole share (s. 83(1)).

Note: A change of a fractional share to a whole share does not constitute an issue of a share within the meaning of Division 3 of the Act that deals with the allotment and issuance of shares.

Preparation

The paragraphs opposite should be inserted into the body of the Directors Resolution (Issuing New Share Certificates) (page 76). For clarity, the precedent uses fictitious numbers and designations of class. The examples shown must be adapted to each situation.

Insert a description of the transaction resulting in the fractional shares (i.e. redemption, repurchase, subdivision, etc.).

Insert the number and description of the class of shares involved in the transaction resulting in the fractional shares (for example: 72.25 or 72 ¼ Class X shares).

Insert a description of the class of shares that the fractional shares belong to.

Insert the fraction of share being cancelled (for example: .25 or ¼).

Insert the new Share Certificate number.

Insert the number of shares on the new Share Certificate.

Processing

If there are other outstanding shares of the class changed requiring the issuance of new Share Certificates, prepare the Directors Resolution (Issuing New Share Certificates) on page 76 – also see Step 9 of the Procedure/Checklist for further procedures.

RESOLUTION

if the fractional share is more than $\frac{1}{2}$, use the following:

WHEREAS:

{Nature of transaction e.g. subdivision} of Class X shares resulted in {name of shareholder} holding {62.75} Class X shares of the Company.

RESOLVED THAT:

The {.75} Class X share to which {name of shareholder} is entitled as a result of such {nature of transaction e.g. subdivision} be converted into a whole share and that Share Certificate No. for {63} Class X shares be issued to {name of shareholder}.

or: if the fractional share is less than $\frac{1}{2}$, use the following:

WHEREAS:

{Nature of transaction e.g. subdivision} of Class X shares resulted in {name of shareholder} holding {62.3} Class X shares of the Company.

RESOLVED THAT:

The {.3} Class X share to which {name of shareholder} is entitled as a result of such {nature of transaction e.g. subdivision} be cancelled and that Share Certificate No. for {62} Class X shares be issued to {name of shareholder}.

SHAREHOLDERS RESOLUTION (Creating or Deleting Special Rights and Restrictions)

General Notes:

A company may:

- create and attach special rights or restrictions to the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- vary (amend) or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

If a new class of shares is created and special rights and restrictions are created or varied concurrently with the creation of the new class of shares, the creation of the special rights and restrictions attached to the shares may be contained in the same resolution as the resolution creating the new class of shares.

Note: A company is prohibited from creating or altering the special rights and restrictions (s. 58(3)) until:

- a pre-existing company has filed a transition application (s. 436(1)); and
- the Articles have been altered to reflect the creation, attachment, variation or deletion.

For a discussion on alterations in general, with specific reference to special rights and restrictions, see page 6 of the Explanation at the beginning of this chapter.

Preparation

Notes: The headings above these resolutions are for clarification only and should not be used in the resolutions.

If there are several classes of shares, see Shareholders Resolution (Approving Changes to Authorized Share Structure) page 14.

If there is only one class of shares authorizing the resolution, or you will be preparing separate resolutions of the other class or classes of shares entitled to vote on the resolution (see Separate Class Resolution – page 18), delete this paragraph and delete the reference to “and a Special Separate Resolution”.

Review the Articles of the company to determine whether they prescribe the type of shareholders resolution required to authorize the creation, alteration or deletion of the special rights and restrictions. If there is no provision in the Articles, use a Special Resolution.

Use this example if the Articles do not already contain special rights and restrictions.

Note: Before creating special rights and restrictions, ensure that the shares already exist. If not, they must be created (see Creating Shares – page 20).

Insert the part or paragraph number in the Articles creating the special rights and restrictions (usually the number following the last section in the Articles)

Insert this paragraph if you are deleting the special rights and restrictions in their entirety.

Insert the part or paragraph number in the Articles containing the special rights and restrictions being deleted.

Use this paragraph if the Articles are to be replaced in their entirety.

Note: You cannot cancel the Articles if they contain special rights and restrictions attached to any class of shares. The special rights and restrictions attached to the shares of the company must first be deleted.

Delete any reference to the special rights and restrictions if there are no special rights and restrictions attached to the shares.

Continued...

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

Pursuant to the Business Corporations Act, the undersigned, being all of the shareholders of the Company, by signing these resolutions, in our capacity as the holders of shares of each class entitled to 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.

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

Creating Special Rights and Restrictions

. The Articles of the Company be altered by creating, and attaching special rights and restrictions to the Class X shares without par value (the “Class X shares”) and adding to the Articles of the Company Part {number(s)} in the form attached hereto as Schedule “A”.

Deleting Special Rights and Restrictions

The Articles of the Company be altered by deleting the special rights and restrictions attached to the Class Z shares with a par value of {\$1.00} each (the “Class Z shares”) and deleting Part {number} which sets out the special rights and restrictions attached to the Class Z shares.

Cancelling Old Articles and Adopting New Articles

The existing Articles and special rights and restrictions of the Company be altered by deleting all of the provisions thereof and the form of Articles and special rights and restrictions attached hereto as Schedule “A” be adopted as the Articles and special rights and restrictions of the Company in substitution for, and to the exclusion of the existing Articles and special rights and restrictions of the Company.

Continued...

SHAREHOLDERS RESOLUTION
(Creating or Deleting Special Rights and Restrictions)

Preparation (Continued)

Insert the appropriate Part or paragraph number(s) of the Part or paragraph that will be deleted.

Insert the appropriate part or paragraph number(s) of the new Part that will be replacing the deleted Part or paragraph.

Delete this paragraph and the following paragraph if the changes contemplated in this resolution would not result in an alteration to the Notice of Articles. If this paragraph is included, it should be adjusted to describe the changes.

If the creation or deletion of special rights and restrictions is to be effective on a specific date (and time) in the future, insert the date (and time) – see Explanation of “effective date” on page 9.

Notes:

The date cannot be more than ten days after the proposed filing of the Alteration Notice (Form 11) (page 72).

You must allow sufficient time between the date you are preparing (and forwarding the resolution for signature) and the “effective date” as the Alteration Notice must be filed before the effective date. This means that the signed documents must be returned in time for the Alteration Notice to be filed. Check with the supervising solicitor.

The effective date must be inserted in the Alteration Notice.

Insert either this paragraph or the Notice shown in below if the Notice of Articles will be altered and you have included paragraph (s. 259(4)(a)).

Check the Central Securities Register of the company and, insert the names of all the voting shareholders.

If you are not preparing a Separate Class Resolution (page 18), insert this separate authorization paragraph for the holders of each such class of shares and insert the names of the shareholders for each such class.

Processing

Prepare Schedule “A” setting out the Articles and/or special rights and restrictions and attach it to this Resolution.

If there were no special rights and restrictions attached to a class of shares and the Notice of Articles indicated that fact, prepare an Alteration Notice (Form 11), (page 76). The Articles must either be reprinted to include the alterations, or a copy of the resolution must be attached to the Articles.

Shareholders Resolution
 Creating or Deleting Special Rights And Restrictions
Page 2

Replacing the Special Rights and Restrictions in their entirety:

1. The special rights and restrictions attached to the shares of the Company be deleted in their entirety.
2. There be created and attached to the shares of the Company the special rights and restrictions set out in Schedule "A" to these resolutions.
3. The Articles of the Company be altered by deleting the existing Part thereof and substituting therefor Part in the form attached as Schedule "A" to these resolutions.

Authorization to Alter Notice of Articles – for all alterations above (if applicable)

4. The directors of the Company instruct its agents to file an Alteration Notice to reflect the addition/deletion of special rights and restrictions to the shares of the Company dated effective {Date} .
5. The Company hereby appoints {Name of Law Firm} to act as its agent for filing the Notice of Alteration to a Notice of Articles as set out in paragraph 4 above.
6. The alteration to the Articles of the Company referred to above does not take effect until the Alteration Notice of the Company has been filed with the Registrar of Companies and takes effect.

Dated effective: {Date}.

 {NAME OF VOTING SHAREHOLDER}

 {NAME OF VOTING SHAREHOLDER}

The foregoing Special Resolutions are hereby consented to by every shareholder of the Company holding Class X 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 X SHAREHOLDER}

 {NAME OF CLASS X SHAREHOLDER}

NOTICE

The alteration to the Articles of the Company referred to above does not take effect until the Alteration Notice of the Company has been filed with the Registrar of Companies and takes effect.

VOTING RIGHTS

Unless the Articles provide otherwise, a shareholder is entitled to vote in person or by proxy, and each shareholder has only one vote in respect of each share held by that shareholder (s. 173(1)).

There are several exceptions to this entitlement to vote:

unless the company's Articles provide otherwise, a person holding a fractional share has the rights of a shareholder in proportion to the fraction of the share held (s. 69(2)). For example, the holder of a $\frac{1}{4}$ share would be entitled to a $\frac{1}{4}$ vote;

Section 173(9)(a) provides that, if the non-voting shareholders are given a right to vote under certain circumstances by the Act, each shareholder has, on that matter, the greatest of:

one vote in respect of each such share;

the number of votes per share as set out in the Articles for such shares in relation to that matter; and

the same number of votes per share as is attached to the (other) class of shares with the lowest number of votes per share in relation to that matter. For example, if the Articles give one (other) class of shares 100 votes per share in the circumstance, and a second (other) class 1 vote per share in the circumstance, the non-voting shareholder would be entitled to 1 vote per share;

if a company retains a share which has been repurchased or redeemed and not cancelled, the share must be registered in the company's name (s. 82(b)(a)). If a company holds shares in itself, it is not entitled to vote the shares at a meeting of the shareholders; and

the subsidiary of a British Columbia holding corporation holding shares in the holding corporation (its parent) is not entitled to vote at a meeting of the parent corporation (s. 177).

When there is only one class of shares, the shares of that class must be voting shares. When there are several classes, some classes may be given voting rights, and other classes may not. Sometimes a class of shares that does not otherwise have a right to vote has a right under the Act to vote in certain circumstances such as on the amalgamation of the company, or may be given, in the Articles, the right to vote in particular circumstances such as when the company has failed to pay a dividend for a certain period of time. Also, the holders of shares that are not entitled to vote at general meetings may be entitled to vote at separate meetings of the particular class of shares, for example, to alter the company's authorized share structure.

Some examples of descriptions of different types of voting rights are as follows:

1. Simple voting rights

The holders of the Class X shares will be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and are entitled to one vote for each Class X share held.

2. No voting rights

The holders of the Class X Shares will not be entitled to receive notice of or to attend any general meeting of shareholders of the Company and, if in attendance, will not be entitled to vote at those meetings.

3. Right to notice of, and to attend meetings, but no right to vote at meetings

The holders of the Class X shares will be entitled to receive notice of, and to attend at, any meeting of shareholders of the Company, but will not be entitled to vote either in person or by proxy at such meeting.

4. Limited voting rights – at class meetings and on winding-up

The holders of the Class X shares will not be entitled to receive notices of, or vote at any meeting of the shareholders of the Company, except the following:

- (a) class meetings required to be held by the holders of such shares; and
- (b) meetings of shareholders called for the purpose of authorizing the dissolution of the Company.

