



MONTSERRAT

## CHAPTER 11.12

### COMPANIES ACT and Subsidiary Legislation

#### Revised Edition

showing the law as at 1 January 2019

This is a revised edition of the law, prepared by the Law Revision Commissioner under the authority of the Revised Edition of the Laws Act.

This edition contains a consolidation of the following laws—

#### COMPANIES ACT

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## **COMPANIES ACT**

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**CHAPTER 11.12**

**COMPANIES ACT**

*(Acts 25 of 1998, 6 of 2002, 9 of 2011 and 13 of 2013)*

AN ACT TO REVISE AND AMEND THE LAW RELATING TO COMPANIES AND TO PROVIDE FOR RELATED AND CONSEQUENTIAL MATTERS.

**Commencement**

*[1 January 2000]*

**Short title**

1. This Act may be cited as the Companies Act.

**Interpretation**

2. Section 543 shall apply for the purpose of construing the words and expressions set out therein and the other provisions of Division E of Part 5 shall apply for the purpose of this Act.

**Prohibition**

3. No association, partnership, society, body or other group consisting of more than twenty persons may be formed for the purpose of carrying on any trade or business for gain unless it is incorporated under this Act or formed under some other enactment.

**PART 1**

**FORMATION AND OPERATION OF COMPANIES**

*Division A*

**Incorporation of Companies**

**Incorporation**

4. (1) Subject to subsection (2), one or more persons may incorporate a company by signing and sending articles of incorporation to the Registrar and the name of every incorporator shall be entered in the company's register of members as soon as may be after the company's registration.

- (2) No individual who—

(a) is less than eighteen years of age;

- (b) is of unsound mind and has been so found by a tribunal in Montserrat or elsewhere; or
- (c) has the status of a bankrupt,

shall form or join in the formation of a company under this Act.

(3) If articles of incorporation submitted to the Registrar are accompanied by a statutory declaration from an attorney-at-law that to the best of his knowledge and belief no signatory to the articles is an individual described in subsection (2), the declaration is, for the purposes of this Act, conclusive of the facts therein declared.

### Formalities

5. (1) Articles of incorporation shall follow the prescribed form and set out, in respect of the proposed company—

- (a) its proposed name;
- (b) the classes and any maximum number of shares that the company is authorised to issue and—
  - (i) if there will be two or more classes of shares, the rights, privileges, restrictions and conditions attaching to each class of shares; and
  - (ii) if a class of shares can be issued in series, the authority given to the directors to fix the number of shares in, or to determine the designation of, and the rights, privileges, restrictions and conditions attaching to, the shares of each series;
- (c) if the right to transfer shares of the company is to be restricted, a statement that the right to transfer shares is restricted and the nature of those restrictions;
- (d) the number of directors, or subject to section 70(a) the minimum and maximum number of directors;
- (e) any restrictions on the business that the company may carry on.

(2) The articles may set out any provisions permitted by this Act or byelaw permitted to be set out in the byelaws of the company.

(3) Where the right to transfer any shares is restricted, a notification to that effect shall be given on each share certificate issued in respect of those shares.

### Required votes

6. (1) Subject to subsection (2), if the articles or any unanimous shareholder agreement require a greater number of votes of directors or shareholders than that required by this Act to effect any action, the provisions of the articles or of the unanimous shareholder agreement prevail.

(2) The articles may not require a greater number of votes of shareholders to remove a director than the number specified in section 72.

### **Documentation**

7. An incorporator shall send to the Registrar with the articles of incorporation the documents required by sections 68(1), 176(1) and 503.

### *Certificate of Incorporation*

#### **Certificate of incorporation**

8. Upon receipt of articles of incorporation, the Registrar shall issue a certificate of incorporation in accordance with section 503; and the certificate is conclusive proof of the incorporation of the company named in the certificate.

#### **Effective date**

9. A company comes into existence on the date shown in its certificate of incorporation.

### *Corporate Name*

#### **Corporate name**

10. The word “**limited**”, “**corporation**” or “**incorporated**” or the abbreviation “**ltd.**” or “**corp.**” or “**inc.**” shall be part of the name of every company; but a company may use and may be legally designated by either the full or the abbreviated form.

*(Amended by Act 6 of 2002)*

#### **Reserved name**

11. A company shall not be incorporated with or have a name—

- (a) that is prohibited or refused under sections 515 and 516; or
- (b) that is reserved for another company or intended company under section 514.

#### **Name change**

12. Where, through inadvertence or otherwise, a company—

- (a) comes into existence with a name that contravenes section 11; or
- (b) is, upon an application to change its name, granted a name that contravenes section 11,

the Registrar may direct the company to change its name in accordance with section 213.

### **Name revocation**

13. Where a company has been directed under section 12 to change its name and has not, within sixty days from the service of the direction to that effect, changed its name to a name that complies with this Act, the Registrar may revoke the name of company and assign to it a name; and, until changed in accordance with section 213, the name of the company is thereafter the name so assigned.

### **Assigned name**

14. (1) When a company has had its name revoked and a name assigned to it under section 13, the Registrar shall issue a certificate of amendment showing the new name of the company and shall forthwith give notice of the change in the *Gazette*.

(2) Upon the issue of a certificate of amendment under subsection (1), the articles of the company to which the certificate refers are amended accordingly on the date shown in the certificate.

### *Pre-Incorporation Agreements*

### **Pre-incorporation agreements**

15. (1) Except as provided in this section, a person who enters into a written contract in the name of or on behalf of a company before it comes into existence is personally bound by the contract and is entitled to the benefits of the contract.

(2) Within a reasonable time after a company comes into existence, it may, by any action or conduct signifying the intention to be bound thereby, adopt a written contract made, in its name or on its behalf, before it came into existence.

(3) When a company adopts a contract under subsection (2)—

- (a) the company is bound by the contract and is entitled to the benefits thereof as if the company had been in existence at the date of the contract and had been a party to it; and
- (b) a person, who purported to act in the name of the company or on its behalf ceases, except as provided in subsection (4), to be bound by or entitled to the benefits of the contract.

(4) Except as provided in subsection (5), whether or not a written contract made before the coming into existence of the company is adopted by the company, a party to the contract may apply to the court for an order fixing obligations under the contract as joint or joint and several, or apportioning liability between or among the company and a person who purported to act in

the name of the company or on its behalf; and the court may, upon the application, make any order it thinks fit.

(5) If expressly so provided in the written contract, a person who purported to act for or on behalf of a company before it came into existence is not in any event bound by the contract or entitled to the benefits of the contract.

### *Division B*

## **Corporate Capacity and Powers**

### **Capacity and powers**

16. (1) A company has the capacity, and, subject to this Act, the rights, powers and privileges of an individual.

(2) A company has the capacity to carry on its business, conduct its affairs and exercise its powers in any jurisdiction outside Montserrat to the extent that the laws of Montserrat and of that jurisdiction permit.

(3) It is not necessary for a byelaw to be passed to confer any particular power on a company or its directors.

(4) This section does not authorise any company to carry on any business or activity in breach of—

- (a) any enactment prohibiting or restricting the carrying on of the business or activity; or
- (b) any provision requiring any permission or licence for the carrying on of the business or activity.

### **Powers reduced**

17. (1) A company shall not carry on any business or exercise any power that it is restricted by its articles from carrying on or exercising, nor shall a company exercise any of its powers in a manner contrary to its articles.

(2) A company shall not commence business before it has made an allotment of shares.

### **Validity of acts**

18. For the avoidance of doubt, it is declared that no act of a company, including any transfer of property to or by a company, is invalid by reason only that the act or transfer is contrary to its articles.

### **Notice not presumed**

19. No person is affected by, or presumed to have notice or knowledge of, the contents of a document concerning a company by reason only that the document has been filed with the Registrar or is available for inspection at any office of the company.

**No disclaimer allowed**

**20.** A company or a guarantor of an obligation of the company may not assert against a person dealing with the company or with any person who has acquired rights from the company—

- (a) that any of the articles, or byelaws of the company or any unanimous shareholder agreement has not been complied with;
- (b) that the persons named in the most recent notice to the Registrar under section 68 or 76 are not the directors of the company;
- (c) that the place named in the most recent notice sent to the Registrar under section 176 is not the registered office of the company;
- (d) that a person held out by a company as a director, an officer or an agent of the company has not been duly appointed or had no authority to exercise the powers and perform the duties that are customary in the business of the company or usual for such a director, officer or agent;
- (e) that a document issued by any director, officer or agent of the company with actual or usual authority to issue the document is not valid or not genuine; or
- (f) that the financial assistance referred to in section 52 or the sale, lease, or exchange of property referred to in section 135 was not authorised,

except where that person has, or ought to have by virtue of his position with or relationship to the company, knowledge to the contrary.

**Contracts of a company**

**21. (1)** A contract made according to this section on behalf of a company—

- (a) is in form effective in law and binds the company and the other party to the contract; and
- (b) may be varied or discharged in the like manner that it is authorised by this section to be made.

**(2)** A contract that, if made between individuals, would, by law, be required to be in writing under seal may be made on behalf of a company in writing under seal.

**(3)** A contract that, if made between individuals, would, by law, be required to be in writing or to be evidenced in writing by the parties to be charged thereby may be made or evidenced in writing signed in the name or on behalf of the company.

**(4)** A contract that, if made between individuals, would, by law, be valid although made by parol only and not reduced to writing may be made by parol on behalf of the company.

### **Bills and notes**

**22.** A bill of exchange or promissory note is presumed to have been made, accepted or endorsed, on behalf of the company, if made, accepted or endorsed in the name of the company or if expressed to be made, accepted or endorsed on behalf or on account of the company.

### **Power of attorney**

**23. (1)** A company may, by writing under seal, empower any person, either generally or in respect of any specified matter, as its attorney to execute deeds on its behalf in any place within or outside Montserrat.

**(2)** A deed signed by a person empowered as provided in subsection (1) binds the company and has the same effect as if it were under the company's seal.

### **Company seals**

**24. (1)** A company may have a common seal with its name engraved thereon in legible characters; but, except when required by any enactment to use its common seal, the company may, for the purpose of sealing any document, use its common seal or any other form of seal.

**(2)** If authorised by its byelaws, a company may have for use in any country other than Montserrat or for use in any district or place not situated in Montserrat an official seal, which shall be a facsimile of the common seal of the company with the addition on its face of the name of every country, district or place where it is to be used.

**(3)** Every document to which an official seal of the company is duly affixed binds the company as if it had been sealed with the common seal of the company.

**(4)** A company may, by an instrument in writing under its common seal, authorise any person appointed for that purpose to affix the company's official seal to any document to which the company is party in the country, district or place where its official seal can be used.

**(5)** Any person dealing with an agent appointed pursuant to subsection (4) in reliance on the instrument conferring the authority may assume that the authority of the agent continues during the period, if any, mentioned in the instrument, or, if no period is so mentioned, until that person has actual notice of the revocation or determination of the authority.

**(6)** A person who affixes an official seal of a company to a document shall, by writing under his hand, certify on the document the date on which, and the place at which, the official seal is affixed.

*Division C***Share Capital***Shares***Nature of shares**

**25. (1)** Shares in a company are personal estate and are not of the nature of real estate; and a share is transferable in the manner provided by this Act.

**(2)** Shares in a company are to be without nominal or par value.

**(3)** When a former company is continued under this Act, a share with nominal or par value issued by the company before it was so continued is, for the purposes of subsection (2), deemed to be a share without nominal or par value.

**(4)** Subject to subsection (5), each share in a company shall be distinguished by an appropriate designation.

**(5)** If at any time all the issued shares in a company, or all the issued shares in a company of a particular class, rank equally for all purposes, none of those shares need thereafter have a distinguishing designation so long as it ranks equally for all purposes with all shares for the time being issued, or, as the case may be, all the shares for the time being issued of the particular class.

**If only one class**

**26.** When a company has only one class of shares, the rights of the holders are equal in all respects, and include—

- (a)* the right to vote at any meeting of shareholders;
- (b)* the right to receive any dividend declared by the company;
- (c)* the right to receive the remaining property of the company on dissolution.

**Share classes**

**27.** The articles of a company may provide for more than one class of shares; and, if they so provide—

- (a)* the rights, privileges, restrictions and conditions attaching to the shares of each class shall be set out in the articles; and
- (b)* the rights set out in section 26 shall be attached to at least one class of shares, but all of those rights need not be attached to the same class of shares.

**Share issue**

**28. (1)** Subject to the articles, the by-laws, any unanimous shareholder agreement, and section 33 shares may be issued at such times, and to such persons, and for such consideration, as the directors may determine.

(2) No company may issue bearer shares or bearer share certificates.

### **Consideration**

**29. (1)** A share shall not be issued until it is fully paid—

- (a) in money; or
- (b) in property or past service that is the fair equivalent of the money that the company would have received if the share had been issued for money.

(2) In determining whether property or past service is the fair equivalent of a money consideration, the directors may take into account reasonable charges and expenses of organisation and reorganisation, and payments for property and past services reasonably expected to benefit the company.

(3) For the purposes of this section, “**property**” does not include a promissory note or a promise to pay.

### **Stated capital accounts**

**30. (1)** A company shall maintain a separate stated capital account for each class and series of shares that it issues.

(2) A company shall add to the appropriate stated capital account the full amount of the consideration that it receives for any shares that it issues.

(3) A company shall not reduce its stated capital or any stated capital account except in the manner provided by this Act.

(4) A company shall not, in respect of a share that it issues, add to a stated capital account an amount greater than the amount of the consideration that it receives for the share.

(5) When a company proposes to add an amount to a stated capital account that it maintains in respect of a class or series of shares, that addition to the stated capital account shall be approved by special resolution if—

- (a) the amount to be added was not received by the company as consideration for the issue of shares; and
- (b) the company has issued any outstanding shares of more than one class or series.

(6) Notwithstanding section 29 and subsection (2)—

- (a) when, in exchange for property, a company issues shares—
  - (i) to a body corporate that was an affiliate of the company immediately before the exchange; or
  - (ii) to a person who controlled the company immediately before the exchange, the company, subject to subsection (4), may add to the stated capital accounts that are maintained for the shares of the classes or series issued, the amount agreed, by

the company and the body corporate or person, to be the consideration for the shares so exchanged;

- (b) when a company issues shares in exchange for shares of a body corporate that was an affiliate of the company immediately before the exchange, the company may, subject to subsection (4), add to the stated capital accounts that are maintained for the shares of the classes or series issued an amount that is not less than the amount set out, in respect of the acquired shares of the body corporate, in the stated capital or equivalent accounts of the body corporate immediately before the exchange; or
- (c) when a company issues shares in exchange for shares of a body corporate that becomes, because of the exchange, an affiliate of the company, the company may, subject to subsection (4), add to the stated capital accounts that are maintained for the classes or series issued an amount that is not less than the amount set out, in respect of the acquired shares of the body corporate, in the stated capital or equivalent accounts of the body corporate immediately before the exchange.

(7) When a former Act company is continued under this Act—

- (a) then, notwithstanding subsection (2), it is not required to add to a stated capital account any consideration received by it before it was so continued, unless the share in respect of which the consideration is received is issued after the company is continued under this Act;
- (b) an amount unpaid in respect of a share issued by the former Act company before it was so continued shall be added to the stated capital account that is maintained for the shares of that class or series; and
- (c) its stated capital account for the purposes of—
  - (i) section 38(2);
  - (ii) section 43;
  - (iii) section 52(2)(b); and
  - (iv) section 224(2)(a),includes the amount that would have been included in stated capital if the company had been incorporated under this Act.

### **Open-ended mutual company**

**31.** Section 30 and any other provision of this Act relating to stated capital do not apply to a company—

- (a) that is a public company;
- (b) that carries on only the business of investing the consideration it receives for the shares it issues; and

- (c) in which all or substantially all of whose issued shares are redeemable upon the demand of shareholders.

### **Series shares**

**32. (1)** The articles of a company may authorise the issue of any class of shares in one or more series, and may authorise the directors to fix the number of shares in and to determine the designation, rights, privileges, restrictions and conditions attaching to the shares of each series, subject to the limitations set out in the articles.

**(2)** If any cumulative dividends or amounts payable on return of capital in respect of a series of shares are not paid in full, the shares of all series of the same class participate rateably in respect of accumulated dividends and return of capital.

**(3)** No rights, privileges, restrictions or conditions attached to a series of shares authorised under this section may confer upon the series a priority in respect of dividends or return of capital over any other series of shares of the same class that are then outstanding.

**(4)** Before the issue of shares of a series authorised under this section, the directors shall send to the Registrar articles of amendment in the prescribed form to designate a series of shares.