5. Limited voting rights – on failure to pay dividends

The holders of the Class X shares will not be entitled to receive notices of, to attend at, or to vote at any meetings of shareholders of the Company, unless and until the Company has failed to pay dividends on the Class X shares for {five} consecutive dividend payment dates whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends. So long as any dividends on the Class X shares remain in arrears, the holders of the Class X shares will be entitled to receive notice of all meetings of shareholders, to attend all such meetings and to cast {10} votes in respect of each Class X share held.

DIVIDENDS (PARTICIPATION)

For a definition, explanation and discussion of dividends, see the Dividends chapter.

Generally, shareholders are entitled to participate in the profits of a company by way of dividends, if dividends are declared by the directors, unless this right is specifically excluded under the special rights and restrictions attached to the class of shares. The right to dividends may be barred totally, limited to a fixed return or limited to the occurrence of a certain event or events.

Note: Pursuant to Section 70(2), a company may not declare or pay a dividend if there are reasonable grounds for believing that the company is insolvent or the payment of such dividend would render the company insolvent.

If a company has more than one class of shares, the special rights and restrictions contained in the Articles of the company may provide that not all classes or shares are entitled to receive an equal proportionate share of any dividends declared and paid. Shares that are entitled to participate in the profits of the company (dividends) are sometimes called “participating shares” and shares that are not entitled to participate in the profits of the company are sometimes called “non-participating shares”.

Some examples of descriptions of different types of dividend rights are as set out below. These are only samples, and will, in many cases, need to be customized to meet a particular share class’s rights and restrictions.

1. Dividends – no preference given to any other class of shares

In each year at the discretion of the directors, dividends may be paid on the Class X shares out of monies lawfully available for dividends.

2. Dividends – conditional on rights of another class of shares

Subject to the rights of the Class Y shares to receive all declared but unpaid dividends thereon, the holders of the Class X shares will be entitled to receive, and the Company will pay thereon if and when declared by the directors out of the monies of the Company properly applicable to the payment of dividends, a dividend... (continue with text in paragraph 4)

3. Dividends – priority over another class of shares

In each year at the discretion of the directors, the holders of the Class X shares will, in preference and priority to any payment of dividends on the Class Y shares, be entitled to receive, and the Company will pay thereon if and when declared by the directors out of the monies of the Company properly applicable to the payment of dividends, a dividend ... (continue with text in paragraph 4)

4. Dividends – specified amounts

(continuation of paragraph 3 or 4)

choose one:

...in an amount to be determined by the directors from time to time on the amount paid up thereon...

...in an amount to be determined by the directors provided that such dividends will not exceed {per cent} of the Class Y Redemption Amount in any fiscal year...

...at the rate of {per cent} per cent per calendar year...

choose one:

...on the aggregate par value of the Class X shares; or

...on the amount paid up thereon; or

...on the Redemption Amount (as defined herein) thereof.

and continue with:

The holders of the Class X shares will not be entitled to any dividends other than the dividends provided for herein.

5. Default Dividends – Failure by the company to redeem shares results in declaration of fixed cumulative dividend (on Redemption Amount).

Should the Company fail, neglect or refuse to redeem the Class X shares in accordance with the provisions of paragraph {number} hereof within {30} days of receipt of a demand by notice in writing, the holders of such Class X shares will be entitled to receive a fixed preferential cumulative default dividend on such Class X shares at the rate of {percentage} percent per annum (or such greater rate as the directors may determine by Resolution) on the Redemption Amount of each Class X share held, which entitlement will commence on the date that is {30} days following the date of receipt by the Company of such demand by notice in writing and any such default dividends will be paid in preference and priority to any payment of dividends on the Class Y shares or the Class Z shares.

6. Discretion to pay dividends on one class to the exclusion of another class – Dividend “Sprinkling”

For greater certainty, it is hereby declared that...

choose one:

...dividends may be paid on one class of shares entitled to dividends to the exclusion of any other class of shares entitled to dividends.

...the directors have complete discretion with regard to the declaration and payment of dividends to the holders of any class of Common shares (except Class X shares).

...the directors may declare and pay a dividend on one class of Common shares (except Class X shares) to the exclusion of the other classes of Common shares.

...the directors may declare and pay a greater per share dividend on one class of Common shares (except Class X shares) than is declared and paid on another class or classes of shares.

7. Stock Dividends (for use with a class specifically included in the company for the purpose of Stock Dividends, with appropriate additional Special Rights and Restrictions)

Without limiting the generality of the foregoing, the directors may declare a stock dividend and issue shares of the Company as fully paid and non-assessable representing the amount of a dividend that might otherwise be declared payable in cash.

8. Equal ranking of shares with respect to entitlement to dividends

The Class X and the Class Y shares will rank equally as to dividends.

9. Cumulative Dividends

The holders of the Class X shares will be entitled to receive, and the Company will pay thereon as and when declared by the directors out of monies of the Company properly applicable to the payment of dividends, cumulative preferential cash dividends at the rate of {per cent} per cent on the amount paid up thereon payable annually on the {day} of {month} in each year. Dividends on the Class X shares will accrue on a day-to-day basis from and including the date of issue thereof and will be payable on each dividend payment date to the holders of record at the close of business on the business day immediately preceding such dividend payment date. Cheques drawn on a Canadian chartered bank and payable at par at any branch in Canada of such bank will be issued in respect of such dividends and payment thereof will satisfy such dividends. If, on any dividend payment date, dividends payable on such date are not paid in full on all the Class X shares then issued and outstanding, such dividends or the unpaid part thereof will be paid on a subsequent date or dates determined by the directors. The holders of the Class X shares will not be entitled to any dividends other than, or in excess of, the dividends provided for in this section.

10. Prohibition

choose one:

Dividends must not be paid on any class of shares if to do so would reduce the value of the net assets of the Company to less than the aggregate of the redemption amount of the issued and outstanding Class X shares.

or

No dividends will at any time be declared or paid on or set apart for payment on the Common shares or any of them or any other shares of the Company ranking junior to the Class X shares, nor will the Company call for redemption and/or purchase of any Class X shares less than the total number then outstanding unless, in each case, all dividends, up to and including the dividend payable on the last preceding dividend payment date on the Class X shares then issued and outstanding, will have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment or call for redemption or purchase.

or

The exercise of the absolute discretion of the directors to pay dividends to the holders of one class of shares shall not be deemed oppressive or unfairly prejudicial to one or more of the shareholders, but shall be deemed to be an honest exercise of the discretion of the directors made in good faith and in the best interest of the Company. Notwithstanding the foregoing, no dividends shall at any time be declared or paid or set apart for the Class X or Class Y shares unless after such declaration or payment or setting apart, the net assets of the Company would be equal to or greater than the Class Z Redemption Amount (as defined above) of all the then issued and outstanding Class Z shares.

11. Conditional dividends - if the company ceases to be defined as a Small Business Corporation

If in any year, the Company ceases to be or is not, a “small business corporation” (as that term is defined in the Income Tax Act (Canada)), the holders of the Class X shares will be entitled to receive a dividend that will be in addition to any other dividend that may be payable on the Class X shares in an amount that is the amount required to reduce to nil the interest such holders would otherwise be deemed to receive in that year pursuant to subsection 74(2) of the Income Tax Act (Canada).

12. Non-participating shares – not entitled to dividends

choose one:

The holders of the Class X shares will not, as such, be entitled to participate in the profits of the Company.

No dividends may be declared or paid on any Class X shares.

RESTRICTION ON SHARE TRANSFER
(right of first refusal)

These clauses give a right of first refusal to other holders of shares of the same class.

(Use this clause for a private company that does not intend to offer its shares to the public in the future)

No shares of the Company will be transferred by any shareholder, or the personal representative of any deceased shareholder, or trustee in bankruptcy of any bankrupt shareholder, or the liquidator of a shareholder which is a corporation, except under the following conditions:

(Use this clause for a company that intends to offer its shares to the public in the future ⁽¹⁾)

If the Company is or becomes a company which is not a public company (as defined in the Act), shares of the Company will not be transferred except under the following terms and conditions:

In both cases continue with the following:

- (a) A person (herein called the “proposing transferor”) desiring to transfer any share or shares in the Company will give notice in writing (herein called the “transfer notice”) to the Company that he or she desires to transfer the share or shares. The transfer notice will specify the price, which will be expressed in lawful money of Canada, and the terms of payment upon which the proposing transferor is prepared to transfer the share or shares and will constitute the Company his or her agent for the sale thereof to any shareholder or shareholders of the Company at the price and upon the terms of payment so specified. The transfer notice will also state whether or not the proposing transferor has had an offer to purchase the shares or any of them from, or proposes to sell the shares or any of them to, any particular person or persons who are not shareholders and if so, the names and addresses of such persons will be specified in the transfer notice. The transfer notice will constitute an offer by the proposing transferor to the other shareholders of the Company holding shares of the class or classes included in the transfer notice and will not be revocable except with the sanction of the directors. If the transfer notice pertains to shares of more than one class, then the consideration and terms of payment for each class of shares will be stated separately in the transfer notice.
- (b) The directors will, forthwith upon receipt thereof, transmit the transfer notice to each of the shareholders, other than the proposing transferor, holding shares of the class or classes set forth in the transfer notice and request the shareholder to whom the transfer notice is sent to state in writing within {14} days whether he or she is willing to accept any, and if so, the maximum number of shares he or she is willing to accept at the price and upon the terms specified in the transfer notice. A shareholder will only be entitled to purchase shares of the class or classes held by him.
- (c) Upon the expiration of the {14} day notice period referred to in paragraph {number}(b), if the directors will have received from the shareholders entitled to

⁽¹⁾ If you use this clause, also insert the Public Company clause – number 3 on page 70

receive the transfer notice sufficient acceptances to take up the full number of shares offered by the transfer notice and, if the transfer notice includes shares of more than one class, sufficient acceptances from the shareholders of each class to take up the full number of shares of each class offered by the transfer notice, the directors will thereupon apportion shares so offered among the shareholders so accepting and so far as may be, pro rata, according to the number of shares held by each of them respectively, and in the case of more than one class of shares, then pro rata in respect of each class. If the directors will not have received sufficient acceptances as aforesaid, they may, but only with the consent of the proposing transferor who will not be obliged to sell to shareholders in the aggregate less than the total number of shares of one or more classes of shares offered by the transfer notice, apportion the shares so offered among the shareholders so accepting so far as may be according to the number of shares held by each respectively but only up to the amount accepted by such shareholders respectively. Upon any such apportionment being made the proposing transferor will be bound upon payment of the price to transfer the shares to the respective shareholders to whom the directors have apportioned same. If, in any case, the proposing transferor, having become so bound fails in transferring any share, the Company may receive the purchase money for that share and will, upon receipt, cause the name of the purchasing shareholder to be entered in the Central Securities Register as the holder of the shares and cancel the certificate representing that share held by the proposed transferor, whether the same will be produced to the Company or not, and will hold such purchase money in trust for the proposing transferor. The receipt of the Company for the purchase money will be a good discharge to the purchasing shareholder and after his or her name has been entered in the Central Security Register the validity of the proceedings will not be questioned by any person.