**(5)** Upon receipt from a company of articles of amendment designating a series of shares, the Registrar shall issue to the company a certificate of amendment in accordance with section 503.

**(6)** The articles of a company are amended accordingly on the date shown in the certificate of amendment issued under subsection (5).

### **Pre-emptive rights**

**33. (1)** If the articles so provide, no shares of a class of shares may be issued unless the shares have first been offered to the shareholders of the company holding shares of that class; and those shareholders have a pre-emptive right to acquire the offered shares in proportion to their holdings of the shares of that class, at such price and on such terms as those shares are to be offered to others.

**(2)** Notwithstanding that the articles of a company provide the pre-emptive right referred to in subsection (1), the shareholders of the company have no pre-emptive right in respect of shares to be issued by the company—

- (a) for a consideration other than money;
- (b) pursuant to the exercise of conversion privileges, options or rights previously granted by the company.

### Conversion privileges

**34. (1)** A company may grant conversion privileges, options or rights to acquire shares of the company, but shall set out the conditions thereof in any certificates or other instruments issued in respect thereof.

**(2)** Conversion privileges, options and rights to acquire shares of a company may be made transferable or non-transferable; and options and rights to acquire shares may be made separable or inseparable from any debentures or shares to which they are attached.

### Reserve shares

**35.** Where a company—

(a) has granted privileges to convert any debentures or shares issued by the company into shares or into shares of another class or series of shares; or

(b) has issued or granted options or rights to acquire shares,

if the articles of the company limit the number of authorised shares, the company shall reserve and continue to reserve sufficient authorised shares to meet the exercise of those conversion privileges, options and rights.

### Own shares

**36. (1)** Subject to subsection (2), and except as provided in sections 37 to 40, a company shall not hold shares in itself or in its holding body corporate.

**(2)** A company shall cause a subsidiary body corporate of the company that holds shares of the company to sell or otherwise dispose of those shares within five years from the date, as the case requires—

(a) that the body corporate became a subsidiary of the company; or

(b) that the company was continued under this Act.

### Exemptions

**37. (1)** A company may in the capacity of a legal representative hold shares in itself or in its holding body corporate unless it, or the holding body corporate, or a subsidiary of either of them has a beneficial interest in the shares.

**(2)** A company may hold shares in itself or in its holding body corporate by way of security for the purposes of a transaction entered into by it in the ordinary course of a business that includes the lending of money.

### Acquisition of own shares

**38. (1)** Subject to subsection (2) and to its articles, a company may purchase or otherwise acquire shares issued by it.

**(2)** A company shall not make any payment to purchase or otherwise acquire shares issued by it, if there are reasonable grounds for believing that—

- (a) the company is unable, or would, after that payment, be unable to pay its liabilities as they become due; or
- (b) the realisable value of the company's assets would, after that payment, be less than the aggregate of its liabilities and stated capital of all classes.

### **Other acquisition**

**39. (1)** Notwithstanding section 44(2), but subject to subsection (3) and to its articles, a company may purchase or otherwise acquire its own issued shares—

- (a) to settle or compromise a debt or claim asserted by or against the company;
- (b) to eliminate fractional shares; or
- (c) to fulfil the terms of a non-assignable agreement under which the company has an option or is obligated to purchase shares owned by a director, an officer or an employee of the company.

**(2)** Notwithstanding section 38(2), a company may purchase or otherwise acquire its own issued shares—

- (a) to satisfy the claim of a shareholder who dissents under section 226; or
- (b) to comply with an order under section 241.

**(3)** A company shall not make any payment to purchase or acquire under subsection (1) shares issued by it if there are reasonable grounds for believing that—

- (a) the company is unable, or would, after the payment, be unable to pay its liabilities as they become due; or
- (b) the realisable value of the company's assets would, after that payment, be less than the aggregate of its liabilities and the amount required for payment on a redemption or in a winding up of all shares the holders of which have the right to be paid before the holders of the shares to be purchased or acquired.

### **Redeemable shares**

**40. (1)** Notwithstanding section 38(2) or section 39(3), but subject to subsection (2) of this section and to its articles, a company may, at prices not exceeding the redemption price thereof stated in its articles or calculated according to a formula stated in its articles, purchase or redeem any redeemable shares issued by it.

(2) A company shall not make any payment to purchase or redeem any redeemable shares issued by it if there are reasonable grounds for believing that—

- (a) the company is unable or would, after that payment, be unable to pay its liabilities as they become due; or
- (b) the realisable value of the company's assets would, after that payment, be less than the aggregate of—
  - (i) its liabilities; and
  - (ii) the amount that would be required to pay the holders of shares that have a right to be paid, on a redemption or in a winding up, rateably with or before the holders of the shares to be purchased or redeemed.

### Donated shares

41. Subject to section 45, a company may accept from any shareholder a share of the company surrendered to it as a gift, but may not extinguish or reduce a liability in respect of any amount unpaid on any such share except in accordance with section 43.

### Voting thereon

42. A company holding shares in itself or in its holding body corporate shall not vote or permit those shares to be voted thereon unless the company—

- (a) holds the shares in the capacity of a legal representative; and
- (b) has complied with section 145.

### Stated capital reduction

43. (1) Subject to subsection (3), a company may by special resolution reduce its stated capital by—

- (a) extinguishing or reducing a liability in respect of an amount unpaid on any share;
- (b) returning any amount in respect of consideration that the company received for an issued share, whether or not the company purchases, redeems or otherwise acquires any share or fraction thereof that it issued; and
- (c) declaring its stated capital to be reduced by an amount that is not represented by realisable assets.

(2) A special resolution under this section shall specify the stated capital account or accounts from which the reduction of stated capital effected by the special resolution will be deducted.

(3) A company shall not reduce its stated capital under subsection (1)(a) or (b) if there are reasonable grounds for believing that—

- (a) the company is unable, or would, after that reduction, be unable, to pay its liabilities as they become due; or
  - (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities.
- (4) A company that reduces its stated capital under this section shall not later than thirty days after the date of the passing of the resolution, serve notice of the resolution on all persons who on the date of the passing of the resolution were creditors of the company.
- (5) A creditor may apply to the court for an order compelling a shareholder or other recipient—
  - (a) to pay to the company an amount equal to any liability of the shareholder that was extinguished or reduced contrary to this section; or
  - (b) to pay or deliver to the company any money or property that was paid or distributed to the shareholder or other recipient as a consequence of a reduction of capital made contrary to this section.
- (6) An action to enforce a liability imposed by this section may not be commenced after two years from the date of the act complained of.
- (7) This section does not affect any liability that arises under section 84 or 85.

### **Stated capital adjustment**

- 44. (1)** Upon a purchase, redemption or other acquisition by a company under section 38, 39, 40, 56 or 226 or section 241(3)(f), of shares or fractions thereof issued by it, the company shall deduct, from the stated capital account maintained for the class or series of shares purchased, redeemed or otherwise acquired, an amount equal to the result obtained by multiplying the stated capital of the shares of that class or series by the number of shares of that class or series or fractions thereof purchased, redeemed or otherwise acquired, divided by the number of issued shares of that class or series immediately before the purchase, redemption or other acquisition.
- (2)** A company shall deduct the amount of a payment made by the company to a shareholder under section 241(3)(g) from the stated capital account maintained for the class or series of shares in respect of which the payment was made.
- (3)** A company shall adjust its stated capital accounts in accordance with any special resolution referred to in section 43(2).
- (4)** Upon a conversion of issued shares of a class into shares of another class, or upon a change under section 213, 236 or 241 of issued shares of a company into shares of another class or series, the company shall—
  - (a) deduct, from the stated capital account maintained for the class or series of shares changed or converted, an amount equal to the

result obtained by multiplying the stated capital of the shares of that class or series by the number of shares of that class or series changed or converted, divided by the number of issued shares of that class or series immediately before the change or conversion; and

- (b) add the result obtained under paragraph (a), and any additional consideration received by the company pursuant to the change, to the stated capital account maintained or to be maintained for the class or series of shares into which the shares have been changed or converted.

(5) For the purposes of subsection (4), when a company issues two classes of shares and there is attached to each of the classes a right to convert a share of the one class into a share of the other class, then, if a share of one class is converted into a share of the other class, the amount of stated capital attributable to a share in either class is the aggregate of the stated capital of both classes divided by the number of issued shares of both classes immediately before the conversion.

### **Cancellation of shares**

45. Shares or fractions of shares issued by a company and purchased, redeemed or otherwise acquired by the company shall be cancelled, or, if the articles of the company limit the number of authorised shares, the shares or fractions may be restored to the status of authorised, but unissued, shares.

### **Presumption re own shares**

46. For the purposes of sections 44 and 45, a company holding shares in itself as permitted by section 37 is deemed not to have purchased, redeemed or otherwise acquired those shares.

### **Changing share class**

47. (1) Shares issued by a company and converted or changed under section 213, 236 or 241 into shares of another class or series become issued shares of the class or series of shares into which the shares have been converted or changed.

(2) Where its articles limit the number of authorised shares of a class or series of shares of a company and issued shares of that class or series have become, pursuant to subsection (1), issued shares of another class or series, the number of unissued shares of the first-mentioned class or series shall, unless the articles of amendment or reorganisation otherwise provide, be increased by the number of shares that, pursuant to subsection (1), became shares of another class or series.

### **Effect of purchase contract**

48. (1) A contract with a company providing for the purchase of shares of the company is specifically enforceable against the company except to the

extent that the company cannot perform the contract without thereby being in breach of section 38 or 39.

(2) In any action brought on a contract referred to in subsection (1), the company has the burden of proving that performance of the contract is prevented by section 38 or 39.

(3) Until the company has fully performed a contract referred to in subsection (1), the other party retains the status of a claimant who is entitled—

- (a) to be paid as soon as the company is lawfully able to do so; or
- (b) to be ranked in a winding up subordinate to the rights of creditors but in priority to the shareholders.

### **Commission for share purchase**

49. The directors of a company acting honestly and in good faith with a view to the best interests of the company may authorise the company to pay a commission to any person in consideration of his purchasing or agreeing to purchase shares of the company from the company or from any other person, or procuring or agreeing to procure purchasers for any such shares.

### **Prohibited dividend**

50. A company shall not declare or pay a dividend if there are reasonable grounds for believing that—

- (a) the company is unable, or would, after the payment, be unable, to pay its liabilities as they become due; or
- (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

### **Payment of dividend**

51. (1) Subject to subsection (2) a company may pay a dividend in money, in property, or by issuing fully paid shares of the company.

(2) A company shall not pay a dividend in money or in property out of unrealised profits.

(3) If shares of a company are issued in payment of a dividend, the value of the dividend stated as an amount in money shall be added to the stated capital account maintained or to be maintained for the shares of the class or series issued in payment of the dividend.

### **Illicit loans by company**

52. (1) When circumstances prejudicial to the company exist, the company or any company with which it is affiliated shall not, except as permitted by section 53, directly or indirectly, give financial assistance by means of a loan, guarantee or otherwise—

- (a) to a shareholder, director, officer or employee of the company or affiliated company, or to an associate of any such person for any purpose; or
- (b) to any person for the purpose of, or in connection with, a purchase of a share issued or to be issued by the company or a company with which it is affiliated.

(2) Circumstances prejudicial to the company exist in respect of financial assistance mentioned in subsection (1) when there are reasonable grounds for believing that—

- (a) the company is unable or would, after giving the financial assistance, be unable to pay its liabilities as they become due; or
- (b) the realisable value of the company's assets, excluding the amount of any financial assistance in the form of a loan and in the form of assets pledged or encumbered to secure a guarantee, would, after giving the financial assistance, be less than the aggregate of the company's liabilities and stated capital of all classes.

### Permitted loans

**53.** Notwithstanding section 52, a company may give financial assistance to any person by means of a loan, guarantee or otherwise—

- (a) in the ordinary course of business, if the lending of money is part of the ordinary business of the company;
- (b) on account of expenditures incurred or to be incurred on behalf of the company;
- (c) to a holding body corporate if the company is a wholly-owned subsidiary of the holding body corporate;
- (d) to a subsidiary body corporate of the company;
- (e) to employees of the company or any of its affiliates; and
- (f) to shareholders of the company—
  - (i) to enable or assist them to purchase or erect living accommodation for their own occupation;
  - (ii) in accordance with a plan for the purchase of shares of the company or any of its affiliates to be held by a trustee; or
  - (iii) to enable or assist them to improve their education or skills, or to meet reasonable medical expenses.

### Enforcement of illicit loans

**54.** A contract made by a company contrary to section 52 may be enforced by the company or by a lender for value in good faith without notice of the contravention.

### **Immunity of shareholders**

**55.** The shareholders of a company are not, as shareholders, liable for any liability, act or default of the company except under section 43(5) or section 134(2).

### **Lien on shares**

**56. (1)** Subject to this Act, the articles of a company may provide that the company has a lien on a share registered in the name of a shareholder or his legal representative for a debt of that shareholder to the company including an amount unpaid in respect of a share issued by a company on the date it was continued under this Act.

**(2)** A company may enforce a lien referred to in subsection (1) in accordance with its byelaws.

### *Division D*

## **Management of Companies**

### **Duty of directors to manage company**

**57.** Subject to any unanimous shareholder agreement, the directors of a company shall—

- (a)* exercise the powers of the company directly or indirectly through the employees and agents of the company; and
- (b)* direct the management of the business and affairs of the company.

### **Secretary**

**58. (1)** Every company shall have a secretary and may have one or more assistant secretaries, who, or each of whom—

- (a)* shall be appointed by the director or directors, or if provision is made in the byelaws of a company for the appointment, in accordance with that provision; and
- (b)* may be an individual, a corporation or a firm.

**(2)** If a company carries on business for more than one month without complying with subsection (1) the company and every officer of the company who is in default is guilty of an offence.

### **Acts of Secretary, etc.**

**59. (1)** Anything required or authorised to be done by or in relation to the secretary, may, if the office is vacant, or if for any other reason the secretary is not capable of acting, be done by or in relation to any assistant secretary or, if there is no assistant or deputy secretary capable of acting, by or in relation to

any officer of the company authorised generally or specially in that behalf by the director or directors of the company.

(2) A provision requiring or authorising a thing to be done by or in relation to a director and the secretary is not satisfied by its being done by or in relation to the same person acting both as director and as, or in the place of, the secretary.

### Secretary of public company

60. (1) The directors of a public company shall take all reasonable steps to ensure that each secretary and assistant secretary of the company is a person who appears to the directors to have the requisite knowledge and experience to discharge the functions of a secretary of a public company.

(2) For the purpose of this section a person—

- (a) who, on the commencement date, held the office of secretary, assistant secretary or deputy secretary of a public company;
- (b) who, for at least three years of the five years immediately preceding his appointment as secretary, held the office of secretary of a public company;
- (c) who is a member in good standing of the Institute of Chartered Accountants of Montserrat, the Institute of Chartered Secretaries and Administrators or the Chartered Institute of Public Finance and Accountancy;
- (d) who is an attorney-at-law; or
- (e) who, by virtue of his holding or having held any other position or having been a member of any other body, appears to be capable of discharging the functions of a secretary of a public company,

may be assumed by a director of a public company to have the requisite knowledge and experience to discharge the functions of a secretary or assistant secretary of a public company, if the director does not know otherwise.

### Number of directors

61. (1) A company must have at least one director but a public company shall have no fewer than three directors, at least two of whom are not officers or employees of the company or any of its affiliates.

(2) Only an individual may be a director of a public company.

### Restricted powers

62. If the powers of the directors of a company to manage the business and affairs of the company are in whole or in part restricted by the articles of the company, the directors have all the rights, powers and duties of the directors to the extent that the articles do not restrict those powers; but the directors are

thereby relieved of their duties and liabilities to the extent that the articles restrict their powers.

### **Byelaw powers**

**63. (1)** Unless the articles, byelaws, or unanimous shareholder agreement otherwise provides, the directors of a company may by resolution make, amend, or repeal any byelaws for the regulation of the business or affairs of the company.

**(2)** The directors of a company shall submit a byelaw, or any amendment or repeal of a byelaw made under subsection (1) to the shareholders of the company at the next meeting of shareholders after the making, amendment or repeal of the byelaw; and the shareholders may, by ordinary resolution, confirm, amend or reject the byelaw, amendment or repeal.

**(3)** A byelaw, or any amendment or repeal of a byelaw, is effective from the date of the resolution of the directors making, amending or repealing the byelaw until—

- (a)* the byelaw, amendment or repeal is confirmed, amended or rejected by the shareholders pursuant to subsection (2); or
- (b)* the byelaw, amendment or repeal ceases to be effective pursuant to subsection (4),

and, if the byelaw, amendment or repeal is confirmed or amended by the shareholders, it continues in effect in the form in which it was confirmed or amended.