- (d) In the event that some or all of the shares offered will not be sold under the preceding articles within the {14} day period referred to in paragraph {number}(b), the proposing transferor will be at liberty for a period of {90} days after the expiration of that period to transfer such of the shares so offered as are not sold to any person provided that he will not sell them at a price less than that specified in the transfer notice or on terms more favourable to the purchaser than those specified in the transfer notice.
- (e) The provisions as to transfer contained in this article will not apply:
- (i) if before the proposed transfer of shares is made, the transferor will obtain consents to the proposed transfer from shareholders of the Company who, at the time of the transfer are the registered holders of two-thirds or more of the issued shares of the Company of the class to be transferred or, if the shares comprise more than one class, then from the registered holders of two-thirds or more of the shares of each class to be transferred and such consent will be taken to be a waiver of the application to the preceding paragraphs as regards such transfer; or
 - (ii) to a transfer of shares desired to be made merely for the purpose of effectuating the appointment of a new trustee for the owner thereof, provided that it is proved to the satisfaction of the Board that such is the case.

- (f) Notwithstanding anything contained in these Articles the directors may in their absolute discretion decline to register any transfer of shares and will not be required to disclose their reasons therefor.

SERIES

Pursuant to Section 60(1), the special rights and restrictions attached to a class of shares may provide that the class of shares may include one or more series of shares, and that the directors of a company may, by resolution:

determine the maximum number of shares of any series of shares that the company is authorized to issue, determine that there is no maximum number or alter any previous determination, and authorize the alteration of the Notice of Articles accordingly;

alter the Articles, and authorize the alteration of the Notice of Articles, to create an identifying name for any series of shares or to alter the identifying name of any series of shares;

alter the Articles and authorize the alteration of the Notice of Articles to attach special rights or restrictions to the shares of any series or alter any such special rights and restrictions.

If there are any issued shares in the class of shares of which the series shares form a part, no alteration or determination may be made without the authorization of the type of shareholders' resolution specified in the Articles, or if the Articles do not specify the type of resolution, by a special resolution (s. 60(3)).

Each share in the series must have attached to it the same rights and restrictions that are attached to all the shares in the series, and the special rights and restrictions must be consistent with the special rights and restrictions attached to the class of shares of which the series of shares is a part (s. 60(4)).

1. Shares of a class may be issued in series

The Class X shares may, from time to time, be issued in one or more series and the directors may by resolution before the issuance of Class X shares of any particular series:

- (a) determine the maximum number of shares of any of series of shares that the Company is authorized to issue; or
- (b) determine that there is no maximum number; or
- (c) alter any determination made under this subparagraph or otherwise, in relation to a maximum number of those shares and determine the designation of each series; and
- (b) create, define and attach special rights and restrictions to each series of shares, subject to the special rights and restrictions attached to the shares of the class; and
- (c) alter the Notice of Articles and the Articles accordingly.

REDEMPTIONS AND RETRACTIONS

For a definition, explanation and discussion of redemptions and retractions, see the Repurchases and Redemptions chapter. As a reminder, however, keep in mind that “redemption” normally refers to a company’s right to repurchase certain shares from shareholders, while “retraction” normally refers to a company’s obligation to repurchase, at the shareholders’ demand, certain shares.

Note: If the Articles contain a redemption clause, sometimes there is also a retraction clause that mirrors the redemption rights.

1. No right to repurchase, redeem or retract

The Company will not be entitled to purchase, redeem or otherwise acquire any of the Class X shares.

REDEMPTIONS

2. Rights of Redemption by the Company

- (a) the Class A and Class B shares are not redeemable;
- (b) the Class X, Class Y and Class Z shares are redeemable;
- (c) The Company may redeem the whole or any number of the issued Class X, Class Y or Class Z shares, subject to the provisions of the Business Corporations Act, upon paying to the holders of the Class X, Class Y or Class Z shares to be redeemed the Redemption Amount and

choose one:

no more ⁽¹⁾;

all dividends declared and unpaid thereon ⁽²⁾;

provided however that not less than {30} days notice is given to the holders of the Class X, Class Y or Class Z shares to be redeemed of the intention to redeem shares unless the holders of the shares to be redeemed waive any notice required to be given under this paragraph which waiver, whether given before or after the redemption, will cure any default in giving such notice. If notice as required to any redemption is given by the Company and the holders of any Class X, Class Y or Class Z share fail to present and surrender the Share Certificates representing the shares called for redemption by the Company, at the time and place specified in the notice, the Company may deposit an amount sufficient to redeem the shares with any trust company or chartered bank of Canada as specified in any notice given, on or before the date fixed for redemption, and the holders thereof will thereafter have no rights against the Company in respect of such shares except upon the surrender of certificates for such shares to receive payment for them out of the monies so deposited;

⁽¹⁾ Insert this choice if the shares are non-participating (not entitled to dividends).

⁽²⁾ Insert this choice if the shares are participating (entitled to dividends)

- (d) For greater certainty the Company may redeem any class or classes of redeemable shares without redeeming any other class or classes of redeemable shares and notwithstanding anything in these Articles to the contrary, if not all of the outstanding shares of any class are to be redeemed, the shares to be redeemed may be selected in such manner as the directors determine and need not be selected either in proportion to the number of shares registered in the name of each shareholder or from every or any particular holder of shares of that class;
- (e) If part only of the shares represented by a certificate are redeemed, a certificate for the balance of the shares which are not redeemed will be issued at the expense of the Company; and
- (f) No shares of any particular class may be redeemed if to do so would reduce the value of the net assets of the Company to less than the aggregate of the redemption amount of all issued shares of all other classes which have rights on liquidation in priority to the rights of the class of the shares to be redeemed (as that priority is set out in paragraph {paragraph number})(see paragraphs on page 71).

In addition to the paragraphs shown above attaching the rights of the company to redeem shares, choose one of the following paragraphs to define the Redemption Amount, either in a paragraph defining the redemption amount under a definition section at the beginning of the special rights and restrictions, or in a paragraph attaching special rights and restrictions to the particular class of shares.

3. Redemption Amount

(a) Fixed Cash Amount

The redemption amount in respect of each Class X share (herein called the "Redemption Amount") is {\$1.00}⁽¹⁾.

(b) Paid-Up Capital

The redemption amount of each Class X share (herein called the "Redemption Amount") will be the paid-up capital of the Company in respect of the share ⁽¹⁾.

(c) Par Value

The redemption amount of each Class X share (herein called the "Redemption Amount") will be the par value in respect of the share ⁽¹⁾.

(d) Net Book Value

(i) The redemption amount of each Class X share (herein called the "Redemption Amount") will be the amount determined by resolution of the Board of directors of the Company on any date fixed by such resolution as an amount being the fair value on a pro-rata basis on all issued Class X, shares and calculated on the net book value of the Company, ⁽¹⁾.

⁽¹⁾ You may add "and no more" or, if the shares are participating: "together with all declared and unpaid dividends thereon" after the price, if appropriate. However, these phrases are optional.

- (ii) For purposes of redeeming the Class X shares, the net book value of the Company will be determined by the Auditors of the Company, or if no Auditor has been appointed by the Company, then the Accountant for the Company, and such determination will be binding upon the Company and the holders of the Class X shares.
- 4. Shares Issued for Non-Cash Consideration with Price Adjustment Clause (usually used for a Section 85 (Income Tax Act) Rollover):
 - (a) The redemption amount of the Class X shares (herein called the “Class X Redemption Amount”) means, for all class X shares issued in exchange for a particular property (the “Property”), the amount by which the aggregate fair market value of all of the Property acquired by the Company in respect of which the Class X shares were issued exceeds the aggregate of any non-share consideration paid by the Company for the purchase of the Property.
 - (b) The Class X Redemption Amount in respect of each Class X share will be determined by dividing the aggregate Class X Redemption Amount in respect of Class X shares issued in exchange for the Property by the number of Class X shares issued in respect of that transaction. The Class X Redemption amount will be subject to adjustment as follows:
 - (i) If the Minister of National Revenue, the Minister of Finance for the Province of British Columbia, their authorized representative or any similar authority proposes to issue or issues any assessment or reassessment that would impose or imposes any liability for tax on the holders of the Class X shares of the Company or on any other person, on the basis of a determination or assumption made in respect of the fair market value or values of the Property acquired by the Company in respect of which the Class X shares were issued, and if it is determined as provided by Article {refer to the following paragraph 4(b)(ii) below} hereof that the fair market value is a greater or lesser amount (the “Adjusted Amount”) than the amount agreed upon at the time of acquisition (the “Agreed Amount”), then the Class X Redemption Amount will be re-determined with reference to the Adjusted Amount, to the exclusion of the Agreed Amount, in accordance with Article {refer to the following paragraph 4(b)(ii)} hereof.
 - (ii) The Adjusted Amount will be determined as follows:
 - (A) subject to paragraph {refer to paragraph (c) below this one, beginning with “where any such assessment or reassessment...}, the fair market value of the Property as determined by the Authority making or proposing such an assessment or reassessment, provided that the directors agree that the determination is accurate; or
 - (B) subject to paragraph {refer to paragraph (c) below this one, beginning with “where any such assessment or reassessment...}, where the directors do not agree that the authority’s determination is accurate, the fair market value of the Property as determined by a qualified person whom the directors will appoint to make that

determination forthwith following the making or proposing of such an assessment or reassessment; or

- (C) where any such assessment or reassessment is the subject of an appeal to a court of competent jurisdiction, the fair market value of the Property as determined by that court.
- (D) Thereafter the Class X Redemption Amount will accordingly be adjusted retroactively and nunc pro tunc ⁽¹⁾as of the date of the allotment and applicable to the first and every subsequent redemption of such shares; provided that if at the time of such adjustment in the Class X Redemption Amount any such shares have been redeemed then if the circumstances require, the Company will forthwith pay any increase in the Class X Redemption Amount for such shares already redeemed to the person who held such shares at the time of redemption or failing him or her, his or her personal representative or estate on account of the adjustment in the Class X Redemption Amount if the circumstances require such person or his or her representative will forthwith repay to the Company the amount of any decrease in the Class X Redemption Amount so adjusted.

RETRACTIONS

5. Rights of Redemption by the Shareholder

- (a) The Class A and Class B shares are not retractable;
- (b) The Class X, Class Y and Class Z shares are retractable;
- (c) Any holder of a Class X, Class Y or Class Z share shall be entitled to require the Company to redeem, in the manner hereinafter provided, all or part of the Class X, Class Y or Class Z shares held by such holder by giving notice in writing by delivery or by prepaid post addressed to the Company at its registered office, specifying the number of Class X, Class Y or Class Z shares to be redeemed, accompanied by the certificates representing those shares
- (d) Upon receipt of such notice from any holder of Class X, Class Y or Class Z shares, the Company shall, subject to the provisions of the Business Corporations Act, pay to that holder within {30} days thereafter the Redemption Amount, in respect of each of the shares specified in the notice and tendered for redemption.