**(4)** When a byelaw, or an amendment or repeal of a byelaw is not submitted to the shareholders as required by subsection (2), or is rejected by the shareholders, the byelaw, amendment or repeal ceases to be effective; and no subsequent resolution of the directors to make, amend or repeal a byelaw having substantially the same purpose or effect is effective until the resolution is confirmed, with or without amendment, by the shareholders.

**(5)** A shareholder who is entitled to vote at an annual meeting of shareholders may, in accordance with sections 113 to 121, make a proposal to make, amend or repeal a byelaw.

### **Organisational meeting**

**64. (1)** After the issue of a certificate of incorporation of a company, a meeting of the directors of the company shall be held at which the directors may—

- (a)* make byelaws;
- (b)* adopt forms of share certificates and corporate records;
- (c)* authorise the issue of shares;
- (d)* appoint officers;

- (e) appoint an auditor to hold office until the first annual meeting of shareholders;
- (f) make banking arrangements; and
- (g) transact any other business.

(2) An incorporator or a director may call a meeting of directors referred to in subsection (1) by giving by post not less than seven clear days' notice of the meeting to each director and stating in the notice the time and place of the meeting.

(3) Subsection (1) does not apply to a company to which a certificate of amalgamation has been issued under section 225.

### **Disqualified directors**

**65. (1)** An individual who is prohibited by section 4(2) from forming or joining in the formation of a company may not be a director of any company.

(2) When an individual is disqualified under section 66 from being a director of a company, that individual may not, during that period of disqualification, be a director of any company.

### **Court disqualified directors**

**66. (1)** When, on the application of the Registrar, it is made to appear to the court that an individual is unfit to be concerned in the management of a company, the court may order that, without the prior leave of the court, he may not be a director of the company, or, in any way, directly or indirectly, be concerned with the management of the company for such period—

- (a) beginning—
  - (i) with the date of the order; or
  - (ii) if the individual is undergoing, or is to undergo a term of imprisonment and the court so directs, with the date on which he completes that term of imprisonment or is otherwise released from prison; and
- (b) not exceeding five years,

as may be specified in the order.

(2) In determining whether or not to make an order under subsection (1), the court shall have regard to all the circumstances that it considers relevant, including any previous convictions of the individual in Montserrat or elsewhere for an offence involving fraud or dishonesty or in connection with the promotion, formation or management of anybody corporate.

(3) Before making an application under this section in relation to any individual, the Registrar shall give that individual not less than ten days' notice of the Registrar's intention to make the application.

(4) On the hearing of an application made by the Registrar under this section or an application for leave under this section to be concerned with the management of a company, the Registrar and any individual concerned with the application may appear and call attention to any matters that are relevant, and may give evidence, call witnesses and be represented by an attorney-at-law.

(5) The Registrar shall register any order made under this section in a Register of Disqualified Directors to be maintained by him for that purpose.

*(Amended by Act 6 of 2002)*

### **No qualification required**

67. Unless the articles of a company otherwise provide, a director of the company need not hold shares issued by the company.

### **Notice of directors**

68. (1) At the time of sending articles of incorporation of a company to the Registrar, the incorporators shall send him, in the prescribed form, a notice of the names of the directors of the company; and the Registrar shall file the notice.

(2) Each director named in the notice referred to in subsection (1) holds office as a director of the company from the issue of the certificate of incorporation of the company until the first meeting of the shareholders of the company.

(3) Subject to section 70(b), the shareholders of a company, shall by ordinary resolution at the first meeting of the company and at each following annual meeting at which an election of directors is required, elect directors to hold office for a term expiring not later than the close of the third annual meeting of the shareholders of the company following the election.

(4) It is not necessary that all the directors of a company elected at a meeting of shareholders hold office for the same term.

(5) A director who is not elected for an expressly stated term ceases to hold office at the close of the first annual meeting of shareholders following his election.

(6) Notwithstanding subsections (2), (3) and (5), if directors are not elected at a meeting of shareholders, the incumbent directors continue in office until their successors are elected.

(7) If a meeting of shareholders fails, by reason of the disqualification, incapacity or death of any candidates, to elect the number or the minimum number of directors required by the articles of the company, the directors elected at that meeting may exercise all the powers of the directors as if the number of directors so elected constituted a quorum.

(8) The articles of a company or an unanimous shareholder agreement may, for terms expiring not later than the close of the third annual meeting of the shareholders following the election, provide for the election or appointment

of directors by the creditors or employees of the company or by any classes of these creditors or employees.

### **Alternate directors**

**69. (1)** A meeting of the shareholders of a company may, by ordinary resolution, elect a person to act as a director in the alternative to a director of the company, or may authorise the directors to appoint such alternative directors as are necessary for the proper discharge of the affairs of the company.

**(2)** An alternate director shall have all the rights and powers of the director for whom he is elected or appointed in the alternative, except that he shall not be entitled to attend and vote at any meeting of the directors otherwise than in the absence of that other director.

### **Cumulative voting**

**70.** Where the articles of a company provide for cumulative voting, the following rules apply—

- (a)* the articles shall require a fixed number, and not a minimum and maximum number of directors;
- (b)* each shareholder who is entitled to vote at an election of directors has the right to cast a number of votes equal to the number of votes attached to the shares held by him, multiplied by the number of directors to be elected, and he may cast all his votes in favour of one candidate, or distribute them among the candidates in any manner;
- (c)* a separate vote of shareholders shall be taken with respect to each candidate nominated for director unless a resolution is passed unanimously permitting two or more persons to be elected by a single resolution;
- (d)* if a shareholder votes for more than one candidate without specifying the distribution of his votes among the candidates, he distributes his votes equally among the candidates for whom he votes;
- (e)* if the number of candidates nominated for director exceeds the number of positions to be filled, the candidates who receive the least number of votes shall be eliminated until the number of candidates remaining equals the number of positions to be filled;
- (f)* each director ceases to hold office at the close of the first annual meeting of shareholders following his election;
- (g)* a director may not be removed from office if the votes cast against his removal would be sufficient to elect him and those votes could be voted cumulatively at the election at which the

same total number of votes were cast and the number of directors required by the articles were then being elected; and

- (h) the number of directors required by the articles may not be decreased if the votes cast against the motion to decrease would be sufficient to elect a director and those votes could be voted cumulatively at an election at which the same total number of votes were cast and the number of directors required by the articles were then being elected.

### **Termination of office**

**71. (1)** A director of a company ceases to hold office when—

- (a) he dies or resigns;
- (b) he is removed in accordance with section 72;
- (c) he becomes disqualified under section 65 or 66.

**(2)** The resignation of a director of a company becomes effective at the time his written resignation is sent to the company or at the time specified in the resignation, whichever is later.

### **Removal of directors**

**72. (1)** Subject to section 70(g), the shareholders of a company may—

- (a) by ordinary resolution at a special meeting, remove any director from office;
- (b) where a director was elected for a term exceeding one year and is not up for re-election at an annual meeting, remove such director by ordinary resolution at that meeting.

**(2)** Where the holders of any class or series of shares of a company have an exclusive right to elect one or more directors, a director so elected may only be removed by an ordinary resolution at a meeting of the shareholders of that class or series of shares.

**(3)** Subject to section 70(b) to (e), a vacancy created by the removal of a director may be filled at the meeting of the shareholders at which the director is removed, or, if the vacancy is not so filled, it may be filled pursuant to section 74.

### **Right to notice**

**73. (1)** A director of a company is entitled to receive notice of, and to attend and be heard at, every meeting of shareholders.

**(2)** A director—

- (a) who resigns;

- (b) who receives a notice or otherwise learns of a meeting of shareholders called for the purpose of removing him from office; or
- (c) who receives a notice or otherwise learns of a meeting of directors or shareholders at which another person is to be appointed or elected to fill the office of director, whether because of his resignation or removal, or because his term of office has expired or is about to expire,

may submit to the company a written statement giving the reasons for his resignation or the reasons why he opposes any proposed action or resolution.

(3) The company shall forthwith send a copy of the statement referred to in subsection (2) to the Registrar and to every shareholder entitled to receive notice of any meeting referred to in subsection (1).

(4) No company or person acting on its behalf incurs any liability by reason only of circulating a director's statement in compliance with subsection (3).

### **Filling vacancy**

74. (1) Subject to subsections (3) and (4), a quorum of directors of a company may fill a vacancy among the directors of the company, except a vacancy resulting from an increase in the number or minimum number of directors, or from a failure to elect the number or minimum number of directors required by the articles of the company.

(2) If there is no quorum of directors, or if there has been a failure to elect the number or minimum number of directors required by the articles, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy; and, if they fail to call a meeting, or if there are no directors then in office, the meeting may be called by any shareholder.

(3) Where the holders of any class or series of shares of a company have an exclusive right to elect one or more directors and a vacancy occurs among those directors—

- (a) then, subject to subsection (4), the remaining directors elected by that class or series may fill the vacancy except a vacancy resulting from an increase in the number or minimum number of directors for that class or series, or from a failure to elect the number or minimum number of directors for that class or series; or
- (b) if there are no such remaining directors, any holder of shares of that class or series may call a meeting of the holders thereof for the purpose of filling the vacancy.

(4) The articles of a company may provide that a vacancy among the directors be filled only—

- (a) by a vote of the shareholders; or

- (b) by a vote of the holders of any class or series of shares having an exclusive right to elect one or more directors, if the vacancy occurs among the directors elected by that class or series.

(5) A director appointed or elected to fill a vacancy holds office for the unexpired term of his predecessor.

### **Numbers changed**

75. The shareholders of a company may amend the articles of the company to increase or, subject to section 70(h) to decrease, the number of directors, or the minimum or maximum number of directors; but no decrease shortens the term of the incumbent director.

### **Notice of change**

76. (1) Within fifteen days after a change is made among its directors, a company shall send to the Registrar a notice in the prescribed form setting out the change; and the Registrar shall file the notice.

(2) Any interested person, or the Registrar, may apply to the court for an order to require a company to comply with subsection (1); and the court may so order and make any further order it thinks fit.

### **Directors' meetings**

77. (1) Unless the articles or byelaws of a company otherwise provide, the directors of a company may meet at any place, and upon such notice as the byelaws require.

(2) Subject to the articles or byelaws, a majority of the number of directors or minimum number of directors required by the articles constitutes a quorum at any meeting of directors; and notwithstanding any vacancy among the directors, a quorum of directors may exercise all the powers of the directors.

### **Notice and waiver**

78. (1) A notice of a meeting of the directors of a company shall specify any matter referred to in section 82(2) that is to be dealt with at the meeting; but, unless the byelaws of the company otherwise provide, the notice need not specify the purpose of or the business to be transacted at the meeting.

(2) A director may, in any manner, waive a notice of a meeting of directors; and attendance of a director at a meeting of directors is a waiver of notice of the meeting by the director except when he attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

### **Adjourned meeting**

79. Notice of an adjourned meeting of directors need not be given if the time and place of the adjourned meeting is announced at the original meeting.

### Telephone participation

**80. (1)** Subject to the byelaws of a company, a director may, if all the directors of the company consent, participate in a meeting of directors of the company or of a committee of the directors by means of such telephone or other communication facilities as permit all persons participating in the meeting to hear each other.

**(2)** A director who participates in a meeting of directors by such means as are described in subsection (1) is, for the purposes of this Act, present at the meeting.

### Delegation of powers

**81. (1)** Directors of a company may appoint from their number a managing director or a committee of directors and delegate to the managing director or committee any of the powers of the directors.

**(2)** Notwithstanding subsection (1), no managing director and no committee of directors of a company may—

- (a)* submit to the shareholders any question or matter requiring the approval of the shareholders;
- (b)* fill a vacancy among the directors or in the office of auditor;
- (c)* issue shares except in the manner and on the terms authorised by the directors;
- (d)* declare dividends;
- (e)* purchase, redeem or otherwise acquire shares issued by the company;
- (f)* pay a commission referred to in section 49;
- (g)* approve a management proxy circular referred to in Division F;
- (h)* approve any financial statements referred to in section 149; or
- (i)* adopt, amend or repeal byelaws.

### Validity of acts

**82.** An act of a director or officer is valid notwithstanding any irregularity in his election or appointment, or any defect in his qualification.

### Resolution in writing

**83. (1)** When a resolution in writing is signed by all the directors entitled to vote on that resolution at a meeting of directors or committee of directors—

- (a)* the resolution is as valid as if it had been passed at a meeting of directors or a committee of directors; and
- (b)* the resolution satisfies all the requirements of this Act relating to meetings of directors or committees of directors.

(2) A copy of every resolution referred to in subsection (1) shall be kept with the minutes of the proceedings of the directors or committee of directors.

*Liabilities of Directors*

**Liability for share issue**

**84.** Directors of a company who vote for or consent to a resolution authorising the issue of a share under section 28 for a consideration other than money are jointly and severally liable to the company to make good any amount by which the consideration received is less than the fair equivalent of the money that the company would have received if the share had been issued for money on the date of the resolution.

**Liability for other acts**

**85.** Directors of a company who vote for, or consent to, a resolution authorising—

- (a) a purchase, redemption or other acquisition of shares contrary to section 38, 39 or 40;
- (b) a commission contrary to section 49;
- (c) a payment of a dividend contrary to section 50 or 51;
- (d) financial assistance contrary to section 52;
- (e) a payment of an indemnity contrary to any of the provisions of sections 226 to 235 or 241,

are jointly and severally liable to restore to the company any amounts so distributed or paid and not otherwise recovered by the company.

**Contribution for judgment**

**86.** A director who has satisfied a judgment founded on a liability under section 84 or 85 is entitled to contribution from the other directors who voted for or consented to the unlawful act upon which the judgment was founded.

**Recovery by action**

**87. (1)** A director who is liable under section 85 may apply to the court for an order compelling a shareholder or other recipient to pay or deliver to the director any money or property that was paid or distributed to the shareholder or other recipient contrary to section 38, 39, 40, 49, 50, 51, 52 or 53.

(2) In connection with an application under subsection (1), the court may, if it is satisfied that it is equitable to do so—

- (a) order a shareholder or other recipient to pay or deliver to a director any money or property that was paid or distributed to the shareholder or other recipient contrary to any of the

provisions of section 38, 39, 40, 49, 50, 51, 52, 53, 98 to 102, 226 to 235 or 241;

- (b) order a company to return or issue shares to a person from whom the company has purchased, redeemed or otherwise acquired shares; or
- (c) make any further order it thinks fit.

### **Defence to liability**

**88.** A Director of a company is not liable under section 84 if he did not know and could not reasonably have known that the share was issued for a consideration less than the fair equivalent of the money that the company would have received if the share had been issued for money.

### **Time limit on liability**

**89.** An action to enforce a liability imposed under section 84 or 86 may not be commenced after two years from the date of the resolution authorising the action complained of.

### *Contractual Interest*

### **Interests in contracts**

**90. (1)** A director or officer of a company—

- (a) who is a party to a material contract or proposed material contract with the company; or
- (b) who is a director or an officer of anybody, or has a material interest in anybody, that is a party to a material contract or proposed material contract with the company,

shall disclose in writing to the company or request to have entered in the minutes of meetings of directors the nature and extent of his interest.

**(2)** The disclosure required by subsection (1) shall be made, in the case of a director of a company—

- (a) at the meeting at which a proposed contract is first considered;
- (b) if the director was not then interested in a proposed contract, at the first meeting after he becomes so interested;
- (c) if the director becomes interested after a contract is made, at the first meeting after he becomes so interested; or
- (d) if a person who is interested in a contract later becomes a director of the company, at the first meeting after he becomes a director.

**(3)** The disclosure required by subsection (1) shall be made, in the case of an officer of a company who is not a director—

- (a) forthwith after he becomes aware that the contract or proposed contract is to be considered, or has been considered, at a meeting of directors of the company;
  - (b) if the officer becomes interested after a contract is made, forthwith after he becomes so interested; or
  - (c) if a person who is interested in a contract later becomes an officer of the company, forthwith after he becomes an officer.
- (4) If a material contract or a proposed material contract is one that, in the ordinary course of the company's business, would not require approval by the directors or shareholders of the company, a director or officer of the company shall disclose in writing to the company, or request to have entered in the minutes of meetings of directors, the nature and extent of his interest forthwith after the director or officer becomes aware of the contract or proposed contract.