Insert the following paragraph if you wish to provide for cumulative dividends on default:

- (e) Notwithstanding Article {insert the paragraph number of (c) above}, if the Company fails to make the payment required by Article {insert the paragraph number of (d) above} to any holder of Class X, Class Y or Class Z shares within the time stated therefor, the holder of such Class X, Class Y or Class Z shares shall be

⁽¹⁾ Now for then – for example, a nunc pro tunc entry is made now of something actually previously done to be effective retrospectively.

entitled to receive and the Company shall pay upon demand therefor, and in addition to any moneys payable pursuant to Article {insert the paragraph number of (d) above}, a cumulative, preferential dividend, to be paid in priority to any other redemptions of shares or dividends or distributions of the property of the Company except dividends payable pursuant to Articles {insert the numbers of any paragraphs requiring the payment of preferential dividends} at the rate of {Five} percent per annum, on the Redemption Amount of the Preferred shares specified in the notice referred to in Article {insert the paragraph number of (a) above} and which have not been redeemed as provided herein, calculated from the last date upon which the Company should have redeemed the subject Class X, Class Y or Class Z shares pursuant to Article {insert the paragraph number of (d) above} until the date of payment;

- (f) Payment by the Company may be made by cheque payable to the registered holder of the Class X, Class Y or Class Z shares tendered for redemption and sent to such holder by prepaid post at the holder's address as it appears on the books of the Company. The Company may waive any notice required to be given hereunder and such waiver, whether given before or after the redemption, shall cure any default in giving such notice;

or use the following paragraphs in place of paragraphs (c) through (f) above if you wish to provide other holders of the redeemable class(es) a right to participate in the same redemption

- (g) If at any time a shareholder (the “Retracting Holder”) holding Class X, Class Y or Class Z shares, subject to the provisions of the Business Corporations Act, gives to the Company irrevocable notice (the “Retraction Notice”) that he or she wishes to redeem all or some specified number less than all of such shares held by him or her, the Company will, unless it is prohibited by law from effecting the requested redemption, upon receiving the Retraction Notice from the Retracting Shareholder, redeem the number of Class X, Class Y or Class Z shares registered in the name of the Retracting Shareholder which are specified in the Retraction Notice by paying to such shareholder for each Class X, Class Y or Class Z share to be redeemed the Redemption Amount of the share and

choose one:

...no more ⁽¹⁾;

...and all dividends declared and unpaid thereon ⁽²⁾;

provided however that not less than {60} days notice in writing of such redemption must be given to the Company by the shareholder seeking to have the Class X, Class Y or Class Z shares redeemed, the Retraction Notice to be delivered by mailing to the registered office of the Company, the Retraction Notice specifying the number of Class X, Class Y or Class Z shares to be redeemed and surrendering the necessary number of share certificates for cancellation unless the Company waives any notice required to be given under this paragraph which waiver, whether given before or after the redemption, cures any default in giving such notice.

- (h) Forthwith upon receipt of the Retraction Notice and receipt of the Share Certificates representing the Class X, Class Y or Class Z shares endorsed in bearer form, the

⁽¹⁾ Insert this choice if the shares are non-participating (not entitled to dividends).

⁽²⁾ Insert this choice if the shares are participating (entitled to dividends).

Company will deliver or mail a copy of such Retraction Notice to all holders, if any, of Class X, Class Y or Class Z shares other than the Retracting Holder (in this paragraph {paragraph number}, “Other Holders”) and such copy shall be deemed to have been received on the day of delivery, if delivered, and on the business day following the day of mailing, if mailed. The rationale for this mailing shall be to allow the Other Holders to submit demands for redemption; and

- (i) If there is only one holder of Class X, Class Y or Class Z Shares, the Company shall redeem the Class X, Class Y or Class Z Shares referred to in the Retraction Notice forthwith upon receipt thereof. If there is more than one such holder, then on the {21st} day following the last date of delivery or mailing of the copies referred to in the preceding paragraph, the Company shall redeem all Class X, Class Y or Class Z Shares in respect of which it has then received demands for redemption.
- (j) Redemptions in accordance with the provisions of sub-paragraph {insert the number of the immediately preceding sub-paragraph} shall be effected by the Company only if the Company is not insolvent at the time that the redemptions are to be effected and if the redemptions would not render the Company insolvent.
- (k) If the assets of the Company are insufficient to permit redemption for the full Retraction Price of all the Class X Class Y or Class Z shares in accordance with the Retraction Notices, the Company will redeem the Class X, Class Y or Class Z shares pro rata in proportion to the number of Class X, Class Y or Class Z Shares specified in the demands received on or before that {21st} day.

Notes: Like redeemable shares, retractable shares require a “Redemption Amount” assigned to them (page 64), and if any of the retractable shares were originally issued for non-cash consideration, you may also insert a price adjustment provision (page 65).

CONVERSION OF SHARES (to another class)

Some shares have a right of conversion, at the option of the shareholder or the company, into shares of another class.

1. **Right of owner of one class of shares to convert some or all of their shares of that class for shares of another class.**

Any registered holder of Class **X** shares will have the right exercisable at any time *{before redemption}*⁽¹⁾ to elect to convert such Class **X** shares for Class **Y** shares on the basis of *{number}* Class **Y** shares for each Class **X** share to be converted. Such election will be declared by notice in writing to the Company signed by such holder, and accompanied by the Share Certificate in transferable form relating to the shares to be converted, and on filing in the Company's records of the notice stating the particulars of the conversion, the Share Certificate aforesaid will be cancelled and new Certificates for the Class **X** shares not converted and for the Class **Y** shares will be issued, and the requisite alteration will be made in the Company's Central Securities Register. ⁽²⁾*{The Certificate for the balance of the Class X shares will be endorsed to the effect that such shares carry no further rights of conversion.}*

VARIATION OF RIGHTS

Unless this clause or a similar clause is included in the *Articles*, if the shareholders do not unanimously consent in writing to a resolution deleting or varying the special rights and restrictions on any class of shares (i.e. a meeting is required to be held), the majority required to pass the resolution at a meeting of the holders of the particular class of shares entitled to vote on the resolution must be the majority required to pass a *Special Resolution* (s. 58(2)).

Manner in which rights may be varied

Any of the rights and restrictions respecting any class of shares of the Company may be varied or deleted with the consent in writing of the holders of all of the issued shares of such class or with the sanction of a resolution of the holders of the issued shares of such class passed by a majority of not less than *{ninety}* per cent of the votes cast on the resolution at a meeting of such shareholders called for the purpose of considering such a resolution, together with a special resolution passed by the Company, and not otherwise.

(1) If shares are redeemable

(2) The last sentence is not required by the Act but may be included if required. Check with the supervising solicitor.

MISCELLANEOUS

1. Statement that the Class of shares being described ranks equally to another Class of shares save and except the rights described before

In all other respects, the Class X Preferred shares will rank equally with the Class Y Preferred shares except that, with the sanction of a special resolution of the Company (but not otherwise), dividends may be declared and paid from time to time on any one class of shares to the exclusion of the other.

2. Short description of priority rights of a Class of shares

The Class X shares will rank, both as regards dividends and return of capital, in priority to all other shares of the Company but will not confer any further right to participate in profits or assets.

3. Company that may become a Public Company in the future

Notwithstanding anything contained in these Articles, at such time as the Company becomes a public company (as defined in the Act), Part/paragraph *{Number}* of these Articles and any restriction on the transfer of shares of the Company contained in these Articles will, at that time, be of no further force and effect.

4. Shares With a Low Par Value and a High Redemption Price Suitable For Stock Dividends

The Class X shares have the following additional special rights and restrictions:

- (a) the paid-up capital of each Class X share is its par value; and
- (b) the redemption amount of each Class X share is *\${1,000.00}*.

DISTRIBUTION ON WINDING-UP AND RANKING OF SHARES

The manner in which the assets of the company will be distributed on winding-up and the ranking of shares on winding-up is sometimes defined in the special rights and restrictions attached to the shares and set out in the *Articles* of the company. Generally, preferred shares rank before any common shares. Usually, the common or “equity” shareholders are entitled to their proportionate share of the assets that are left over after the preferred shareholders receive the amounts that they are entitled to. If you include a listing of the priority of entitlement of the shares upon winding-up, make sure that each class of shares is included.

1. Right of a class of shares to participate in distribution (referring to paragraph 2 below)

This paragraph is included with the other paragraphs setting out the special rights and restrictions attached to a particular class, or several classes of shares (usually as the last paragraph)

The holders of the Class **X** shares will be entitled to participate in the distribution of the assets of the Company in the event of any liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs in accordance with the provisions of Article *{number}*.

2. Distribution – applies to all classes of shares

In the event of any liquidation, dissolution, bankruptcy or winding-up of the Company or other distribution of the assets among the shareholders for the purpose of winding-up its affairs, all the property and assets of the Company available for distribution will be paid or distributed as follows:

Insert the paragraph below for preferred redeemable shares when the redemption amount has been defined

- (a) firstly: to the holders of the Class **X** shares, the Redemption Amount of each such Class **X** share held, together with all declared and unpaid dividends thereon and no more;

Insert the paragraph below for shares ranking junior to the preferred shares that are not equity shares and are entitled only to the amount paid-up on such shares

- (b) secondly: to the holders of the Class **Y** shares, the paid-up capital thereof (determined under corporate-law principles and without reference to the *Income Tax Act* (Canada)), and no more;

Insert the paragraph below for one class of equity shares which receive the remainder of the assets

- (c) lastly: to the holders of the Class **Z** shares, all the remaining profits and assets of the Company.

or: If there are two or more classes of equity shares entitled to the remainder:

- (c) lastly, to the holders of the Class **Z** shares and the Class **X** shares, equally share for share, all the remaining profits and assets of the Company.

ALTERATION NOTICE
(Form 11 – Page 1)

General Notes

Section 54(3) of the Act provides that if a company intends to make any changes in its authorized share structure listed in subsection 54(1), the company must:

- (a) if its *Articles Notice* reflects information that would be incorrect or incomplete were the change to occur, effect that change by altering its *Notice of Articles* to reflect that change;
- (b) if both its *Notice of Articles* and *Articles* reflect information that would be incorrect or incomplete were the change to occur, effect that change by altering its *Notice of Articles* and *Articles* to reflect that change; or
- (c) in any other case, refrain from making the change until the change has been authorized by special resolution or such other type of resolution specified by its articles.

Preparation

The instructions printed in the form are complete, however the additional explanations set out below are included for those items which may be confusing.

Items A and B	Copy the number and name information from the <i>Notice of Articles</i> .
Item C	Choose which information in the <i>Notice of Articles</i> is to be altered or added. Note: If more than one of the choices is being altered or added, check all applicable boxes (i.e. if the name of the company is being changed as well as the authorized share structure, check both boxes)
Item D	Choose whether the alteration will be effective: <ul style="list-style-type: none"> • on the date the notice is filed with the Registrar; or • at the beginning (12:01 a.m.) of a specific date not more than 10 days after the date of filing the notice with the Registrar; or • at a specific time on a specific date not more than 10 days after the date of filing the notice with the Registrar
Item E	Complete this section if the name of the company is being changed (see the Name Change chapter)
Item F	Complete this section if you are filing a new translation, addition, change or deletion of the name of the company (see the Name Change chapter) – Item F continued on page 2)

Continued...



**BC Company
ALTERATION NOTICE**
BUSINESS CORPORATIONS ACT, section 257(4)

Telephone: 1 877 526-1526
www.bcreg.ca

Mailing Address: PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3

Courier Address: 200 – 940 Blanshard Street
Victoria BC V8W 3E6

DO NOT MAIL THIS FORM to BC Registry Services unless you are instructed to do so by registry staff. The Regulation under the *Business Corporations Act* requires the electronic version of this form to be filed on the Internet at www.corporateonline.gov.bc.ca

Freedom of Information and Protection of Privacy Act (FOIPPA): Personal information provided on this form is collected, used and disclosed under the authority of the FOIPPA and the *Business Corporations Act* for the purposes of assessment. Questions regarding the collection, use and disclosure of personal information can be directed to the Manager of Registries Operations at 1 877 526-1526, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

A INCORPORATION NUMBER OF COMPANY

B NAME OF COMPANY

C ALTERATIONS TO THE NOTICE OF ARTICLES

Please indicate what information on the Notice of Articles is to be altered:
("altered" means create, add to, vary or delete)

- | | |
|--|--|
| <input type="checkbox"/> Company name | <input type="checkbox"/> Date of a Resolution or Court Order
(applies to special rights or restrictions only) |
| <input type="checkbox"/> A translation of company name | <input type="checkbox"/> Authorized Share Structure |
| <input type="checkbox"/> Pre-existing Company Provisions | |

D ALTERATION EFFECTIVE DATE – Choose *one* of the following:

- The alteration is to take effect at the time that this notice is filed with the registrar.
YYYY / MM / DD
- The alteration is to take effect at 12:01a.m. Pacific Time on _____
 being a date that is not more than ten days after the date of the filing of this notice.
- The alteration is to take effect at _____ a.m. or p.m. Pacific Time on _____
 being a date and time that is not more than ten days after the date of the filing of this notice.
YYYY / MM / DD

E CHANGE OF COMPANY NAME

The company is to change its name from _____
 to (choose *one* of the following):

_____ . This name
 has been reserved for the company under name reservation number _____ , or

a name created by adding "B.C. Ltd." after the incorporation number of the company.

F TRANSLATION OF COMPANY NAME

Set out every new translation of the company name, or set out any change or deletion of an existing translation of the company name to be used outside of Canada.

Additions: Set out every new translation of the company name that the company intends to use outside of Canada.

ALTERATION NOTICE
(Form 11 – Page 2)

Preparation (Continued)

Item F See previous page

Item G Check the box indicating that the “Pre-existing Company Provisions” do not apply to the company only if:

- (a) the company is not a “Pre-existing Company” as defined under Section 1(1) of the Act (including a pre-existing company that has been restored after the Act came into force); or
- (b) if the company is a pre-existing company or a restored pre-existing company, the company has filed a *Transition Application* containing a *Notice of Articles*; and
- (c) the company has passed a special resolution authorizing the filing of the *Alteration Notice* to authorize the removal of the Pre-existing Company Provisions⁽¹⁾

Item H Complete this section if a resolution is passed or a Court Order obtained altering special rights or restrictions attached to a class or series of shares, or if the authorized share structure has been altered. Leave this item blank if there is no alteration to the authorized share structure.

The following table is an example of how the table would be completed for a company having the following authorized share structure:

- (a) 100,000 Class A Common shares without par value;
- (b) 100,000 Class B Common shares with a par value of \$1.00 each; and
- (c) an unlimited number of Class C Preferred shares with a par value of \$1.00 each.

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number		Kind of Shares of this class or series of shares		Type of currency	Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (a)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (a)	WITH A PAR VALUE (\$)		YES (a)	NO (a)
Class A Common		100,000	a			a	
Class B Common		100,000		\$1.00	Canadian	a	
Class C Preferred	a			\$1.00	Canadian	a	

Processing

Once this Notice 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 80) and see Steps 13 and 14 of the **Procedure/Checklist**.

When the signed Notice is returned by the client, date and time stamp it, together with any supporting documents, and e-file it with the Registrar – see **Appendix B – Electronic Filings**.

Diarize the file to receive a certified copy of the amended *Notice of Articles* from the Registrar.

Once the certified copy has been received, prepare a report to the client (and accountant) if required.

⁽¹⁾ For a definition of **Pre-existing Company Provisions** and the procedure to remove the Pre-existing Company Provisions, see the **Transition** chapter.

Changes: Change the following translation(s) of the company name:

PREVIOUS TRANSLATION OF THE COMPANY NAME	NEW TRANSLATION OF THE COMPANY NAME

Deletions: Remove the following translation(s) of the company name:

G PRE-EXISTING COMPANY PROVISIONS (refer to Part 17 and Table 3 of the Regulation under the *Business Corporations Act*)

Complete this item only if the company has resolved that none of the Pre-existing Company Provisions are to apply to this company.

The company has resolved that the Pre-existing Company Provisions are no longer to apply to this company.

H AUTHORIZED SHARE STRUCTURE

Set out the date of each resolution or court order altering special rights or restrictions attached to a class or series of shares.

YYYY / MM / DD

Set out the new authorized share structure

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number.		Kind of shares of this class or series of shares.			Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (✓)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (✓)	WITH A PAR VALUE OF (\$)	Type of currency	YES (✓)	NO (✓)

I CERTIFIED CORRECT – I have read this form and found it to be correct.

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE COMPANY

SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE COMPANY

DATE SIGNED

YYYY / MM / DD

X

DIRECTORS RESOLUTION (Issuing New Share Certificates)

General Notes

This resolution should be prepared:

- after the *Shareholders Resolution* authorizing the changes to the authorized share structure has been properly signed by the shareholders and deposited at the registered office of the company and, if required, an *Alteration Notice* has been filed; and
- when existing *Share Certificates* are affected by the changes to the authorized share structure made by the *Shareholders Resolution (Approving Changes to Authorized Share Structure)* (page 14). For example, when the shares have been subdivided, consolidated, or exchanged, or the designation of the shares has been changed, a *Directors Resolution* should be passed cancelling the existing *Share Certificates* (before the change), and issuing new *Share Certificates* reflecting the changes.

Preparation

- ① Insert a description of the change in the share structure. For example, for a subdivision, insert

“The shareholders of the Company have agreed to alter the authorized share structure of the Company by subdividing the 10,000 Class X Shares with a par value of \$10.00 each, of which 900 are issued, into 100,000 Class X Shares with a par value of \$1.00 each, each such share being subdivided into 10 Class X shares.”
- ② Insert the type of *Shareholders* Resolution that was passed to approve the alterations (i.e. Special or Ordinary).
- ③ Insert the reason that the *Share Certificate* is to be changed, for example: “subdivision”, “consolidation”, “change in par value”, “reduction of par value”, “redesignation of a class of shares”.
- ④ List the number, the shareholder’s name and the number and class of shares for the old *Share Certificates* that are being cancelled.
List the number, the shareholder’s name and the number and class of shares for the new *Share Certificates* that are issued in exchange for the old ones.
- ⑥ Check the *Register of Directors* of the company and insert the names of all directors.

Processing

See Step 9 of the **Procedure/Checklist** for the cancellation of the old *Share Certificates* and the preparation of the new *Share Certificates* as well as recording the changes in the *Central Securities Register*.

Note: If the *Share Certificate(s)* are not in the *Records Book*, it may be necessary to contact the client to determine the location. If the *Share Certificate(s)* have been lost, see the **Miscellaneous** chapter.

Once the items in Step 9 have been attended to, and 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 80).

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

WHEREAS:

- A. ①;
- B. The authorized share structure of the Company was altered by a Special② Resolution dated effective *{date}*, and an Alteration Notice filed with the Registrar of Companies effective *{date}*; and
- C. The shareholders of the Company have agreed to surrender the Certificates representing the Class **X** shares of the Company in exchange for Certificates evidencing their shareholdings pursuant to the③ of the Class **X** shares as set out above.

RESOLVED THAT:

1. The following Share Certificates be cancelled:

Share Cert.	Name of Shareholder	Number and Class of Shares
④	<i>{NAME OF SHAREHOLDER}</i> ④	<i>{number and class}</i> ④

2. The following Share Certificate(s) be issued in exchange for the cancelled Share Certificates:

Share Cert.	Name of Shareholder	Number and Class of Shares
	<i>{NAME OF SHAREHOLDER}</i>	<i>{number and class}</i>

3. 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*{NAME OF DIRECTOR}*

 ⑥*{NAME OF DIRECTOR}*

DIRECTORS RESOLUTION (Designating Series Shares)

General Notes

If a class of shares has attached to it the right to be issued in series, the directors are usually given the authority to determine the number and designation of shares of each series, and to attach special rights and restrictions to the shares in the series. The inclusion of a class of series shares gives the directors the flexibility of tailoring the series shares to suit a future investor without the necessity of passing a special resolution of the shareholders to approve a new class of shares (see page 62 for explanation and special rights and restrictions).

This resolution should be prepared when the directors decide to designate a series of shares and attach special rights and restrictions.

Preparation

- ① Insert the maximum number of shares of the series, or if the number is unlimited substitute “an unlimited number”.
- ② Insert the description of the **class** of shares of which the series shares form a part.
- ③ Insert a description of the **series** (usually “1”, “2”, “A”, “B” etc.).
- ④ If there will be no special rights and restrictions, delete the references to the special rights and restrictions.
Insert this paragraph if there are special rights and restrictions attached to the new series and insert the part or section number of the special rights and restrictions in the *Articles* of the company (usually the number following the last part or section in the *Articles*).
- ⑥ If the alteration is to be dated in the future, insert the effective date, otherwise delete the reference to the effective date.
- ⑦ Check the *Register of Directors* of the company and insert the names of all directors.

Processing

Prepare Schedule “A” setting out the special rights and restrictions for the newly created series.

An *Alteration Notice* (page 76) must be e-filed showing the designation of the new series of shares:

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number		Kind of Shares of this class or series of shares		Type of currency	Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (a)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (a)	WITH A PAR VALUE (\$)		YES (a)	NO (a)
Class Y Common	a		a			a	
Class Z Preferred	a		a			a	
Class Z Preferred Series 1		100,000	a			a	

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 80).

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

RESOLVED THAT:

1. That *{Number}*① of the Class *{Description of Class of Shares}*② shares be designated as Series ③ shares.
2. ④There be created and attached to the Series ③ the special rights and restrictions as set out in Schedule “A” hereto.
3. ⑤The Articles of the Company be altered by adding as Part ⑤ the special rights and restrictions set out in Schedule “A” hereto.
4. An Alteration Notice to reflect the creation of new Series ③ shares be filed dated effective *{date}*⑥.
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.

Insert either this paragraph or the Notice below.