(5) A director of a company who is referred to in subsection (1) may vote on any resolution to approve a contract that he has an interest in, if the contract—

- (a) is an arrangement by way of security for money loaned to, or obligations undertaken by him, for the benefit of the company or an affiliate of the company;
  - (b) is a contract that relates primarily to his remuneration as a director, officer, employee or agent of the company or an affiliate of the company;
  - (c) is a contract for indemnity or insurance under sections 98 to 102;
  - (d) is a contract with an affiliate of the company; or
  - (e) is a contract other than one referred to in paragraphs (a) to (d),
- but, in the case of a contract described in paragraph (e), no resolution is valid unless notice of the nature and extent of the director's interest in the contract is declared and disclosed in reasonable detail to the shareholders of the company and the resolution is approved by not less than two-thirds of the votes.

### **Interest declaration**

91. For the purposes of section 90, a general notice to the directors of a company by a director or an officer of the company declaring that he is a director or officer of, or has a material interest in, another body, and is to be regarded as interested in any contract with that body is a sufficient declaration of interest in relation to any such contract.

### **Avoidance of nullity**

92. A material contract between a company and one or more of its directors or officers, or between a company and another body of which a director or

officer of the company is a director or officer, or in which he has a material interest, is neither void nor voidable—

- (a) by reason only of that relationship; or
- (b) by reason only that a director with an interest in the contract is present at, or is counted to determine the presence of a quorum at, a meeting of directors or a committee of directors that authorised the contract,

if the director or officer disclosed his interest in accordance with section 90(2), (3) or (4) or section 91, as the case may be, and the contract was approved by the directors or the shareholders and was reasonable and fair to the company at the time it was approved.

### Setting aside contract

**93.** When a director or officer of a company fails to disclose, in accordance with section 90 or 91, his interest in a material contract made by the company, the court may, upon the application of the company or a shareholder of the company set aside the contract on such terms as the court thinks fit.

### *Officers of the Company*

#### Designation of offices, etc.

**94.** Subject to this Act and to the articles or byelaws of a company or any unanimous shareholder agreement—

- (a) the directors of the company may designate the offices of the company, appoint as officers persons of full capacity, specify their duties and delegate to them powers to manage the business and affairs of the company, except powers to do anything referred to in section 81(2);
- (b) a director may be appointed to any office of the company; and
- (c) two or more offices of the company may be held by the same person.

### *Borrowing Powers of Directors*

#### Borrowing powers

**95. (1)** Unless the articles or byelaws of, or any unanimous shareholder agreement relating to, the company otherwise provide, the directors of the company may, without authorisation of the shareholders—

- (a) borrow money upon the credit of the company;
- (b) issue, re-issue, sell or pledge debentures of the company;
- (c) subject to section 52, give a guarantee on behalf of the company to secure performance of an obligation of any person; and

- (d) mortgage, charge, pledge, or otherwise create to secure any obligation of the company or any other person a security interest in all or any property of the company that is owned or subsequently acquired by the company.

(2) Notwithstanding section 81(2) and section 94(a), unless the articles or byelaws of, or any unanimous shareholder agreement relating to, a company otherwise provide, the directors of the company may by resolution delegate the powers mentioned in subsection (1) to a director, a committee of directors or any officer of the company.

### *Duty of Directors and Officers*

#### **Duty of care**

**96. (1)** Every director and officer of a company in exercising his powers and discharging his duties shall—

- (a) act honestly and in good faith with a view to the best interests of the company; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(2) In determining what are the best interests of a company, a director shall have regard to the interests of the company's employees in general as well as to the interests of its shareholders.

(3) The duty imposed by subsection (2) on the directors of a company is owed by them to the company alone; and the duty is enforceable in the same way as any other fiduciary duty owed to a company by its directors.

(4) No information about the business or affairs of a company shall be disclosed by a director or officer of the company except—

- (a) for the purposes of the exercise or performance of his functions as a director or officer;
- (b) for the purposes of any legal proceedings;
- (c) pursuant to the requirements of any enactment; or
- (d) when authorised by the company.

(5) Every director and officer of a company shall comply with this Act and the regulations, and with the articles and byelaws of the company, and any unanimous shareholder agreement relating to the company.

(6) Subject to section 134(2), no provision in a contract, the articles of a company, its byelaws or any resolution, relieves a director or officer of the company from the duty to act in accordance with this Act or the regulations, or relieves him from liability for a breach of this Act or the regulations.

**Dissenting to resolutions**

**97. (1)** A director who is present at a meeting of the directors or of a committee of directors consents to any resolution passed or action taken at that meeting, unless—

- (a) he requests that his dissent be or his dissent is entered in the minutes of the meeting;
- (b) he sends his written dissent to the secretary of the meeting before the meeting is adjourned; or
- (c) he sends his dissent by registered post or delivers it to the registered office of the company immediately after the meeting is adjourned.

**(2)** A director who votes for, or consents to, a resolution may not dissent under subsection (1).

**(3)** A director who was not present at a meeting at which a resolution was passed or action taken is presumed to have consented thereto unless, within seven days after he becomes aware of the resolution, he—

- (a) causes his dissent to be placed with the minutes of the meeting; or
- (b) sends his dissent by registered post or delivers it to the registered office of the company.

**(4)** A director is not liable under section 86, 87 or 96 if he relies in good faith upon—

- (a) financial statements of the company represented to him by an officer of the company; or
- (b) a report of an attorney-at-law, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by him.

*Indemnities***Indemnifying directors, etc.**

**98. (1)** Except in respect of an action by or on behalf of a company or body corporate to obtain a judgment in its favour, a company may indemnify—

- (a) a director or officer of the company;
- (b) a former director or officer of the company; or
- (c) a person who acts or acted at the company's request as a director or officer of a body corporate of which the company is or was a shareholder or creditor,

and his legal representatives, against all costs, charges and expenses (including an amount paid to settle an action or satisfy a judgment) reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding

to which he is made a party by reason of being, or having been, a director or officer of that company or body corporate.

(2) Subsection (1) does not apply unless the director or officer to be so indemnified—

- (a) acted honestly and in good faith with a view to the best interests of the company; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his conduct was lawful.

### **For derivative action**

**99.** A company may with the approval of the court indemnify a person referred to in section 98 in respect of an action—

- (a) by or on behalf of the company or body corporate to obtain a judgment in its favour; and
- (b) to which he is made a party by reason of being or having been a director or an officer of the company or body corporate,

against all costs, charges and expenses reasonably incurred by him in connection with the action, if he fulfils the conditions set out in section 98(2).

### **Right to indemnity**

**100.** Notwithstanding anything in section 98 or 99, a person described in section 98 is entitled to indemnity from the company in respect of all costs, charges and expenses reasonably incurred by him in connection with the defence of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being, or having been, a director or officer of the company or body corporate, if the person seeking indemnity—

- (a) was substantially successful on the merits in his defence of the action or proceeding;
- (b) is qualified in accordance with the standards set out in section 98 or 99; and
- (c) is fairly and reasonably entitled to indemnity.

### **Insurance of directors, etc.**

**101.** A company may purchase and maintain insurance for the benefit of any person referred to in section 98 against any liability incurred by him under section 96(1)(b) in his capacity as a director or officer of the company.

### **Court approval of indemnity**

**102. (1)** A company or person referred to in section 98 may apply to the court for an order approving an indemnity under section 99 or 100; and the court may so order and make any further order it thinks fit.

(2) An applicant under subsection (1) shall give the Registrar notice of the application; and the Registrar may appear and be heard in person or by an attorney-at-law.

(3) Upon an application under subsection (1), the court may order notice to be given to any interested person; and that person may appear and be heard in person or by an attorney-at-law.

## Remuneration

103. Subject to its articles or byelaws, or any unanimous shareholder agreement, the directors of a company may fix the remuneration of the directors, officers and employees of the company.

## *Division E*

## Shareholders of Companies

### Shareholders and their meetings

104. (1) The following persons are shareholders in a company, and namely—

- (a) a person who is a member of the company under section 371(3);
- (b) the personal representative of a deceased shareholder and the trustee in bankruptcy of a bankrupt shareholder;
- (c) a person in whose favour a transfer of shares has been executed but whose name has not been entered in the register of members of the company or, if two or more such transfers have been executed, the person in whose favour the most recent transfer has been made.

(2) In this Act any reference to holders of shares is a reference to persons who are shareholders in respect of the shares and any reference to holding shares shall be construed accordingly.

(3) For the purposes of this Act shares shall be considered as having been issued if any person is a shareholder in respect of them.

(4) Meetings of shareholders of a company shall be held at the place within Montserrat provided in the byelaws, or, in the absence of any such provision, at the place within Montserrat that the directors determine.

(5) Notwithstanding subsection (4), a meeting of shareholders of a company may be held outside Montserrat if all the shareholders entitled to vote at the meeting so agree.

(6) A shareholder who attends a meeting of shareholders held outside Montserrat agrees to its being so held unless he attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully held.

## **Meeting outside Montserrat**

**105.** Notwithstanding section 104, if the articles of a company so provide, meetings of shareholders of the company may be held outside Montserrat at one or more places specified in the articles.

## **Calling meetings**

**106.** The directors of a company—

- (a) shall call an annual meeting of shareholders not later than eighteen months after the company comes into existence, and subsequently not later than fifteen months after holding the last preceding annual meeting; and
- (b) may at any time call a special meeting of shareholders.

## **Record date of shareholders**

**107. (1)** For the purpose of—

- (a) determining the shareholders of the company who are—
  - (i) entitled to receive payment of a dividend; or
  - (ii) entitled to participate in a winding up distribution; or
- (b) determining the shareholders of the company for any other purpose except the right to receive notice of, or to vote at, a meeting,

the directors may fix in advance a date as the record date for the determination of shareholders; but that record date shall not precede by more than thirty days the particular action to be taken.

**(2)** For the purpose of determining shareholders who are entitled to receive notice of a meeting of shareholders of the company, the directors of the company may fix in advance a date as the record date for the determination of shareholders; but the record date shall not precede by more than thirty days or by less than seven days the date on which the meeting is to be held.

## **Statutory date**

**108.** If no record date is fixed—

- (a) the record date for determining the shareholders who are entitled to receive a notice of a meeting of the shareholders is—
  - (i) the close of business on the date immediately preceding the day on which the notice is given; or
  - (ii) if no notice is given, the day on which the meeting is held; and
- (b) the record date for the determination of shareholders for any purpose other than the purpose specified in paragraph (a) is the

close of business on the day on which the directors pass the resolution relating to that purpose.

### **Notice of record date**

**109.** If a record date is fixed under section 107 notice thereof shall, in the case of a public company, be given by advertisement in a newspaper published in Montserrat not less than seven days before the date so fixed.

### **Notice of meeting**

**110. (1)** Notice of the time and place of a meeting of shareholders shall be sent not less than seven days nor more than thirty days before the meeting—

- (a) to each shareholder entitled to vote at the meeting;
- (b) to each director; and
- (c) to the auditor of the company.

**(2)** A notice of a meeting of shareholders of a company is not required to be sent to shareholders of the company who were not registered on the records of the company or its transfer agent on the record date determined under section 107 or 108, as the case may be; but failure to receive notice does not deprive a shareholder of the right to vote at the meeting.

**(3)** If a meeting of shareholders is adjourned for less than thirty days, it is not necessary, unless the byelaws otherwise provide, to give notice of the adjourned meeting, other than by announcement at the meeting that is adjourned.

**(4)** If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty days or more, notice of the adjourned meeting shall be given as for an original meeting; but, unless the meeting is adjourned by one or more adjournments for an aggregate of more than ninety days, section 140(1) does not apply.

### **Special business**

**111. (1)** All business transacted at a special meeting of shareholders, and all business transacted at an annual meeting of shareholders, is special business, except—

- (a) the consideration of the financial statements;
- (b) the directors' report, if any;
- (c) the auditor's report, if any;
- (d) the sanction of dividends;
- (e) the election of directors; and
- (f) the re-appointment of the incumbent auditor.

**(2)** Notice of a meeting of shareholders at which special business is to be transacted shall state—

- (a) the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment thereon; and
- (b) the text of any special resolution to be submitted to the meeting.

### **Shareholder meetings; waiver of notice and telephone participation**

**112. (1)** A shareholder and any other person who is entitled to attend a meeting of shareholders may in any manner waive notice of the meeting; and the attendance of any person at a meeting of shareholders is a waiver of notice of the meeting by that person, unless he attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

**(2)** Subject to the byelaws of a company, a shareholder may, if all the shareholders of the company consent, participate in a meeting of shareholders of the company by means of such telephone or other communication facilities as permit all persons participating in the meeting to hear each other.

**(3)** A shareholder who participates in a meeting of shareholders by such means as are described in subsection (2) is, for the purposes of this Act, present at the meeting.

### *Proposals and Proxies*

#### **“Proposals” of shareholders**

**113.** A shareholder of a company who is entitled to vote at an annual meeting of the shareholders may—

- (a) submit to the company notice of any matter that he proposes to raise at the meeting, in this Division referred to as a **“proposal”**; and
- (b) discuss at the meeting any matter in respect of which he would have been entitled to submit a proposal.

#### **Proxy circular**

**114. (1)** A company that solicits proxies shall set the proposal out in the management proxy circular required by section 140 or attach the proposal to that circular.

**(2)** If so requested by a shareholder who submits a proposal to a company, the company shall include in the management proxy circular, or attach to it, a statement by the shareholder of not more than 200 words in support of the proposal, and the name and address of the shareholder.

#### **Nomination in proposal**

**115.** A proposal may include nominations for the election of directors if the proposal is signed by one or more holders of shares who represent in the aggregate not less than—

- (a) 5% of the shares of the company; or
- (b) 5% of the shares of a class of shares of the company,

entitled to vote at a meeting to which the proposal is to be presented; but this subsection does not preclude nominations made at a meeting of shareholders of a company that is not required to solicit proxies under section 140.

### **Non-compliance with proxy solicitation**

**116.** A company is not required to comply with section 114(2) if—

- (a) the proposal is not submitted to the company at least ninety days before the anniversary date of the previous annual meeting of shareholders of the company;
- (b) it clearly appears that the proposal is submitted by the shareholder primarily for the purpose of enforcing a personal claim or redressing a personal grievance against the company or its directors, officers, shareholders or debenture holders or primarily for the purpose of promoting general economic, political, racial, religious, social or similar causes;
- (c) the company, at the shareholder's request, included a proposal in a management proxy circular relating to a meeting of shareholders held within two years preceding the receipt of that request and the shareholder failed to present the proposal, in person or by proxy, at the meeting;
- (d) substantially the same proposal was submitted to shareholders in a management proxy circular or a dissident's proxy circular relating to a meeting of shareholders held within two years preceding the receipt of the shareholder's request and the proposal was defeated; or
- (e) the rights conferred by that subsection are being abused to secure publicity.

### **Publishing immunity**

**117.** No company, or person acting on its behalf, incurs any liability by reason only of circulating a proposal or statement in compliance with this Act.

### **Refusal notice**

**118.** When a company refuses to include a proposal in a management proxy circular, the company shall, within ten days after receiving the proposal, notify the shareholder submitting the proposal of its intention to omit the proposal from the management proxy circular; and the company shall send him a statement of the reasons for its refusal.

### **Restraining meeting**

**119.** Upon application to the court by a shareholder of a company who is claiming to be aggrieved by the company's refusal under section 118 to include a proposal in a management proxy circular, the court may restrain the holding of the meeting to which the proposal is sought to be presented and make any further order it thinks fit.

### **Right to omit proposal**

**120.** A company or any person claiming to be aggrieved by a proposal submitted to the company may apply to the court for an order permitting the company to omit the proposal from its management proxy circular; and the court may, if it is satisfied that section 116 applies, make such order as it thinks fit.

### **Registrar's notice**

**121.** An applicant under section 119 or 120 shall give the Registrar notice of the application, and the Registrar may appear and be heard in person or by an attorney-at-law.

## *Shareholder Lists*

### **List of shareholders**

**122. (1)** A company shall—

- (a) not later than ten days after the record date is fixed under section 107(2), if a record date is so fixed; or
- (b) if no record date is fixed—
  - (i) at the close of business on the date immediately preceding the day on which the notice is given; or
  - (ii) if no notice is given, as of the day on which the meeting is held,

prepare a list of its shareholders who are entitled to receive notice of a meeting, arranged in alphabetical order and showing the number of shares held by each shareholder.

**(2)** When a company fixes a record date under section 107(2), a person named in the list prepared under subsection (1)(a) is, subject to subsection (3) entitled, at the meeting to which the list relates to vote the shares shown opposite his name.

**(3)** Where a person has transferred the ownership of any of his shares in a company after the record date fixed by the company, if the transferee of those shares—

- (a) produces properly endorsed share certificates to the company or otherwise establishes to the company that he owns the shares; and
- (b) demands, not later than ten days before the meeting of the shareholders of the company, that his name be included in the list of shareholders before the meeting,

the transferee may vote his shares at the meeting.