6. The alteration to the Articles of the Company referred to above does not take effect until the Alteration Notice of the Company has been filed with the Registrar of Companies and takes effect.

Dated effective: *{date}*

⑦*{NAME OF DIRECTOR}*

⑦*{NAME OF DIRECTOR}*

NOTICE

The alteration to the Articles of the Company referred to above does not take effect until the Alteration Notice of the Company has been filed with the Registrar of Companies and takes effect.

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 is a very closely held company and all the parties will be signing the documents at the law firm's offices, the documents are usually forwarded to the company for signature and return.

Preparation

- ① Include the description of the transaction, for example: "*Consolidation of Class X shares*".
- ② The lists below are examples only and include all possible documents for each transaction. Only list the documents that will actually be enclosed. For example it may be necessary to prepare one letter forwarding the *Shareholders Resolution* and *Alteration Notice*, and after the *Alteration Notice* has been filed, prepare another letter enclosing the *Directors Resolution* and *Share Certificates*.
- ③ An *Instrument of Transfer* is not required for an "involuntary transfer", including a redemption of shares (s. 114(b)), however, if *Surrenders of Share Certificates* are being signed, include this item.
- ④ If share certificates are being enclosed to be endorsed for cancellation, either with respect to a share repurchase or because the *Articles* of the company require such endorsement with respect to a retraction, include this paragraph.

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>	

- ⑥ Insert this paragraph only if a *Share Certificate* is not contained in the *Records Book*. Adjust the paragraph to reflect the circumstances of the missing *Share Certificates*.
- ⑦ Delete this paragraph if you are not enclosing an invoice.

Processing

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.

File No. _____

{date}

{name and address of the company}

Dear _____:

Re: *{name of the Company}* (the “Company”)
①

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

1. Shareholders Resolution;
2. Alteration Notice (Form 11);
3. Directors Resolution;
4. ③ Surrender(s) of Share Certificate(s)
5. ④ Share Certificate No. *{number}* for *{number}* *{description of shares}* in the name of *{name of shareholder}* to be endorsed for transfer and cancellation.
6. ⑤ Share Certificate No. *{number}* for *{number}* *{description of shares}* in the name of *{name of shareholder}*.

⑥ Our records indicate that Share Certificate No. *{number}* for *{number}* of Class *{description of class of shares}* shares in the name of *{name of shareholder}* was delivered to *{Name}* on *{Date}*. Please arrange to return the certificate to us for cancellation. Please advise if the shareholder is unable to locate the certificate in question.

⑦ We also enclose our statement of account for acting on your behalf in this matter.

Please contact us if you have any questions.

Yours truly,

{NAME OF LAW FIRM}

cc: *{Accountants}*

TRANSFORMING A LIMITED COMPANY TO AN UNLIMITED LIABILITY COMPANY

Section 51.31 of the Act provides that a **limited** company may become an **unlimited** liability company by:

- altering its *Notice of Articles* to include a statement set out in section 51.11 that:

“The shareholders of this company are jointly and severally liable to satisfy the debts and liabilities of this company to the extent provided in section 51.3 of the Business Corporations Act.”
- changing its name to a name that includes “unlimited liability company” or “ULC”, but does not include a corporate designation set out in section 23(1) (i.e. “Ltd.”, “Inc.”, “Corp.” etc.)

To effect the change, the *Notice of Articles* must be altered by:

- passing a unanimous special resolution of the shareholders of the company (including all non-voting shareholders) approving the change;
- filing an *Alteration to a BC Unlimited Liability Company* (Form 48LTD) electronically which:
 - provides for the name of the company to be changed to include “Unlimited Liability Company” or “ULC”;
 - contains the statement contained in section 51.11 as set out above.

The fee payable for this filing is \$1,000.00.

All outstanding *Share Certificates* representing shares of the company must be surrendered and replaced with new *Share Certificates* that include the legend contained in its *Notice of Articles* as set out above.

Once the limited company becomes an unlimited liability company, the shareholders of the company are liable for the debts and liabilities of the company whether those debts and liabilities arose before or arise after the alteration (s. 51.3).

TRANSFORMING AN UNLIMITED LIABILITY COMPANY TO A LIMITED COMPANY

Conversely, an **unlimited** liability company may be transformed into a **limited** company by:

- passing a special resolution of the shareholders of the company approving the change (s. 257(2)(b)(iii));
- altering its *Notice of Articles* to remove the statement referred to in section 51.11; and
- changing its name to remove the reference to an unlimited liability company (s. 51.4).

To convert an unlimited liability company into a limited company, an *Alteration to a BC Limited Company* (Form 49ULC) must be filed electronically which:

- provides that the name of the company be changed to remove “Unlimited Liability Company” or “ULC” and add the usual corporate designation (e.g. Ltd., Inc. etc.); and
- deletes from new *Notice of Articles* the statement contained in section 51.11 above.

The fee payable for this filing is \$100.00.

All outstanding *Share Certificates* representing shares of the company must be surrendered and replaced with new *Share Certificates* that do not include the legend regarding the unlimited liability of the shareholders.

If an unlimited liability company becomes a limited company, the shareholders at the time of the transformation, and any former shareholders who ceased to be shareholders before the transformation, continue to be exposed to possible liability in the event of a liquidation or dissolution of the company (s. 51.3).

PROCEDURE/CHECKLIST

1. The steps listed below are for the most part for the transformation of a limited company into an unlimited liability company. To transform an unlimited liability company into a limited company, the steps are essentially the same, but must be reversed
2. Receive instructions from client
3. Check if the transformation is to be effective on a specified date and diarize the effective date for the transformation
4. Unless the company will be a numbered company, reserve the new name (see the section on **Name Reservations** in **Appendix B – Electronic Filings** for the procedure for checking the name and reserving it with BC Online)

Note: If you are transforming a limited company to an unlimited liability company, the corporate designation (i.e. “Ltd.”, “Corp.”, “Inc.”, etc.) must be replaced by either “Unlimited Liability Company” or “ULC”. If the company is, or will become, a numbered company, the company must use “Unlimited Liability Company” after its name (see section 51.21(4) of the Act)
5. Diarize the expiry date of the reservation (56 days from the date of reservation)
6. Check if the company is in good standing and if not, attend to the required filings
7. You may change the authorized share structure, altering the *Articles* or the special rights and restrictions, concurrently with transforming the Company into an unlimited liability company. If you have received instructions to make such changes, review the latest *Articles* and *Notice of Articles* to determine the present status

You may find it helpful to prepare a table describing the authorized share structure and the special rights and restrictions similar to the one below:

Class	Authorized	Par value	Voting	Dividend Entitlement	Redeem-able	Retract-able	Redemption Amount	Ranking on Distribution
A	100,000	Without	Yes	Yes	No	No	N/A	4 th
B	100,000	Without	No	No	No	No	N/A	3 rd
C	1,000,000	\$0.01	No	No	Yes	Yes	\$100.00	2 nd
D	Unlimited	Without	No	Yes	Yes	Yes	Set by the directors	1 st

8. Prepare either:
- (a) *Shareholders Resolution (Transforming a Limited Company to an Unlimited Liability Company)* (page 90)
- or*
- (b) *Shareholders Resolution (Transforming an Unlimited Liability Company to a Limited Company)* (page 92)

As the transformation of a limited company into an unlimited liability company, or an unlimited liability company into a limited company, requires a **unanimous Special Resolution** approved by **all** of the shareholders, including all non-voting shareholders, check the **Central Securities Register** and **Articles** to determine if there are shareholders holding non-voting classes of shares that will be required to approve the transformation of the company. It may be necessary to prepare **Separate Class Resolution** (page 18).

In each Resolution:

- insert any proposed amendments to the authorized share structure.
 - add any other alterations required: for example, creation of, or changes to, special rights and restrictions. You may use the precedents from individual sections in this chapter covering each amendment, or use your firm's precedents to build a resolution describing any alterations
9. Prepare an *Alteration to a BC Unlimited Liability Company* (Form 48LTD) or an *Alteration to a BC Limited Company* (Form 49ULC), as the case may be which reflects all the changes
 10. Ensure that all the Share Certificates have been surrendered by the shareholders for cancellation. If any share certificates are not in the Records Book and cannot be located by the shareholder, prepare the documents regarding lost share certificates (see the Miscellaneous chapter)
 11. Cancel the Share Certificates which are being surrendered as a result of the transformation of the company. It is generally not necessary for the shareholder to endorse the Share Certificate for transfer when the Share Certificate is being replaced as a result of the transformation of the company to an unlimited liability company or limited company, but check with the supervising solicitor to determine whether Surrenders of Share Certificates⁽¹⁾ should be prepared
 12. Prepare the new *Share Certificate(s)* containing the legend set out on page 83⁽²⁾ or removing it, as the case may be
 13. Enter the changes in the *Central Securities Register*⁽²⁾
 14. Record the changes in your database, if you have one

⁽¹⁾ See the **Repurchases and Redemptions** chapter

⁽²⁾ See the Records chapter

15. Arrange for the execution of the *Resolutions* and the *Form 48 or Form 49* and the *Share Certificates*, either at the law firm's offices or by preparing a *Transmittal Letter (Forwarding Documents for Signature)* (page 80). Make sure that any schedules mentioned in the resolutions are attached to the resolutions

When the signed documents are returned:

16. **Date and time stamp** the *Special Resolution* or Minutes of any meeting held if changes to the *Articles* are being made (other than the change of name)
17. Make a copy of the *Special Resolution* (or any other enabling resolution), and **immediately** file the original in the *Records Book* (see 30 below). If required, certify the copy of the Resolution (see step 29 below)
18. E-file the Form 48 or Form 49, as the case may be – see Appendix B – **Electronic Filings**
19. Print the receipt confirming filing and file it in the company **corporate file**
20. Attach the *Form 48* or *Form 49* printed upon filing to the *Form 48* or *Form 49* signed by the client and file both in the *Records Book* under the tab “**Forms Filed**”
21. Receive from the Registrar:
 - (a) *Certificate of Change of Name* and
 - (b) certified copy of the *Notice of Articles*, as alteredFile both documents in the *Records Book* (see item 30 below)
22. Determine whether or not the company has any business names registered. If business names are registered, a *Dissolution or Change of Partnership or Proprietorship Registration* form must be filed. The form can be found at <http://www.fin.gov.bc.ca/registries/corppg/crforms.htm> and completed online. You can either:
 - (a) e-file the form online using a credit card for the fee or
 - (b) print the form out and forward it **in duplicate** for filing with the Registrar with the *Debit Account Transaction form* or *Cash Transaction form*
23. You may prepare a *Directors Resolution (Adopting New Share Certificate* – page 76)
24. If new *Share Certificates* have not already been prepared and signed (see step 12), prepare new *Share Certificates* for each class of shares of the company containing the legend set out on page 83 if the company is changing into a ULC, or removing the legend if the company is changing back to a limited company (see *Share Certificates* in the **Records** chapter)
25. Cancel the *Share Certificates* which are being replaced either by printing “Cancelled” across their face or stamping them with a “Cancelled” stamp

26. Print a new *Register of Directors* and a new *Central Securities Register* reflecting the new name of the company and the new *Share Certificates*
27. Order a new seal, if required
28. Change the name of the company on the spine of the *Records Book*
29. Depending on your law firm's policy:
 - (a) make a copy of the *Form 48* or *Form 49* and place it at the front of the Charter Documents, along with a copy (which may be a certified copy) of the resolution altering the *Articles*, if applicable (see step 17); **or**
 - (b) write or type on the first page of the *Articles* or attach a sheet of paper on top of the *Articles* showing the new name of the company and, if appropriate, the words⁽¹⁾:

“The Articles were altered by Special Resolution dated {date} and by a BC Limited Company Alteration to a BC Unlimited Liability Company (Form 48LTD) filed with the Registrar of Companies effective {date}”
30. File the documents in the *Records Book* as follows:

Tab in Minute Book	Documents
Charter Documents	Certificate of Change of Name Certified copy of Notice of Articles Form 48LTD or Form 49
Forms Filed	Form 48LTD or Form 49
Shareholders' Minutes/ Resolutions	Shareholders Resolution
Directors' Minutes/Resolutions	Directors Resolution
Share Certificates	Share Certificate(s)

31. Notify your accounting department of the change of name of the company
32. Change:
 - (a) the corporate file labels
 - (b) your corporate seal list (if required) and
 - (c) the client contact in your firm's contact management database (if any)

⁽¹⁾ Replace the description of *Form 48*, with the description of *Form 49* if the company is changing back to a limited company.