(4) When a company does not fix a record date under section 107(2), a person named in a list of shareholders prepared under subsection (1)(b) may, at the meeting to which the list relates, vote the shares shown opposite his name.

### Examination of list

123. A shareholder of a company may examine the list of its shareholders—

- (a) during usual business hours at the registered office of the company or at the place where its register of shareholders is maintained; and
- (b) at the meeting of shareholders for which the list was prepared.

### *Quorum*

### Quorum at meetings

124. (1) Unless the byelaws otherwise provide, a quorum of shareholders is present at a meeting of shareholders if the holders of a majority of the shares entitled to vote at the meeting are present in person or represented by proxy.

(2) If a quorum is present at the opening of a meeting of shareholders, the shareholders present may, unless the byelaws otherwise provide, proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.

(3) If a quorum is not present within thirty minutes of the time appointed for a meeting of shareholders, the meeting stands adjourned to the same day two weeks thereafter, at the same time and place; and, if at the adjourned meeting, a quorum is not present within thirty minutes of the appointed time, the shareholders present constitute a quorum.

(4) When a company has only one shareholder, or has only one shareholder of any class or series of shares, that shareholder present in person or by proxy constitutes a meeting.

*Voting the Shares*

**Right to vote share**

**125.** Unless the articles of the company otherwise provide, on a show of hands a shareholder or proxy holder has one vote; and upon a poll a shareholder or proxy holder has one vote for every share held.

**Representative of other body**

**126. (1)** When a body corporate or association is a shareholder of a company, the company shall recognise any individual authorised by a resolution of the directors or governing body of the body corporate or association to represent it at meetings of shareholders of the company.

**(2)** An individual who is authorised as described in subsection (1) may exercise, on behalf of the body corporate or association that he represents, all the powers it could exercise if it were an individual shareholder.

**Joint shareholders**

**127.** Unless the byelaws otherwise provide, if two or more persons hold shares jointly, one of those holders present at a meeting of shareholders may, in the absence of the other, vote the shares; but if two or more of those persons who are present, in person or by proxy, vote, they shall vote as one on the shares jointly held by them.

**Voting method at meetings**

**128. (1)** Unless the byelaws otherwise provide, voting at a meeting of shareholders shall be by a show of hands, except when a poll is demanded by a shareholder or proxy holder entitled to vote at the meeting.

**(2)** A shareholder or proxy holder may demand a poll either before or after any vote by show of hands.

**Resolution in writing**

**129. (1)** Except where a written statement is submitted by a director under section 73 or an auditor under section 170—

- (a)* a resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders; and
- (b)* a resolution in writing dealing with all matters required by this Act to be dealt with at a meeting of shareholders, and signed by all the shareholders entitled to vote at that meeting, satisfies all the requirements of this Act relating to meetings of shareholders.

(2) A copy of every resolution referred to in subsection (1) shall be kept with the minutes of the meetings of shareholders but failure so to keep such copy does not render void any action taken by the company.

### *Compulsory Meeting*

#### **Requisitioned shareholders meeting**

**130. (1)** The holders of not less than 5% of the issued shares of a company that carry the right to vote at a meeting sought to be held by them may requisition the directors to call a meeting of shareholders for the purposes stated in the requisition.

(2) The requisition referred to in subsection (1), which may consist of several documents of like form, each signed by one or more shareholders of the company, shall state the business to be transacted at the meeting and shall be sent to each director and to the registered office of the company.

(3) Upon receiving a requisition referred to in subsection (1), the directors shall call a meeting of shareholders to transact the business stated in the requisition, unless—

- (a) a record date has been fixed under section 107(2) and notice thereof has been given under section 109;
- (b) the directors have called a meeting of shareholders and have given notice thereof under section 110; or
- (c) the business of the meeting as stated in the requisition includes matters described in section 116(b) to (e).

(4) If, after receiving a requisition referred to in subsection (1), the directors do not call a meeting of shareholders within twenty one days after receiving the requisition, any shareholder who signed the requisition may call the meeting.

(5) A meeting called under this section shall be called as nearly as possible in the manner in which meetings are to be called pursuant to the byelaws, this Division and Division F.

(6) Unless the shareholders otherwise resolve at a meeting called under subsection (4), the company shall reimburse the shareholders who requisitioned the meeting the expenses reasonably incurred by them in requisitioning, calling and holding the meeting.

#### **Court-called meeting**

**131. (1)** Upon the application to the court by a director of a company or a shareholder of the company who is entitled to vote at a meeting of the shareholders, or by the Registrar, the court may—

- (a) when for any reason it is impracticable—

- (i) to call a meeting of shareholders in the manner in which meetings of shareholders can be called; or
- (ii) to conduct the meeting in the manner prescribed by the byelaws and this Act; or
- (b) when the directors fail to call a meeting of the shareholders in contravention of section 130; or
- (c) for any other reason thought fit by the court,

order a meeting of shareholders to be called, held and conducted in such manner as the court may direct.

(2) Without restricting the generality of subsection (1), the court may order that the quorum required by the byelaws or this Act be varied or dispensed with at a meeting called, held and conducted pursuant to this section.

(3) A meeting of the shareholders of a company called, held and conducted pursuant to this section is for all purposes a meeting of shareholders of the company duly called, held and conducted.

### *Controverted Affairs*

#### **Court review controversy**

**132. (1)** A company or a shareholder or director thereof may apply to the court to determine any controversy with respect to an election or appointment of a director or auditor of the company.

(2) Upon an application made under this section, the court may make any order it thinks fit including—

- (a) an order restraining a director or auditor whose election or appointment is challenged from acting, pending determination of the dispute;
- (b) an order declaring the result of the disputed election or appointment;
- (c) an order requiring a new election or appointment, and including in the order directions for the management of the business and affairs of the company until a new election is held, or appointment made; and
- (d) an order determining the voting rights of shareholders and of persons claiming to own shares.

*Shareholder Agreements***Pooling agreement**

**133.** A written agreement between two or more shareholders of a company may provide that in exercising voting rights the shares held by them will be voted as provided in the agreement.

**Unanimous shareholder agreement**

**134. (1)** An otherwise lawful written agreement among all the shareholders of a company, or among all the shareholders and a person who is not a shareholder, that restricts, in whole or in part, the powers of the directors of the company to manage the business and affairs of the company is valid.

**(2)** A shareholder who is a party to any unanimous shareholder agreement has all the rights, powers and duties, and incurs all the liabilities of a director of the company to which the agreement relates, to the extent that the agreement restricts the discretion or powers of the directors to manage the business and affairs of the company; and the directors are thereby relieved of their duties and liabilities to the same extent.

**(3)** If a person who is the beneficial owner of all the issued shares of a company makes a written declaration that restricts in whole or in part the powers of the directors to manage the business and affairs of the company, the declaration constitutes a unanimous shareholder agreement.

**(4)** Where any unanimous shareholder agreement is executed or terminated, written notice of that fact, together with the date of the execution or termination thereof, shall be filed with the Registrar within fifteen days after the execution or termination.

*Shareholder Approvals***Extraordinary transaction**

**135. (1)** A sale, lease or exchange of all, or substantially all, the property of a company other than in the ordinary course of business of the company requires the approval of the shareholders in accordance with this section.

**(2)** A notice of a meeting of shareholders complying with section 110 shall be sent in accordance with that section to each shareholder and shall—

- (a)* include or be accompanied by a copy or summary of the agreement of sale, lease or exchange; and
- (b)* state that a dissenting shareholder is entitled to be paid the fair value of his shares in accordance with section 226,

but failure to make the statement referred to in paragraph *(b)* does not invalidate a sale, lease or exchange referred to in subsection (1).

**(3)** At the meeting referred to in subsection (2) the shareholders may authorise the sale, lease or exchange of the property, and may fix or authorise

the directors to fix any of the terms and conditions of the sale, lease or exchange.

(4) Each share of the company carries the right to vote in respect of a sale, lease or exchange referred to in subsection (1), whether or not it otherwise carries the right to vote.

(5) The shareholders of a class or series of shares of the company are entitled to vote separately as a class or series in respect of a sale, lease or exchange referred to in subsection (1) only if the class or series is affected by the sale, lease or exchange in a manner different from the shares of another class or series.

(6) A sale, lease or exchange referred to in subsection (1) is adopted when the shareholders of each class or series of shares who are entitled to vote thereon have, by special resolution, approved of the sale, lease or exchange.

(7) The directors of a company, if authorised by the shareholders approving a proposed sale, lease or exchange, may, subject to the rights of third parties, abandon the sale, lease or exchange without any further approval of the shareholders.

### *Division F*

### **Proxies**

#### **Definitions**

**136. (1)** In this Part—

**“form of proxy”** means a written or printed form that, upon completion and signature by or on behalf of a shareholder, becomes a proxy;

**“proxy”** means a completed and signed form of proxy by means of which a shareholder appoints a proxy holder to attend and act on his behalf at a meeting of shareholders;

**“registrant”** means a broker or dealer required to be registered to trade or deal in shares or debentures under the law of any jurisdiction;

**“solicit” or “solicitation”** includes, subject to subsection (2)—

- (a) a request for a proxy, whether or not accompanied with or included in a form of proxy;
- (b) a request to execute or not to execute a form of proxy or to revoke a proxy; and
- (c) the sending of a form of proxy or other communication to a shareholder under circumstances reasonably calculated to result in the procurement, withholding or revocation of a proxy;

**“solicitation by or on behalf of the management of a company”** means a solicitation by any person pursuant to a resolution or instructions of, or with the acquiescence of, the directors or a committee of directors of the company concerned.

- (2) The term “**solicit**” or “**solicitation**” does not include—
- (a) the sending of a form of proxy in response to an unsolicited request made by or on behalf of a shareholder;
  - (b) the performance of administrative acts or professional services on behalf of a person soliciting a proxy;
  - (c) the sending by a registrant of the documents referred to in section 145; or
  - (d) a solicitation by a person in respect of shares of which he is the beneficial owner.

### *Proxy Holders*

#### **Proxy appointment**

**137. (1)** A shareholder who is entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxy holder, or one or more alternate proxy holders, none of whom need be shareholders, to attend and act at the meeting in the manner and to the extent authorised by the proxy and with the authority conferred by the proxy.

**(2)** A proxy shall be executed in writing by the shareholder or his attorney authorised in writing.

**(3)** A proxy is valid only at the meeting in respect of which it is given or any adjournment of that meeting.

#### **Revocation of proxy**

**138.** A shareholder of a company may revoke a proxy—

- (a) by depositing an instrument in writing executed by him or by his attorney authorised in writing—
  - (i) at the registered office of the company at any time, up to and including the last business day preceding the day of the meeting, or any adjournment of that meeting, at which the proxy is to be used; or
  - (ii) with the chairman of the meeting on the day of the meeting or any adjournment of that meeting; or
- (b) in any other manner permitted by law.

#### **Deposit of proxy**

**139. (1)** The directors of a company may specify in a notice calling a meeting of the shareholders of the company a time not exceeding 48 hours preceding the meeting or an adjournment of the meeting before which time proxies to be used at the meeting shall be deposited with the company or its agent.

(2) In the calculation of time for the purposes of subsection (1), Saturdays and holidays are to be excluded.

### **Mandatory solicitation of proxy**

**140. (1)** Subject to subsection (2), the management of a company shall, concurrently with the giving of notice of a meeting of shareholders, send a form of proxy in the prescribed form to each shareholder who is entitled to receive notice of the meeting.

(2) Where a company has fewer than fifteen shareholders, two or more joint shareholders being counted as one, the management of the company need not send a form of proxy under subsection (1).

### **Prohibited solicitation**

**141.** A person shall not solicit proxies unless there is sent to the auditor of the company, to each shareholder whose proxy is solicited and to the company if the solicitation is not by or on behalf of the management of the company—

- (a) a management proxy circular in the prescribed form, either as an appendix to, or as a separate document accompanying the notice of the meeting, when the solicitation is by or on behalf of the management of the company; or
- (b) a dissident's proxy solicitation, in the prescribed form stating the purpose of the solicitation, when the solicitation is not by or on behalf of the management of the company.

### **Documents for Registrar**

**142.** A person required to send a management proxy circular or dissident's proxy circular shall concurrently send a copy thereof to the Registrar, together with a copy of the notice of the meeting, form of proxy and any other documents for use in connection with the meeting.

### **Exemption by Registrar**

**143.** Upon the application of an interested person, the Registrar may, on such terms as he thinks fit, exempt that person from any of the requirements of section 140 or 141, and the exemption may be given retroactive effect by the Registrar.

### **Proxy attending meeting**

**144. (1)** A person who solicits a proxy and is appointed proxy holder shall—

- (a) attend in person, or cause an alternate proxy holder to attend, the meeting in respect of which the proxy is given; and
- (b) comply with the directions of the shareholder who appointed him.

(2) A proxy holder or an alternate proxy holder has the same rights as the shareholder who appointed him—

- (a) to speak at the meeting of shareholders in respect of any matter;
- (b) to vote by way of ballot at the meeting; and
- (c) except when a proxy holder or an alternate proxy holder has conflicting instructions from more than one shareholder, to vote at the meeting in respect of any matter by way of any show of hands.

### *Share Registrants*

#### **Registrant's duty**

**145. (1)** Shares of a company that are registered in the name of a registrant or his nominee and not beneficially owned by the registrant may not be voted unless the registrant forthwith after the receipt thereof sends to the beneficial owner—

- (a) a copy of the notice of the meeting, financial statements, management proxy circular, dissident's proxy circular and any other documents sent to shareholders by or on behalf of any person for use in connection with the meeting, other than the form of proxy; and
- (b) except where the registrant has received written voting instructions from the beneficial owner, a written request for voting instructions.

(2) A registrant may not vote or appoint a proxy holder to vote shares registered in his name or in the name of his nominee that he does not beneficially own unless he receives voting instructions from the beneficial owner of the shares.

(3) A person by or on behalf of whom a solicitation is made shall, at the request of a registrant, forthwith furnish to the registrant at that person's expense the necessary number of copies of the documents referred to in subsection (1)(a).

(4) A registrant shall vote or appoint a proxy holder to vote any shares referred to in subsection (1) in accordance with any written voting instructions received from the beneficial owner.

(5) If requested by a beneficial owner of shares of a company, the registrant of those shares shall appoint the beneficial owner or a nominee of the beneficial owner as proxy holder for those shares.

(6) The failure of a registrant to comply with this section does not render void any meeting of shareholders or any action taken at the meeting.

### **Governing prohibition**

**146.** Nothing in section 145 gives a registrant the right to vote shares that he is otherwise prohibited from voting.

### *Remedial Powers*

#### **Restraining order**

**147. (1)** If a form of proxy, management proxy circular or dissident's proxy circular—

- (a) contains an untrue statement of a material fact; or
- (b) omits to state a material fact required therein or necessary to make a statement contained therein not misleading in the light of the circumstances in which it was made,

an interested person or the Registrar may apply to the court.

**(2)** On an application under this section the court may make any order it thinks fit, including any or all of the following orders—

- (a) an order restraining the solicitation or the holding of the meeting or restraining any person from implementing or acting upon any resolution passed at the meeting to which the form of proxy, management proxy circular or dissident's proxy circular relates;
- (b) an order requiring correction of any form of proxy or proxy circular and a further solicitation; or
- (c) an order adjourning the meeting.

**(3)** An applicant under this section other than the Registrar shall give the Registrar notice of the application; and the Registrar may appear and be heard in person or by an attorney-at-law.

### *Division G*

#### **Financial Disclosure**

##### *Comparative Financial Statements*

#### **Accounting records**

**148. (1)** A company shall keep reliable accounting records, including underlying documentation, that—

- (a) are sufficient to record and explain the transactions of the company; and
- (b) will at any time enable the financial position of the company to be determined with reasonable accuracy.

(2) The accounting records kept by a company specified in section 154(1) must be sufficient to enable financial statements to be prepared and audited in accordance with this Division.

(3) Without limiting subsection (1) or subsection (2), the accounting records must contain—

- (a) entries from day to day of all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) details of all sales and purchases of goods by the company; and
- (c) a record of the assets and liabilities of the company.

(4) If the accounting records of a company are kept outside Montserrat, the company must ensure that it keeps at its registered office or at some other place in Montserrat designated by the directors—

- (a) accounting records that are adequate to enable the directors of the company to ascertain the financial position of the company with reasonable accuracy on a quarterly basis; and
- (b) a written record of the place or places outside Montserrat where its accounting records are kept.

(5) The accounting records under this section shall be kept for at least seven years following their creation.

(6) A company that contravenes this section and every officer of the company who is in default commits an offence.

(7) For the purposes of this section, “**underlying documentation**” refers to any document that serves as evidence of a transaction and includes invoices, cash receipts, cheques and contracts.

*(Inserted by Act 6 of 2002 and substituted by Act 13 of 2013)*

### **Annual financial returns**

**149. (1)** Subject to this section and to section 150, the directors of a company shall place before the shareholders at every annual meeting of the shareholders of the company—

- (a) comparative financial statements, as prescribed, relating separately to—
  - (i) the period that began on the date the company came into existence and ended not more than twelve months after that date, or, if the company has completed a financial year, the period that began immediately after the end of the last period for which financial statements were prepared and ended not more than twelve months after the beginning of that period; and
  - (ii) the immediately preceding financial year;

- (b) the report of the auditor, if any; and
  - (c) any further information respecting the financial position of the company and the results of its operations required by the articles of the company, its byelaws, or any unanimous shareholder agreement.
- (2) The financial statements required by subsection (1)(a)(ii) may be omitted if the reason for the omission is set out in the financial statements, or in a note thereto, to be placed before the shareholders at an annual meeting.
- (3) The Registrar may in any particular case adjust the period relating to which comparable financial statements are to be placed before the shareholders at any annual meeting.
- (4) The financial statements of a company specified in section 154(1) must be prepared in accordance with such accounting standards as may be prescribed. (*Inserted by Act 6 of 2002*)

### **Exemption for information**

**150.** Upon the application of a company for authorisation to omit from its financial statements any prescribed item, or to dispense with the publication of any particular prescribed financial statement, the Registrar may, if he reasonably believes that disclosure of the information therein contained would be detrimental to the company, permit its omission on such reasonable conditions as he thinks fit.

### **Consolidated financial returns**

**151. (1)** A company shall keep at its registered office a copy of the financial statements of each of its subsidiary bodies corporate the accounts of which are consolidated in the financial statements of the company.

(2) Shareholders of a company and their agents and legal representatives may, upon request therefor, examine the statements referred to in subsection (1) during the usual business hours of the company, and may make extracts from those statements, free of charge.

(3) A company may, within fifteen days of a request to examine statements under subsection (2), apply to the court for an order barring the right of any person to examine those statements; and the court may, if it is satisfied that the examination would be detrimental to the company or a subsidiary body corporate, bar that right and make any further order the court thinks fit.

(4) A company shall give the Registrar and the person asking to examine statements under subsection (2) notice of any application under subsection (3) and the Registrar and that person may appear and be heard in person or by an attorney-at-law.

## Approval of directors

**152. (1)** The directors of a company shall approve the financial statements referred to in section 149, and the approval shall be evidenced by the signature of 1 or more directors.

**(2)** A company shall not issue, publish or circulate copies of the financial statements referred to in section 149 unless the financial statements are—

- (a) approved and signed in accordance with subsection (1); and
- (b) accompanied by a report of the auditor of the company, if any.

## Copies of documents to be sent to shareholders

**153. (1)** Not less than twenty one days before each annual meeting of the shareholders of a company or before the signing of a resolution under section 129(1)(b) in lieu of its annual meeting, the company shall send a copy of the documents referred to in section 149 to each shareholder, except a shareholder who has informed the company in writing that he does not want a copy of those documents.

**(2)** Notwithstanding subsection (1), a public company whose shares, or any class of whose shares, are listed need not, in such cases as may be prescribed and provided any prescribed conditions are complied with, send copies of the documents referred to in section 149 to shareholders of the company, but may instead send them a summary financial statement.

**(3)** The summary financial statement shall be derived from the company's annual accounts and the directors' report and shall be in the prescribed form and contain the prescribed information.

**(4)** Every summary financial statement shall—

- (a) state that it is only a summary of information in the company's annual accounts and the directors' report;
- (b) contain a statement of the company's auditors of their opinion as to whether the summary financial statement is consistent with those accounts and that report and complies with the requirements of this section and the regulations;
- (c) state whether the auditors' report on the annual accounts was unqualified or qualified, and if it was qualified set out the report in full together with any further material needed to understand the qualification;
- (d) state whether the auditors' report on the annual accounts contained a statement as to—
  - (i) the inadequacy of the accounting records or returns;
  - (ii) the accounts not agreeing with the records or returns; or
  - (iii) the failure to obtain necessary information or explanations.

(5) In subsection (2), “**listed**” means admitted to the official list of the Eastern Caribbean Stock Exchange.

### **Registrar’s copies**

**154. (1)** A company—

- (a) that is a public company; or
- (b) the gross revenue of which, as shown in the most recent financial statements referred to in section 149, exceed \$4,000,000 or the assets of which as shown in those financial statements exceed \$2,000,000, or such greater amounts as may be prescribed,

shall send a copy of the documents referred to in section 149 to the Registrar, not less than twenty one days before each annual meeting of the shareholders or forthwith after the signing of a resolution under section 129(1)(b) in *lieu* of the annual meeting, and in any event not later than fifteen months after the last date when the last preceding annual meeting should have been held or a resolution in *lieu* of the meeting should have been signed.

(2) For the purposes of subsection (1)(b), the gross revenues and assets of a company include the gross revenues and assets of its affiliates.

(3) Upon the application of a company, the Registrar may exempt the company from the application of subsection (1) in the prescribed circumstances.

(4) If a company referred to in subsection (1)—

- (a) sends interim financial statements or related documents to its shareholders; or
- (b) is required to file interim financial statements or related documents with, or to send them to, a public authority or a recognised stock exchange,

the company shall forthwith send copies thereof to the Registrar.

(5) A subsidiary company is not required to comply with this section if—

- (a) the financial statements of its holding company are in consolidated or combined form and include the accounts of the subsidiary; and
- (b) the consolidated or combined financial statements of the holding company are included in the documents sent to the Registrar by the holding company in compliance with this section.

### **Declaration of solvency**

**155. (1)** Subject to this section, a company that is not pursuant to section 154(1) required to send to the Registrar a copy of the documents referred to in

section 149, shall within the period specified in the said subsection send to the Registrar—

- (a) a certificate of solvency signed by at least one director on behalf of the board and by the auditor, if any, containing the statements and opinions required by subsection (2) made with reference to the company's assets and liabilities at the date on which the financial statements of the company laid before the annual general meeting or, as the case may be, of the signing of a resolution under section 129(1)(b) in lieu of the annual meeting; and
- (b) a certificate signed by at least one director on behalf of the board and by the auditor, if any, that the certificate referred to in paragraph (a) agrees with the balance sheet and profit and loss account which form part of the financial statements.

(2) A certificate of solvency shall state—

- (a) the amounts shown in the company's balance sheet as the total values respectively of the company's fixed assets, current assets, investments and other assets;
- (b) the amount shown in the company's balance sheet as the total amount of the company's debt and liabilities, accrued due at, or accruing due within one year after, the date as at which the balance sheet is made out and the amount so shown as the total amount of the company's other debts and liabilities; and
- (c) whether, in the opinion of the auditor, or if there is no auditor, of each director, the company was at the date at which the balance sheet was made out able or unable to pay its debts and liabilities as they fell due.

(3) If the auditor of a company refuses to give or sign either of the certificates mentioned in subsection (2), a note of his refusal shall be endorsed on the certificate.

(4) A director or auditor of a company who signs or sends to the Registrar or concurs in the sending to the Registrar of a certificate required by this section which contains a statement that is false, misleading or deceptive or an opinion that he has no reasonable ground to believe to be accurate, is guilty of an offence.

(5) It is a sufficient defence if the person charged with an offence under this section proves that up to the time of the sending to the Registrar of the certificate he believed on reasonable grounds that this section had been complied with.

(6) A company that is not required to comply with section 154 by virtue of subsection (5) of that section, is not required to comply with this section.

*Audit Committee*

**Audit Committee**

**156. (1)** Subject to subsection (2) a public company shall, and any other company may, have an audit committee composed of not less than three directors of the company, a majority of whom are not officers or employees of the company or any of its affiliates.

**(2)** A company may apply to the Registrar for an order authorising the company to dispense with an audit committee, and the Registrar may, if he is satisfied that the shareholders will not be prejudiced by such an order, permit the company to dispense with an audit committee on such reasonable conditions as he thinks fit.

**(3)** An audit committee shall review the financial statements of the company before such financial statements are approved under section 152.

**(4)** The auditor of a company is entitled to receive notice of every meeting of the audit committee and, at the expense of the company, to attend and be heard thereat; and, if so requested by a member of the audit committee, shall attend every meeting of the committee held during the term of office of the auditor.

**(5)** The auditor of a company or a member of the audit committee may call a meeting of the committee.

*Company Auditor*

**Purposes of sections 158 to 161**

**157.** The main purposes of sections 158 to 161 are to secure that only persons who are properly supervised and appropriately qualified are appointed auditors of companies, and that audits by persons so appointed are carried out properly and with integrity and with a proper degree of independence.

**Eligibility for appointment**

**158. (1)** A person is eligible for appointment as auditor of a company only if he—

- (a)* is a practising member of a recognised supervisory body, and is eligible for the appointment under the rules of that body; or
- (b)* is for the time being authorised to be appointed as an auditor of companies under subsection (2).

**(2)** The Minister may, after consultation with the recognised supervisory body, authorise, by instrument in writing any person to be appointed as an auditor of companies, if that person—

- (a)* is in the opinion of the Minister suitably qualified for such an appointment by reason of his knowledge and experience; and

(b) was in practice in Montserrat as an auditor on the commencement of this Act.

(3) An application for an authorisation to be appointed as an auditor of Companies under subsection (2) must be made to the Minister not later than twelve months after the commencement of the Act.

(4) An individual or a firm may be appointed as auditor of a company.

(5) In this section “**recognised supervisory body**” means the Institute of Chartered Accountants of the Caribbean and any other body recognised as such by Order of the Minister published in the *Gazette*.

### Effect of appointment of partnership

159. (1) The following provisions apply to the appointment as auditor of a company of a partnership constituted under the law of Montserrat or under the law of any other country or territory in which a partnership is not a legal person.

(2) The appointment is, unless a contrary intention appears, an appointment of the partnership as such and not of the partners.

(3) Where the partnership ceases, the appointment shall be treated as extending to—

(a) any partnership which succeeds to the practice of that partnership and is eligible for the appointment; and

(b) any person who succeeds to that practice having previously carried it on in partnership and is eligible for the appointment.

(4) For this purpose a partnership shall be regarded as succeeding to the practice of another partnership only if the members of the successor partnership are substantially the same as those of the former partnership; and a partnership or other person shall be regarded as succeeding to the practice of a partnership only if it or he succeeds to the whole or substantially the whole of the business of the former partnership.

(5) Where the partnership ceases and no person succeeds to the appointment under subsection (3), the appointment may with the consent of the company be treated as extending to a partnership or other person eligible for the appointment who succeeds to the business of the former partnership or to such part of it as is agreed by the company.

### Ineligibility on ground of lack of independence

160. (1) A person is ineligible for appointment as auditor of a company if he is—

(a) an officer or employee of the company; or

(b) a partner or employee of such a person, or a partnership of which such a person is a partner,

or if he is ineligible by virtue of paragraph (a) or (b) for appointment as auditor of any associated undertaking of the company.

(2) A person is also ineligible for appointment as auditor of a company if there exists between him and any associate of his and the company or any associated undertaking a connection of any such description as may be specified by regulations made under section 527.

(3) In this section “**associated undertaking**” in relation to a company means—

- (a) a parent undertaking or subsidiary undertaking of the company;  
or
- (b) a subsidiary undertaking of any parent undertaking of the company.

### **Effect of ineligibility**

**161. (1)** No person shall act as auditor of a company if he is ineligible for appointment to the office.

(2) If during his term of office an auditor of a company becomes ineligible for appointment to the office, he shall thereupon vacate office and shall forthwith give notice in writing to the company concerned that he has vacated it by reason of ineligibility.

(3) A person who acts as auditor of a company in contravention of subsection (1) or fails to give notice of vacating his office as required by subsection (2) is guilty of an offence.

(4) In proceedings against a person for an offence under this section it is a defence for him to show that he did not know and had no reason to believe that he was or had become ineligible for appointment.

### **Appointment of auditor**

**162. (1)** Subject to section 163, the shareholders of a company shall, by ordinary resolution, at the first annual meeting of shareholders and at each succeeding annual meeting, appoint an auditor to hold office until the close of the next annual meeting.

(2) An auditor appointed under section 64(1)(e) is eligible for appointment under subsection (1).

(3) Notwithstanding subsection (1), if an auditor is not appointed at a meeting of shareholders, the incumbent auditor continues in office until his successor is appointed.

(4) The remuneration of an auditor may be fixed by ordinary resolution of the shareholders, or if not so fixed, it may be fixed by the directors.

### **Dispensing with auditor**

**163. (1)** The shareholders of a company other than a company mentioned in section 154(1) may resolve not to appoint an auditor.

**(2)** A resolution under subsection (1) is not valid until the next succeeding annual meeting of shareholders.

**(3)** A resolution under subsection (1) is not valid unless it is consented to by all the shareholders, including shareholders not otherwise entitled to vote.

### **Cessation of office**

**164. (1)** An auditor of a company ceases to hold office—

*(a)* when he dies or resigns; or

*(b)* he is removed pursuant to section 165.

**(2)** A resignation of an auditor becomes effective at the time a written resignation is sent to the company, or at the time specified in the resignation, whichever is the later date.

### **Removal of auditor**

**165. (1)** The shareholders of a company may by ordinary resolution at a special meeting remove an auditor other than an auditor appointed by a court order under section 167.

**(2)** A vacancy created by the removal of an auditor may be filled at any meeting at which the auditor is removed, or, if the vacancy is not so filled, it may be filled under section 166.

### **Filling auditor vacancy**

**166. (1)** Subject to subsection (3), the directors shall forthwith fill a vacancy in the office of auditor.

**(2)** If there is not a quorum of directors, the directors then in office shall, within twenty one days after a vacancy in the office of auditor occurs, call a special meeting of shareholders to fill the vacancy; and if they fail to call a meeting, or if there are no directors, the meeting may be called by any shareholder.

**(3)** The articles of a company may provide that a vacancy in the office of auditor be filled only by vote of the shareholders.

**(4)** An auditor appointed to fill a vacancy holds office for the unexpired term of his predecessor.

### **Court appointed auditor**

**167. (1)** If a company does not have an auditor, the court may, upon the application of a shareholder or the Registrar, appoint and fix the remuneration

of an auditor, and the auditor holds office until an auditor is appointed by the shareholders.

(2) Subsection (1) does not apply if the shareholders have resolved under section 163 not to appoint an auditor.

### **Auditor rights to notice**

**168.** The auditor of a company is entitled to receive notice of every meeting of the shareholders of the company, and, at the expense of the company, to attend and be heard at the meeting on matters relating to his duties as auditor.

### **Required attendance**

**169. (1)** If a shareholder of a company, whether or not he is entitled to vote at the meeting, or a director of a company gives written notice to the auditor of the company, not less than ten days before a meeting of the shareholders of the company, to attend the meeting, the auditor shall attend the meeting at the expense of the company and answer questions relating to his duties as auditor or former auditor of the company.

(2) A shareholder or director who sends a notice referred to in subsection (1) shall, concurrently, send a copy of the notice to the company.

(3) Subsection (1) applies *mutatis mutandis* to any former auditor of the company.

### **Right to comment**

**170. (1)** An auditor who—

- (a) resigns;
- (b) receives a notice or otherwise learns of a meeting of shareholders called for the purpose of removing him from office;
- (c) receives a notice or otherwise learns of a meeting of directors or shareholders at which another person is to be appointed to fill the office of auditor, whether because of the resignation or removal of the incumbent auditor or because his term of office has expired or is about to expire; or
- (d) receives a notice or otherwise learns of a meeting of shareholders at which a resolution referred to in section 163 is to be proposed,

may submit to the company a written statement giving the reasons for his resignation or the reasons why he opposes any proposed action or resolution.

(2) When it receives a statement referred to in subsection (1), the company shall forthwith send a copy of the statement to every shareholder entitled to receive notice of any meeting referred to in section 168 and to the Registrar, unless the statement is included in, or attached to, a management proxy circular required by section 141.

### Examination by auditor

**171. (1)** An auditor of a company shall make the examination that is in his opinion necessary to enable him to report in the prescribed manner on the financial statements required by this Act to be placed before the shareholders, except such financial statements or parts thereof that relate to the immediately preceding financial year referred to in section 149(1)(a)(ii).