-
33. Complete the task in your database if you have one. If your system is a manual system, make sure that the name of the company has been changed on all index cards and company checklists
 34. Check if the company holds shares (under its former name) in another company and update the records for that other company
 35. Check if the company owns any other assets (e.g. real estate, bank accounts, etc.), and obtain instructions from client regarding arrangements to change the name
 36. Check if the company is registered extraprovincially in other jurisdictions and advise the agents of the name change. You should send the agent a copy of the *Certificate of Change of Name* and a copy of the *Notice of Articles*, as altered requesting that the records in that jurisdiction be amended
 37. Report to the client and/or accountants providing them with copies

SHAREHOLDERS RESOLUTION (Transforming a Limited Company into an Unlimited Liability Company)

General Notes

In order to transform a limited company into an unlimited liability company, the shareholders of the company must pass a **unanimous** resolution:

- altering its *Notice of Articles* to include a statement set out in section 51.11 that:
 “The shareholders of this company are jointly and severally liable to satisfy the debts and liabilities of this company to the extent provided in section 51.3 of the Business Corporations Act.”
- changing its name to a name that includes “unlimited liability company” or “ULC”, but does not include a corporate designation set out in section 23(1) (i.e. “Ltd.”, “Inc.”, “Corp.” etc.)

The company may also choose to alter its authorized share structure or change the special rights and restrictions attached to its shares. If alterations to the authorized share structure or special rights and restrictions will also be included in the resolution, see the appropriate sub-sections in this chapter for the wording to add to this resolution.

Preparation

- ① Insert the existing name of the company as shown on the *Notice of Articles*.
- ② Insert the proposed new name of the company as reserved with the Registrar or the company’s incorporation number if it will be a numbered company (the new name must replace the previous corporate designation with “unlimited liability company” or “ULC” and “Unlimited Liability Company” in the case of a numbered company).
- ③ Insert each alteration from the individual resolutions, for example:
 “the authorized share structure of the Company be altered by decreasing the par value ... or: ...redesignating the Common shares without par value as Class X shares without par value... etc.”
 Number each of the resolutions and, if there is more than one, renumber the subsequent paragraphs.
- ④ Check the *Central Securities Register* of the company and insert the names of all the shareholders (voting and non-voting).

Processing

All of the *Share Certificates* must be cancelled and new *Share Certificates* issued as a result of the resolution. You may prepare the *Directors Resolution (Issuing New Share Certificates)* (page 76).

Prepare an *Alteration to a BC Unlimited Liability Company* (Form 48 LTD) (see page 94).

Once these documents are prepared, checked and approved by the supervising solicitor, send them to the company for signature – see *Transmittal Letter (Forwarding Documents for Signature)*.

SHAREHOLDERS RESOLUTIONS

OF

{NAME OF COMPANY}

(the “Company”)

Pursuant to the *Business Corporations Act*, the undersigned, being all of the shareholders of the Company, by signing these resolutions, in our capacity as the holders of shares of the Company, unanimously 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.

RESOLVED AS A UNANIMOUS RESOLUTION THAT:

1. The Company convert from a limited company to an unlimited liability company.
2. The name of the Company be changed from ***{PRESENT NAME OF THE COMPANY}***① to ***{NEW NAME OF THE COMPANY}***②.
3. The Articles and Notice of Articles of the Company be altered accordingly.
4. The Notice of Articles of the Company be altered by inserting in it the following statement

“The shareholders of this Company are jointly and severally liable to satisfy the debts and liabilities of this Company to the extent provided in section 51.3 of the Business Corporations Act.”
5. ③
6. Any director or officer of the Company be authorized and directed to sign all documents, including a BC Limited Company Alteration to a B.C. Unlimited Liability Company, and do all things necessary or desirable to effect such alteration.
7. The Company hereby appoints ***{Name of Law Firm}*** to act as its agent for filing the BC Limited Company Alteration to a B.C. Unlimited Liability Company as set out in paragraph 6 above.
8. The transformation from a limited company to an unlimited liability company and the alteration to the Articles of the Company referred to above do not take effect until the Alteration to a BC Unlimited Liability Company (Form 48LTD) has been filed with the Registrar of Companies and takes effect.

Dated effective: ***{Date}***

④***{NAME OF SHAREHOLDER}***

④***{NAME OF SHAREHOLDER}***

SHAREHOLDERS RESOLUTION (Transforming an Unlimited Liability Company into an Limited Company)

General Notes

In order to transform an unlimited liability company into a limited company, the shareholders of the company must pass a **unanimous** resolution:

- altering its *Notice of Articles* to **remove** the statement set out in section 51.11 that:

“The shareholders of this company are jointly and severally liable to satisfy the debts and liabilities of this company to the extent provided in section 51.3 of the Business Corporations Act.”
- changing its name to remove the legal element “Unlimited Liability Company” or “ULC” and replacing it with a corporate designation set out in section 23(1) (i.e. “Ltd.”, “Inc.”, “Corp.” etc.)

The company may also choose to alter its authorized share structure or change the special rights and restrictions attached to its shares. If alterations to the authorized share structure or special rights and restrictions will also be included in the resolution, see the sub-sections in this chapter for the wording to add to this resolution.

Preparation

- ① Insert the existing name of the company as shown on the *Notice of Articles*.
- ② Insert the proposed new name of the company as reserved with the Registrar or the company’s incorporation number if the company will be a numbered company.
- ③ Insert each alteration from the individual resolutions, for example:

“the authorized share structure of the Company be altered by decreasing the par value ... or: ...redesignating the Common shares without par value as Class X shares without par value... etc.”

 Number each of the resolutions and, if there is more than one, renumber the subsequent paragraphs.
- ④ Check the *Central Securities Register* of the company and insert the names of all the shareholders (voting and non-voting).⁽¹⁾

Processing

All of the *Share Certificates* **must** be cancelled and new *Share Certificates* issued as a result of the resolution. You may prepare the *Directors Resolution (Issuing New Share Certificates)* (page 76).

Prepare an *Alteration to a BC Limited Company* (Form 49ULC) see page100.

Once these documents are prepared, checked and approved by the supervising solicitor, they are sent to the company for signature – see *Transmittal Letter (Forwarding Documents for Signature)*.

⁽¹⁾ If required, prepare a *Separate Class Resolution* (page 18)

SHAREHOLDERS RESOLUTIONS

OF

{NAME OF COMPANY}

(the “Company”)

Pursuant to the *Business Corporations Act*, the undersigned, being all of the shareholders of the Company, by signing these resolutions, in our capacity as the holders of shares of the Company, unanimously 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.

RESOLVED AS A UNANIMOUS RESOLUTION THAT:

1. The Company convert from an unlimited liability company to a limited company.
2. The name of the Company be changed from ***{PRESENT NAME OF THE COMPANY}***① to ***{NEW NAME OF THE COMPANY}***②.
3. The Articles and Notice of Articles of the Company be altered accordingly.
4. The Notice of Articles of the Company be altered by deleting from it the following statement:

“The shareholders of this Company are jointly and severally liable to satisfy the debts and liabilities of this Company to the extent provided in section 51.3 of the Business Corporations Act.”
5. ③
6. Any director or officer of the Company be authorized and directed to sign all documents, including BC Unlimited Liability Company Alteration to a BC Limited Company, and to do all things necessary or desirable to effect such alteration.
7. The Company hereby appoints ***{Name of Law Firm}*** to act as its agent for filing the BC Unlimited Liability Company Alteration to a BC Limited Company as set out in paragraph 6 above.
8. The transformation from an unlimited liability company to a limited company and the alteration to the Articles of the Company referred to above does not take effect until the Alteration to a BC Limited Company (Form 49ULC) has been filed with the Registrar of Companies and takes effect.

Dated effective: ***{Date}***

④***{NAME OF SHAREHOLDER}***

④***{NAME OF SHAREHOLDER}***

**ALTERATION TO A BC UNLIMITED LIABILITY COMPANY
(Form 48LTD – Page 1)**

General Notes

This Application must be filed pursuant to section 51.31 of the Act if a limited company wishes to apply to become a BC Unlimited Liability Company.

Notes:

- The Company must be in good standing before filing this Application.
- If the Company is extraprovincially registered in any other jurisdiction, the extraprovincial registration in the other jurisdiction must be changed.

Preparation

The instructions printed in the form are complete, however the additional explanations set out below are included for those items which may be confusing.

Items A and B	Copy the number and name information from the <i>Notice of Articles</i> .
Item C	Check the boxes for Company Name and Convert to BC unlimited liability company. As well as any other information in the <i>Notice of Articles</i> which is to be altered or added.
Item D	Choose whether the alteration will be effective: <ul style="list-style-type: none"> • on the date the notice is filed with the Registrar; or • at the beginning (12:01 a.m.) of a specific date not more than 10 days after the date of filing the notice with the Registrar; or • at a specific time on a specific date not more than 10 days after the date of filing the notice with the Registrar
Item E	Insert the company's current name and: <ul style="list-style-type: none"> • if the name has been reserved, check the first box and enter the name reserved and the reservation number; and • if the company will be a numbered company, check the second box which creates the new name by adding "Unlimited Liability Company" after the incorporation number of the company.
Item F	Complete this section if you are filing a translation of the name of the company (see the Name Change chapter) – Item F continued on page 2)

Continued...