**(2)** Notwithstanding section 172, an auditor of a company may reasonably rely upon the report of an auditor of a body corporate or an unincorporated business the accounts of which are included in whole or in part in the financial statements of the company.

**(3)** For the purpose of subsection (2) reasonableness is a question of fact.

**(4)** Subsection (2) applies whether or not the financial statements of the holding company reported upon by the auditor are in consolidated form.

### Right to inspect

**172. (1)** Upon the demand of an auditor of a company, the present or former directors, officers, employees or agents of the company shall furnish to the auditor—

(a) such information and explanations; and

(b) such access to records, documents, books, accounts and vouchers of the company or any of its subsidiaries,

as are, in the opinion of the auditor, necessary to enable him to make the examination and report required under section 171 and that the directors, officers, employees or agents are reasonably able to furnish.

**(2)** Upon the demand of an auditor of a company, the directors of the company shall—

(a) obtain from the present or former directors, officers, employees or agents of any subsidiary of the company the information and explanations that the directors, officers, employees and agents are reasonably able to furnish, and that are, in the opinion of the auditor, necessary to enable him to make the examination and report required under section 171; and

(b) furnish the information and explanations so obtained to the auditor.

### Detected error

**173. (1)** A director or an officer of a company shall forthwith notify the audit committee and the auditor of any error or mis-statement of which he becomes aware in a financial statement that the auditor or a former auditor of the company has reported upon.

(2) When the auditor or a former auditor of a company is notified or becomes aware of an error or mis-statement in a financial statement upon which he has reported to the company and in his opinion, the error or mis-statement is material, he shall inform each director of the company accordingly.

(3) When under subsection (2) the auditor or a former auditor of a company informs the directors of an error or mis-statement in a financial statement of the company, the directors shall—

(a) prepare and issue revised financial statements; or

(b) otherwise inform the shareholders of the error or mis-statement,

and, if the company is one that is required to comply with section 154, inform the Registrar of the error or mis-statement in the same manner as the directors inform the shareholders of the error or mis-statement.

### **Privilege of auditor**

174. An auditor is not liable to any person in an action for defamation based on any act done or not done, or any statement made by him in good faith in connection with any matter he is authorised or required to do under this Act.

## *Division H*

### **Corporate Records**

#### *Registered Office of Company*

### **Registered office**

175. (1) A company shall at all times have a registered office in Montserrat.

(2) The directors of the company may change the address of the registered office.

### **Notice of address**

176. (1) At the time of sending articles of incorporation, the incorporators shall send to the Registrar, in the prescribed form, notice of the address of the registered office of the company and the Registrar shall file the notice.

(2) A company shall within fifteen days of any change of the address of its registered office, send to the Registrar a notice in the prescribed form of the change, which the Registrar shall file.

## *Company Registers and Records*

### **Records of company**

177. (1) A company shall prepare and maintain at its registered office records containing—

- (a) the articles and the byelaws, and all amendments thereto, and a copy of any unanimous shareholder agreement and amendments thereto;
- (b) minutes of meetings and resolutions of shareholders; and
- (c) copies of all notices required by section 68, 76 or 176.

(2) A company shall prepare and maintain a register of members showing—

- (a) the name and the latest known address of each person who is a member;
- (b) a statement of the shares held by each member;
- (c) the date on which each person was entered on the register as a member, and the date on which any person ceased to be a member.

(3) A company shall prepare and maintain a register of its directors and secretaries and a register of its directors' holdings in accordance with sections 178 to 180.

(4) A public company shall prepare and maintain a register of substantial shareholding in the company in accordance with sections 181 to 185.

(5) A company that issues debentures shall prepare and maintain a register of debenture holders showing—

- (a) the name and the latest known address of each debenture holder;
- (b) the principal of the debentures held by each holder;
- (c) the amount or the highest amount of any premium payable on redemption of the debentures;
- (d) the issue price of the debentures and the amount paid up on the issue price;
- (e) the date on which the name of each person was entered on the register as a debenture holder; and
- (f) the date on which each person ceased to be a debenture holder.

(6) A company that grants conversion privileges, options, or rights to acquire shares of the company shall maintain a register showing the name and latest known address of each person to whom the privileges, options or rights have been granted, and such other particulars in respect thereof as are prescribed.

(7) A company may appoint an agent to prepare and maintain the registers required by this section to be prepared and maintained by the company; and the registers may be kept at the registered office of the company or at some other place in Montserrat designated by the directors of the company.

*Register of Directors and Secretaries*

**Register of directors and secretaries**

**178. (1)** The register of directors and secretaries kept by a company pursuant to section 177(3) shall contain with respect to each director—

- (a) a statement of his present forename and surname, any former forename or surname, his usual residential address and his business occupation (if any);
- (b) particulars of other directorships held by him; and
- (c) who is, or who is to perform the function of, a managing director, a statement to that effect.

**(2)** The register kept by a particular company need not contain, pursuant to subsection (1)(b), particulars of directorships held by a director in any company of which the particular company is a wholly owned subsidiary.

**(3)** The register shall contain with respect to the secretary and each assistant secretary—

- (a) in the case of an individual, a statement of his present forename and surname, any former forename or surname, and his usual residential address;
- (b) in the case of a corporation, a statement of its corporate name and registered or principal office; and
- (c) in the case of a firm, a statement of the name and principal office of the firm.

**(4)** A company shall lodge with the Registrar—

- (a) within one month after a person ceases to be a director or, except in the case of a person becoming a director pursuant to section 68, a return in the prescribed form notifying the Registrar of the change and containing, with respect to each person who is then a director of the company, the particulars required to be specified in the register in relation to him;
- (b) within one month after a person becomes the secretary or an assistant secretary, a return in the prescribed form notifying the Registrar of that fact and containing with respect to the person, the particulars required to be specified in the register in relation to such a person; and
- (c) within one month after a person ceases to be the secretary or an assistant secretary, a return in the prescribed form notifying the Registrar of that fact.

**(5)** A director in respect of whom an entry is required to be made in the register shall notify the company in writing within seven days after the matter occasioning the requirement of the entry occurs or arises, and shall include in

the notification the particulars which the company is required to enter in the register in respect of that matter.

(6) A director is guilty of an offence—

- (a) if he fails to comply with subsection (5); or
- (b) if he gives false, misleading or incomplete information to any company with a view to it making an entry in its register.

### Register of directors' holdings

**179. (1)** A public company shall keep a register showing the required particulars with respect to any interest in shares in, or debentures of, the company or of any affiliate or associate of the company, which is vested in a director.

(2) For the purposes of this section, an interest in shares or debentures is vested in a director if—

- (a) the shares or debentures are registered in the director's name, or the names of the director and other persons jointly, or in the name of a nominee for him, or for him and them;
- (b) the director has a derivative interest in the shares or debentures, or a right or power to acquire a derivative interest in them;
- (c) the director has a right to subscribe for the shares or debentures, or another person has a right to subscribe for them and the director has a right to acquire them after they have been allotted;
- (d) the shares or debentures are the subject of a voting arrangement in favour of a director, that is to say, an arrangement (whether legally enforceable or not) by which the director may require the holder of the shares or debentures to vote, or not to vote, or to vote in a particular manner, at any general meeting of shareholders or at any meeting of a class of shareholders or debenture holders, or by which the debenture may require the holder of the shares or debentures to appoint the director or any other person to be his proxy with power to vote in respect of the shares or debentures at any such meeting.

(3) For the purposes of subsection (1), the required particulars with respect to an interest in shares or debentures vested in a director are—

- (a) the number and classes of the shares and the number, classes and the amount of the principal and premiums payable to the holder of the debentures;
- (b) the nature of the interest and its duration (if it is limited in duration);

- (c) the date of the acquisition of the interest and the consideration (if any) given by the director or any other person for the acquisition; and
  - (d) the date of the disposal of the interest by the director or the date of its cessation (whichever first occurs) and the consideration (if any) received by him or any other person for such disposal or cessation.
- (4) A director in respect of whom any entry is required to be made in the register shall notify the company in writing within seven days after the matter occasioning the requirement of the entry occurs or arises, and shall include in the notification the particulars which the company is required to enter in the register in respect of that matter.
- (5) This section extends to interest in shares and debentures vested in a director at the time when he becomes a director, and subsection (4) applies in that case with the substitution of a period of seven days after the director becomes a director for the period of seven days after the matter occasioning the requirement of an entry occurs or arises.
- (6) The register shall be so made up that entries in it against the several names recorded in the register appear in chronological order.
- (7) The entries which are required by this section to be made in the register shall not be removed from the register, notwithstanding the fact that the person in respect of whom they are required to be made ceases to be a director, but it shall not be necessary to make an entry in the register in respect of a matter which occurs or arises after he ceases to be a director.
- (8) This section does not apply to an interest of a director which is created by the articles of incorporation of a company if the interest is one which is conferred on all the shareholders of the company or on all the shareholders of the class concerned, on the same terms and conditions, as on the director, that is to say, strictly in proportion to the shares, or shares of that class, held by them respectively.
- (9) A company and every director of a company who is in default is guilty of an offence—
  - (a) if the company fails to make an entry required by this section to be made in the register within three days after written notification of the matter required to be registered is given to it or any of its directors (other than a person in respect of whom an entry is required to be made) acquires knowledge of the matter in relation to which an entry is required to be made (whichever is the earlier); or
  - (b) if the company makes a false, misleading or incomplete entry in relation to a matter which is required to be entered in the register.
- (10) A director of a company is guilty of an offence if he fails to give a written notice of any matter in compliance with subsection (4) or (5), within

the time thereby limited, to every company which is required to make an entry in relation to the matter in the register, or if he gives false, misleading or incomplete information to any such company with a view to it making an entry in its register.

### **Extension of section to associates of directors**

**180. (1)** For the purposes of section 179—

- (a) an interest of an associate of a director of a company (not being himself a director thereof) in shares or debentures shall be treated as being the director's interest; and
- (b) a contract, assignment or right of subscription entered into, exercised or made by, or grant made to, an associate of a director of a company (not being himself a director thereof) shall be treated as having been entered into, exercised or made by, or as the case may be, as having been made to, the director.

**(2)** A director of a company shall be under obligation to notify the company in writing of the occurrence, while he is director, of either of the following events, namely—

- (a) the grant by the company to an associate of his of a right to subscribe for shares in, or debentures of, the company; and
- (b) the exercise by an associate of his of such a right as aforesaid granted by the company,

stating, in the case of the grant of a right, the like information as is required by section 179 to be stated by the director on the grant to him by another company of a right to subscribe for shares in, or debentures of, that other company and, in the case of the exercise of a right, the like information as is required by that section to be stated by the director on the exercise of a right granted to him by another company to subscribe for shares in, or debentures of, that other company; and an obligation imposed by this subsection on a director shall be fulfilled by him before the expiration of the period of five days beginning with the day next following that on which the occurrence of the event that gives rise to it comes to his knowledge.

**(3)** A person is guilty of an offence if he fails to give a written notice of any matter in compliance with subsection (2), within the time thereby limited, to the company concerned, or if he gives false, misleading or incomplete information to the company.

### *Substantial Shareholders Register*

#### **Substantial shareholder**

**181. (1)** For the purposes of sections 182 to 185 a person has a substantial shareholding in a company if he holds, by himself or by his nominee, shares in the company which entitle him to exercise at least ten per centum of the unrestricted voting rights at any general meeting of shareholders.

(2) For the purposes of the said sections, a person who has a substantial shareholding in a company is a substantial shareholder of the company.

**Substantial shareholder to give notice to company**

**182. (1)** A person who is a substantial shareholder in a company shall give notice in writing to the company stating his name and address and giving full particulars of the shares held by him or his nominee (naming the nominee) by virtue of which he is a substantial shareholder.

(2) A person required to give notice under subsection (1) shall do so within fourteen days after that person becomes aware that he is a substantial shareholder.

(3) The notice shall be so given notwithstanding that the person has ceased to be a substantial shareholder before the expiration of the period referred to in subsection (2).

**Person ceasing to be a substantial shareholder to notify company**

**183. (1)** A person who ceases to be a substantial shareholder in a company shall give notice in writing to the company stating his name and the date on which he ceased to be a substantial shareholder and giving full particulars of the circumstances by reason of which he ceased to be a substantial shareholder.

(2) A person required to give notice under subsection (1) shall do so within fourteen days after he becomes aware that he has ceased to be a substantial shareholder.

**Company to keep register of substantial shareholders**

**184. (1)** A company shall keep a register in which it shall enter—

- (a) in alphabetical order the names of persons from whom it has received a notice under section 182; and
- (b) against each name so entered, the information given in the notice and, where it receives a notice under section 183, the information given in that notice.

(2) The Registrar may at any time in writing require the company to furnish him with a copy of the register or any part of the register and the company shall furnish the copy within fourteen days after the day on which the requirement is received by the company.

(3) If default is made in complying with this section, the company and every officer of the company who is in default is guilty of an offence.

(4) A company is not, by reason of anything done under sections 182 to 184—

- (a) to be taken for any purpose to have notice of; or
  - (b) put upon inquiry as to,
- a right of a person to or in relation to a share in the company.

## Offence

**185.** A person who fails to comply with section 182 or 183 is guilty of an offence.

## *Records of Trusts*

### Trust notices

**186. (1)** Except as provided in this section, notice of a trust, express, implied or constructive, shall not be—

- (a) entered by a company in any of the registers maintained by it pursuant to section 177; or
- (b) be received by the Registrar.

**(2)** No liabilities are affected by anything done in pursuance of subsection (3), (4) or (5); and the company concerned is not affected with notice of any trust by reason of anything so done.

**(3)** A personal representative of the estate of a deceased individual who was registered in a register of a company as a member or debenture holder may become registered as the holder of that share or debenture as personal representative of that estate.

**(4)** A personal representative of the estate of a deceased individual who was beneficially entitled to a share or debenture of the company that is registered in a register of the company may, with the consent of the company and of the registered member or debenture holder, become the registered member or debenture holder as the personal representative of the estate.

**(5)** When a personal representative of an estate of a deceased individual is registered pursuant to subsection (3) as a holder of a share or debenture of a company, the personal representative is, in respect of that share or debenture, subject to the same liabilities, and no more, that he would be subject to had the share or debenture remained registered in the name of the deceased individual.

## *Accounts, Minutes and Other Records*

### Other records

**187. (1)** In addition to the records described in section 177, a company shall prepare and maintain records containing minutes of meetings and resolutions of the directors and any committees of the directors.

**(2)** The records required under subsection (1) shall be kept at the registered office of the company or at some other place in Montserrat designated by the directors; and those records shall at all reasonable times be available for inspection by the directors and shareholders.

**(3)** For the purposes of section 177(1)(b), of this section and of section 149, when a former Act company is continued under this Act, “records”

includes similar registers and other records required by law to be maintained by the company before it was continued under this Act.

*(Amended by Act 6 of 2002)*

### *Form of Records*

#### **Records form**

**188.** All records required by this Act to be prepared and maintained—

- (a) may be in a bound or loose-leaf form or in a photographic film form; or
- (b) may be entered or recorded—
  - (i) by any system of mechanical or electronic data processing; or
  - (ii) by any other information storage device that is capable of reproducing any required information in intelligible written form within a reasonable time.

### *Care of Records*

#### **Duty of care for records**

**189.** A company and its agents shall take reasonable precautions—

- (a) to prevent loss or destruction of;
- (b) to prevent falsification of entries in; and
- (c) to facilitate detection and correction of inaccuracies in,

the records required by this Act to be prepared and maintained in respect of the company.

### *Access to Records*

#### **Access to records**

**190. (1)** The directors and shareholders of a company, and their agents and legal representatives, may, during the usual business hours of the company, examine the records of the company referred to in section 177 and may take extracts therefrom free of charge.

**(2)** A shareholder of a company is, upon request and without charge, entitled to one copy of the articles and byelaws of the company and any unanimous shareholder agreement, and to one copy of any amendments to any of those documents.

*Shareholders' Lists***Basic list of shareholders**

**191. (1)** Upon payment of a reasonable fee and sending to a public company or its transfer agent the affidavit referred to in subsection (4), any person may upon application require the company or its transfer agent to furnish him, within fifteen days from the receipt of the affidavit, a list of members of the company, in this section referred to as the “**basic list**”, made up to a date not more than thirty days before the date of receipt of the affidavit, which shall set out—

- (a) the names of the members of the company;
- (b) the number of shares held by each member; and
- (c) the address of each member as shown on the records of the company.