**BC Limited Company
ALTERATION TO A BC UNLIMITED
LIABILITY COMPANY**

BUSINESS CORPORATIONS ACT, sections 51.31 and 257(4)

Telephone: 1 877 526-1526
www.bcreg.ca

Mailing Address: PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3

Courier Address: 200 - 940 Blanshard Street
Victoria BC V8W 3E6

DO NOT MAIL THIS FORM to BC Registry Services unless you are instructed to do so by registry staff. The Regulation under the *Business Corporations Act* requires the electronic version of this form to be filed on the Internet at www.corporateonline.gov.bc.ca

Freedom of Information and Protection of Privacy Act (FOIPPA): Personal information provided on this form is collected, used and disclosed under the authority of the FOIPPA and the *Business Corporations Act* for the purposes of assessment. Questions regarding the collection, use and disclosure of personal information can be directed to the Manager of Registries Operations at 1 877 526-1526, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

A INCORPORATION NUMBER OF COMPANY

B NAME OF COMPANY

C ALTERATIONS TO THE NOTICE OF ARTICLES

Please indicate what information on the Notice of Articles is to be altered:

("altered" means create, add to, vary or delete)

- | | |
|--|--|
| <input checked="" type="checkbox"/> Company name | <input type="checkbox"/> Date of a Resolution or Court Order
(applies to special rights or restrictions only) |
| <input type="checkbox"/> A translation of company name | <input type="checkbox"/> Authorized Share Structure |
| <input type="checkbox"/> Pre-existing Company Provisions | <input checked="" type="checkbox"/> Convert to a BC unlimited liability company |

D ALTERATION EFFECTIVE DATE – Choose one of the following:

- The alteration is to take effect at the time that this notice is filed with the registrar.
- The alteration is to take effect at 12:01a.m. Pacific Time on _____
being a date that is not more than ten days after the date of the filing of this notice.
- The alteration is to take effect at _____ a.m. or _____ p.m. Pacific Time on _____
being a date and time that is not more than ten days after the date of the filing of this notice.

E CHANGE OF COMPANY NAME

The company is to change its name from _____
to (choose one of the following):

- _____ . This name
has been reserved for the company under name reservation number _____, or
- a name created by adding "B.C. Unlimited Liability Company" after the incorporation number of the company.

F TRANSLATION OF COMPANY NAME

Set out every new translation of the company name, or set out any change or deletion of an existing translation of the company name to be used outside of Canada.

Additions: Set out every new translation of the company name that the company intends to use outside of Canada.

ALTERATION TO A BC UNLIMITED LIABILITY COMPANY
(Form 48 LTD – Page 2)

Preparation (Continued)

Item F See previous page

Items G and H	If you are making any changes to these sections of the <i>Notice of Articles</i> , see <i>Notice of Articles (Form 11)</i> on page 72
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Changes: Change the following translation(s) of the company name:

PREVIOUS TRANSLATION OF THE COMPANY NAME	NEW TRANSLATION OF THE COMPANY NAME

Deletions: Remove the following translation(s) of the company name:

G PRE-EXISTING COMPANY PROVISIONS (refer to Part 17 and Table 3 of the Regulation under the *Business Corporations Act*)

Complete this item only if the company has resolved that none of the Pre-existing Company Provisions are to apply to this company.

The company has resolved that the Pre-existing Company Provisions are no longer to apply to this company.

H AUTHORIZED SHARE STRUCTURE

Upon conversion, the shareholders of this company are jointly and severally liable to satisfy the debts and liabilities of this company to the extent provided in section 51.3 of the *Business Corporations Act*.

Set out the date of each resolution or court order altering special rights or restrictions attached to a class or series of shares.

YYYY / MM / DD

Set out the new authorized share structure

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number.		Kind of shares of this class or series of shares.			Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (✓)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (✓)	WITH A PAR VALUE OF (\$)	Type of currency	YES (✓)	NO (✓)

I CERTIFIED CORRECT – I have read this form and found it to be correct.

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE COMPANY

SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE COMPANY

DATE SIGNED

YYYY / MM / DD

X

ALTERATION TO A BC UNLIMITED LIABILITY COMPANY
(Form 48LTD – Pages 3 and 4)

Preparation (Continued)

Please note that pages 1 and 2 of the *Notice of Articles* which form part of Form 48 are combined on this page.

The instructions printed in the form are complete, however the additional explanations set out below are included for those items that may be confusing.

- ITEM A** Insert the name of the company as shown in Box E of Form 48.
- ITEM B** Set out every translation of the company name that the company intends to use outside of Canada. If there is no translation of the company's name, leave the box blank.
- ITEM F** Copy the authorized share structure from Section H on page 2 of Form 48.

Processing

Once this form 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 80) and see Step 15 of the **Procedure/Checklist**.

When the signed form is returned by the client, together with any supporting documents, date it, if necessary, and e-file it with the Registrar – see **Appendix B – Electronic Filings**.

Diarize the file to receive a certified copy of the *Certificate of Name Change* and amended *Notice of Articles* from the Registrar.

Once the certified copy has been received, prepare a report to the client (and accountant) if required.

ALTERATION TO A BC LIMITED COMPANY
(Form 49ULC – Page 1)

General Notes

This Application must be filed pursuant to section 51.4 of the Act if n Unlimited Liability Company wishes to apply to become a BC Limited Company.

Notes:

- The Company must be in good standing before filing this Application.
- If the Company is extraprovincially registered in any other jurisdiction the extraprovincial registration in the other jurisdiction must be changed.

Preparation

The instructions printed in the form are complete, however the additional explanations set out below are included for those items which may be confusing.

Items A and B	Copy the number and name information from the <i>Notice of Articles</i> .
Item C	The boxes for Company Name and Convert to BC limited company should be checked. Any other information in the <i>Notice of Articles</i> which is to be altered or added may be checked also.
Item D	Choose whether the alteration will be effective: <ul style="list-style-type: none"> • on the date the notice is filed with the Registrar; or • at the beginning (12:01 a.m.) of a specific date not more than 10 days after the date of filing the notice with the Registrar; or • at a specific time on a specific date not more than 10 days after the date of filing the notice with the Registrar
Item E	Insert the company's current name and: <ul style="list-style-type: none"> • if the name has been reserved, check the first box and enter the name reserved and the reservation number; and • if the company will be a numbered company, check the second box which creates the name by adding "Ltd." after the incorporation number of the company.
Item F	Complete this section if you are filing a translation of the name of the company (see the Name Change chapter) – Item F continued on page 2)

Continued...



BC Unlimited Liability Company
ALTERATION TO A BC LIMITED COMPANY
BUSINESS CORPORATIONS ACT, sections 51.4 and 257(4)

Telephone: 1 877 526-1526
 www.bcreg.ca

Mailing Address: PO Box 9431 Stn Prov Govt
 Victoria BC V8W 9V3

Courier Address: 200 – 940 Blanshard Street
 Victoria BC V8W 3E6

DO NOT MAIL THIS FORM to BC Registry Services unless you are instructed to do so by registry staff. The Regulation under the *Business Corporations Act* requires the electronic version of this form to be filed on the Internet at www.corporateonline.gov.bc.ca

Freedom of Information and Protection of Privacy Act (FOIPPA): Personal information provided on this form is collected, used and disclosed under the authority of the FOIPPA and the *Business Corporations Act* for the purposes of assessment. Questions regarding the collection, use and disclosure of personal information can be directed to the Manager of Registries Operations at 1 877 526-1526, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

A INCORPORATION NUMBER OF COMPANY

B NAME OF COMPANY

C ALTERATIONS TO THE NOTICE OF ARTICLES

Please indicate what information on the Notice of Articles is to be altered:
 ("altered" means create, add to, vary or delete)

- | | |
|--|--|
| <input type="checkbox"/> Company name | <input type="checkbox"/> Date of a Resolution or Court Order
(applies to special rights or restrictions only) |
| <input type="checkbox"/> A translation of company name | <input type="checkbox"/> Authorized Share Structure |
| <input type="checkbox"/> Pre-existing Company Provisions | <input type="checkbox"/> Transform to a BC limited company |

D ALTERATION EFFECTIVE DATE – Choose *one* of the following:

- The alteration is to take effect at the time that this notice is filed with the registrar.
- The alteration is to take effect at 12:01 a.m. Pacific Time on being a date that is not more than ten days after the date of the filing of this notice.
- The alteration is to take effect at a.m. or p.m. Pacific Time on being a date and time that is not more than ten days after the date of the filing of this notice.

E CHANGE OF COMPANY NAME

The company is to change its name from _____
 to (choose *one* of the following):

- _____ . This name has been reserved for the company under name reservation number _____, or
- a name created by adding "B.C. Ltd" after the incorporation number of the company.

F TRANSLATION OF COMPANY NAME

Set out every new translation of the company name, or set out any change or deletion of an existing translation of the company name to be used outside of Canada.

Additions: Set out every new translation of the company name that the company intends to use outside of Canada.

ALTERATION TO A BC LIMITED COMPANY
(Form 49ULC – Page 2)

Preparation (Continued)

Item F See previous page

Items G and H	If you are making any changes to these sections of the <i>Notice of Articles</i> , see <i>Notice of Articles (Form 11)</i> on page 72
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Continued...

Changes: Change the following translation(s) of the company name:

PREVIOUS TRANSLATION OF THE COMPANY NAME	NEW TRANSLATION OF THE COMPANY NAME

Deletions: Remove the following translation(s) of the company name:

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G PRE-EXISTING COMPANY PROVISIONS (refer to Part 17 and Table 3 of the Regulation under the *Business Corporations Act*)

Complete this item only if the company has resolved that none of the Pre-existing Company Provisions are to apply to this company.

The company has resolved that the Pre-existing Company Provisions are no longer to apply to this company.

H AUTHORIZED SHARE STRUCTURE

Upon transformation, the shareholders of this company are still jointly and severally liable to satisfy the debts and liabilities of this company to the extent provided in section 51.3 of the *Business Corporations Act*.

Set out the date of each resolution or court order altering special rights or restrictions attached to a class or series of shares.

YYYY / MM / DD

Set out the new authorized share structure

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number.		Kind of shares of this class or series of shares.			Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (✓)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (✓)	WITH A PAR VALUE OF (\$)	Type of currency	YES (✓)	NO (✓)

I CERTIFIED CORRECT – I have read this form and found it to be correct.

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE COMPANY

SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE COMPANY

DATE SIGNED

YYYY / MM / DD

X

ALTERATION TO A BC LIMITED COMPANY
(Form 49ULC – Pages 3 and 4)

Preparation (Continued)

Please note that pages 1 and 2 of the *Notice of Articles* which form part of Form 49 are combined on this page.

The instructions printed in the form are complete, however the additional explanations set out below are included for those items that may be confusing.

- ITEM A** Insert the name of the company as shown in Box E of Form 49.
- ITEM B** Set out every translation of the company name that the company intends to use outside of Canada. If there is no translation of the company's name, leave the box blank.
- ITEM F** Copy the authorized share structure from Section H on page 2 of Form 49.

Processing

Once this form 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 80) and see Step 15 of the **Procedure/Checklist**.

When the signed form is returned by the client, together with any supporting documents, date it if necessary and e-file it with the Registrar – see **Appendix B – Electronic Filings**.

Diarize the file to receive a certified copy of the *Certificate of Name Change* and amended *Notice of Articles* from the Registrar.

Once the certified copy has been received, prepare a report to the client (and accountant) if required.