**(2)** When a person requiring a basic list from a public company states in the affidavit referred to in subsection (4) that he requires supplemental lists from the company, he may, upon payment of a reasonable fee, require the company or its transfer agent to furnish him with supplemental lists of the members, which shall set out any changes from the basic list—

- (a) in the names or addresses of the members; and
- (b) in the number of shares held by each member,

for each business day following the date to which the basic list is made up.

**(3)** When a supplemental list has been required from a public company under subsection (2) by any person, the company, or its transfer agent, shall furnish that person with a supplemental list—

- (a) on the date the basic list is furnished, if the information relates to changes that took place before that date; and
- (b) on the business day following the day to which the supplemental list relates if the information relates to changes that take place on or after the date the basic list is furnished.

**(4)** The affidavit required under subsection (1) shall state—

- (a) the name and address of the applicant;
- (b) the name and address for service of the body corporate, if the applicant is a body corporate; and
- (c) that the basic list and any supplemental list obtained pursuant to subsection (2) will not be used except as permitted under section 193.

**(5)** If the applicant is a body corporate, the affidavit shall be made by a director or officer of the body corporate.

### **Options list**

**192.** A person requiring under section 191 that a company supply a basic list or a supplemental list may also require the company to include in any such list the name and address of any known holder of an option or right to acquire shares of the company.

### **Restricted use of lists**

**193.** A list of members obtained under section 191 from a company shall not be used by any person except in connection with—

- (a) an effort to influence the voting of shareholders of the company;
- (b) an offer to acquire shares in the company;
- (c) any other matter relating to the affairs of the company.

### **Annual returns**

**194. (1)** A company shall, not later than the first day of April in each year after its incorporation or continuance under this Act, send to the Registrar a return in the prescribed form containing the prescribed information made up to the preceding 31 December and accompanied with the prescribed fees.

**(2)** A director or officer of the company shall certify the contents of every return made under this section.

**(3)** If default is made in complying with this section, the company and every director and officer who is in default is guilty of an offence.

### *Division I*

## **Transfer of Shares and Debentures**

### **Transferring of shares**

**195. (1)** The shares or debentures of a company may be transferred by a written instrument of transfer signed by the transferor and naming the transferee.

**(2)** Where an instrument of transfer is prescribed in the byelaws of a company, that instrument shall be used to transfer the shares or debentures of the company.

**(3)** Subject to subsection (2) and to any enactment, no particular form of words are necessary to transfer shares or debentures, if words are used that show with reasonable certainty that the person signing the transfer intends to vest the title to the shares or debentures in the transferee.

**(4)** Subject to subsection (5) and to any enactment, the beneficial ownership of the shares or debentures of a company passes to the transferee—

- (a) on the delivery to him of the instrument of transfer signed by the transferor and of the transferor's share certificate or debenture, as the case may be; or
- (b) on the delivery to him of an instrument of transfer signed by the transferor that has been certified by or on behalf of the company, or by or on behalf of the Stock Exchange of the Eastern Caribbean.

(5) If the transferor concerned is not registered with the company in respect of the shares, or, as the case may be, the debentures, subsection (4) has effect as if references to the transfer signed by the transferor included a reference to transfers signed by the person so registered and all holders of the shares or debentures intermediate between the person so registered and the transferor.

(6) Notwithstanding subsection (4) or (5), a company, and, in the case of debentures, the trustee of the covering trust deed, is not bound or entitled to treat the transferee of shares or debentures as the owner of them until the transfer to him has been registered or until the court orders the registration of the transfer to him; and until the transfer is presented to the company for registration, the company is not to be treated as having notice of the transferee's interest thereunder or of the fact that the transfer has been made.

(7) This section applies notwithstanding anything contained in the articles or byelaws of a company, and notwithstanding anything contained in any trust deed or debentures or any contract or instrument.

### Restrictions on transfers

**196. (1)** No restriction or condition in a trust deed covering a debenture of a company, or in the debenture, limits the right of any person to transfer the debenture held by him.

**(2)** A transfer of the shares or debentures of a shareholder or debenture holder of a company made by—

- (a) his personal representative;
- (b) a trustee in bankruptcy;
- (c) a receiver appointed by or for the benefit of debenture holders;
- (d) a receiver or other person appointed by the court to administer the estate of a person of unsound mind;
- (e) the guardian of a minor; or
- (f) a person appointed by the court to execute the transfer,

is, although the person executing the transfer is not himself registered with the company as the holder of the shares or debentures, as the case may be, as valid as if he had been so registered at the time of the execution of the instrument of transfer.

(3) This section applies in respect of a company notwithstanding anything contained in the articles or byelaws of the company, and notwithstanding anything contained in any trust deed or debentures, or any contract or instrument relating to the shares or debentures of the company.

### Duty to issue

197. (1) A company shall issue a certification of the transfer of a share or debenture on the presentation to the company of a transfer that is signed by the holder of the share or debenture and accompanied by delivery to the company of the share or debenture.

(2) A certification consists of a statement signed on behalf of the company and written or endorsed on the transfer to the effect that the share certificate or debenture, as the case may be, has been delivered to, or lodged with, the company.

(3) The certification by a company of any transfer of a share or debenture of the company is a representation by the company to any person acting on the faith of the certification that there have been produced to the company such documents as on the face of them show a *prima facie* title to the share or debenture in the transferor named in the transfer; but is not a representation that the transferor has any title to the share or debenture.

(4) Where any person acts on the faith of a false certification by a company made fraudulently or negligently, the company is liable to compensate him for any loss he incurs in consequence of his so acting.

(5) A company that has issued a certification of a transfer of a share or debenture of the company is liable to compensate any person for loss that he incurs in consequence of the company subsequently releasing, otherwise than on surrender of the certification of the transfer of the share or debenture, possession of the share certificate or debenture in respect of which the certification was issued.

(6) For the purposes of this section—

- (a) the certification of a transfer is deemed to be made by a company if—
  - (i) the person issuing the certification is a person authorised to issue certifications of transfers on the company's behalf; and
  - (ii) the certification is signed by a person authorised to issue certifications of transfers on the company's behalf, or by any other officer or employee, either of the company or of a body corporate so authorised; and
- (b) a certification is deemed to be signed by a person if it purports to be authenticated by his signature or initials, whether handwritten or not, unless the signature or initials were placed on the certification neither by that person nor any person

authorised to use the signature or initials for the purpose of issuing certifications of transfers on the company's behalf.

### Transfer certificate

**198. (1)** A company shall, within five weeks after the allotment of any of its shares or debentures, and within two months after the date on which a transfer of any of its shares or debentures is presented to the company for registration, complete and have ready for delivery to the allottee or transferee a proper certificate or debenture for any share or debenture allotted or transferred to him.

**(2)** When a company on which a notice is served requiring the company to make good any default in complying with subsection (1) fails to make good the default within seven days after the service of the notice, the court may, on the application of the person entitled to have a certificate or debenture delivered to him, make an order directing the company and any officer of the company to make good the default within such time as may be specified in the order; and the order may provide that all costs incidental to the application be borne by the company and any officer of the company responsible for the default.

**(3)** For the purposes of this section “**transfer**” means a transfer in proper form duly signed by the transferor and otherwise valid, and does not include a transfer that the company is for any reason entitled to refuse to register and does not register.

### Registration

**199. (1)** A transferee of a share or debenture shall present the transfer to the company for registration as soon as is reasonably practicable after the share or debenture has been transferred to him, and in any event, within thirty days after the transfer.

**(2)** Despite subsection (1), a transferor of a share or debenture has a duty to present the transfer to the company for registration as soon as is reasonably practicable after the transfer, and in any event, within ten days after the transfer.

**(3)** Where a company is presented with a transfer of a share or debenture under subsection (1) or (2), the company shall enter in its register of members or debenture holders, the name of the transferee.

**(4)** Despite anything in the articles or by-laws of a company or in any debenture, trust deed or other contract or instrument, the company shall not register a transfer of any share or debenture of the company unless a transfer in proper form and duly signed by the transferor has been delivered to the company; but nothing in this section affects any duty of the company to register as a member or debenture holder of the company any person to whom the ownership of any share or debenture of the company has been transmitted by operation of law.

(5) Despite anything in the articles or by-laws of a company or in any debenture, trust deed or other contract or instrument, a company shall register the trustee in bankruptcy or the personal representative of a deceased shareholder or debenture holder as a member in respect of the shares, or as holder of the debentures, of the bankrupt or the deceased person, in its register of members or debenture holders, within seven days after he produces to the company satisfactory evidence of his title and requests the company to register him as a member or debenture holder.

(6) Save for subsections (2), (3) and (5), this section does not apply to a transfer of a share held in a company—

- (a) whose shares are listed on the Eastern Caribbean Stock Exchange; and
- (b) that, by virtue of any enactment, is not entitled to issue share certificates, other document of or evidencing title in respect of the shares transferred.

(7) A person who contravenes subsection (1) or (2) commits an offence and is liable to a fine of \$5,000.

*(Substituted by Act 13 of 2013)*

### **Effect of certificate**

**200. (1)** A certificate issued by a company and signed on its behalf stating that any shares or debentures of the company are held by any person is *prima facie* proof of the title of that person to the shares or debentures.

(2) The registration of a person as a member or debenture holder of a company, or the issue of a share certificate or debenture, constitutes a representation by the company that the person so registered, or the person named in the share certificate or debenture as entitled to the shares or debentures mentioned therein, is entitled to the shares or debentures mentioned in the register or in the share certificate or debenture; and the company may not deny the truth of that representation as against a person who believes it to be true and contracts to acquire the shares or debentures or any interest therein in good faith and for money or money's worth.

(3) It is no defence for a company to show for the purposes of subsection (2) that a registration or the issue of a share certificate or other document was procured by fraud or by the presentation to it of a forged document.

(4) Subsections (2) and (3) do not apply in respect of certificates issued by a former Act company before the commencement date.

*Division J***Takeover Bids****Definitions**

**201.** In this Division—

- (a) **“dissenting offeree”**, if a take-over bid is made for all the shares of a class of shares—
  - (i) means a shareholder of that class of share who does not accept the take-over bid; and
  - (ii) includes a subsequent holder of that share who acquires it from the person mentioned in sub-paragraph (i);
- (b) **“offer”** includes an invitation to make an offer;
- (c) **“offeree”** means a person to whom a take-over bid is made;
- (d) **“offeree company”** means a company whose shares are the object of a take-over bid;
- (e) **“offeror”** means a person who makes a take-over bid otherwise than as an agent, and includes two or more persons who, directly or indirectly—
  - (i) make take-over bids jointly or in concert; or
  - (ii) intend to exercise, jointly or in concert, voting rights attached to shares for which a take-over bid is made;
- (f) **“share”** means a share with or without voting rights, and includes—
  - (i) a debenture currently convertible into such a share;
  - (ii) currently exercisable options and rights to acquire a share or such a convertible debenture;
- (g) **“take-over bid”** means an offer made by an offeror to shareholders of an offeree company to acquire all the shares of any class of issued shares of the offeree company, and includes every offer by an issuer to repurchase its own shares.

**Offeror rights**

**202.** If, within 120 days after the date of a take-over bid, the bid is accepted by the holders of not less than 90% of the shares of any class of shares to which the take-over bid relates, other than shares held at the date of the take-over bid by or on behalf of the offeror or an affiliate or associate of the offeror, the offeror may, upon complying with this Division, acquire the shares held by the dissenting offerees.

### **Notice to dissenting shareholders**

**203.** An offeror may acquire shares held by a dissenting offeree by sending, by registered post, within sixty days after the date of termination of the take-over bid, and in any event within 180 days after the date of the take-over bid an offeror's notice to each dissenting offeree and to the Registrar stating—

- (a) that offerees who are holding 90% or more of the shares to which the bid relates accepted the take-over bid;
- (b) that the offeror is bound to take up and pay for or has taken up and paid for the shares of the offerees who accepted the take-over bid;
- (c) that a dissenting offeree is required to elect—
  - (i) to transfer his shares to the offeror on the terms on which the offeror acquired the shares of the offerees who accepted the take-over bid; or
  - (ii) to demand payment of the fair value of his shares in accordance with sections 209 to 212 by notifying the offeror within twenty days after the dissenting offeree receives the offeror's notice;
- (d) that a dissenting offeree who does not notify the offeror in accordance with subparagraph (c)(ii) is presumed to have elected to transfer his shares to the offeror on the same terms as the offeror acquired the shares from the offerees who accepted the take-over bids; and
- (e) that a dissenting offeree shall send those shares of his to which the take-over bid relates to the offeree-company within twenty days after he receives the offeror's notice.

### **Adverse claims**

**204.** Concurrently with sending the offeror's notice under section 203, the offeror shall send to the offeree-company a notice of adverse claim with respect to each share held by a dissenting offeree.

### **Delivery of certificates**

**205.** A dissenting offeree to whom an offeror's notice is sent under section 203 shall, within twenty days after he receives that notice, send the share certificate of his for the class of shares to which the take-over bid relates to the offeree-company.

### **Payment for shares**

**206.** Within twenty days after the offeror sends an offeror's notice under section 203, the offeror shall pay or transfer to the offeree-company the amount of money or other consideration that the offeror would have had to pay

or transfer to a dissenting offeree if the dissenting offeree had elected, under section 203(c)(i), to accept the take-over bid.

### Money in trust

**207.** The offeree-company holds in trust for the dissenting shareholders the money or other consideration it receives under section 206; and the offeree-company shall deposit the money in a separate account in a bank and shall place the other consideration in the custody of a bank.

### Duty of offeree-company

**208.** Within thirty days after the offeror sends an offeror's notice under section 203, the offeree-company shall—

- (a) issue the offeror a share certificate in respect of the shares that were held by dissenting offerees;
- (b) give to each dissenting offeree who—
  - (i) under section 203(c)(i), elects to accept the take-over bid; and
  - (ii) sends his share certificates as required under section 205, the money or other consideration to which he is entitled, disregarding fractional shares, which may be paid for in money; and
- (c) send to each dissenting shareholder who has not sent his share certificates as required under section 205 a notice stating that—
  - (i) his shares have been cancelled;
  - (ii) the offeree-company or some designated person holds in trust for him the money or other consideration to which he is entitled as payment for or in exchange for his shares; and
  - (iii) the offeree-company will, subject to sections 209 to 211, send that money or other consideration to him forthwith after receiving his shares.

### Application to court

**209. (1)** If a dissenting offeree has, under section 203(c)(ii), elected to demand payment of the fair value of his shares, the offeror may, within twenty days after it has paid the money or transferred the other consideration under section 206, apply to the court to fix the fair value of the shares of that dissenting offeree.

**(2)** If an offeror fails to apply to the court under subsection (1), a dissenting offeree may, within a further period of twenty days, apply to the court to fix the fair value of the shares of the dissenting shareholder.

**(3)** If no application is made to the court under subsection (2) within the time provided therefor in that subsection, a dissenting offeree thereby

elects to transfer his shares to the offeror on the same terms as the offeror acquired the shares from the offerees who accepted the take-over bid.

### **Joined parties**

**210.** Upon an application under section 209—

- (a) all dissenting offerees referred to in section 203(c)(ii) whose shares have not been acquired by the offeror are to be joined as parties and are bound by the decision of the court; and
- (b) the offeror shall notify each affected dissenting offeree of the date, place and consequences of the application and of the offeree's right to appear and be heard in person or by an attorney-at-law.

### **Powers and order of court**

**211. (1)** Upon an application to the court under section 209, the court may determine whether any other person is a dissenting offeree who should be joined as a party; and the court shall then fix a fair value for the shares of all dissenting offerees.

**(2)** The court may appoint one or more appraisers to assist the court to fix a fair value for the shares of a dissenting offeree.

**(3)** The final order of the court shall be made in favour of each dissenting offeree against the offeror and be for the amount of the offeree's shares as fixed by the court.

### **Additional orders**

**212.** In connection with proceedings under this Division, the court may make any order it thinks fit, and, in particular, it may—

- (a) fix the amount of money or other consideration that is required to be held in trust under section 207;
- (b) order that the money or other consideration be held in trust by a person other than the offeree-company;
- (c) allow to each dissenting offeree, from the date he sends or delivers his share certificates under section 205 until the date of payment, a reasonable rate of interest on the amount payable to him; or
- (d) order that any money payable to a shareholder who cannot be found be paid into court and section 479(2) applies in respect of that payment.

*Division K***Fundamental Company Changes***Altering Articles***Fundamental amendment to articles**

**213. (1)** Subject to sections 215 and 216, the articles of a company may, by special resolution, be amended—

- (a) to change its name;
- (b) to add, change or remove any restriction upon the business that the company can carry on;
- (c) to change any maximum number of shares that the company is authorised to issue;
- (d) to create new classes of shares;
- (e) to change the designation of all or any of its shares, and add, change or remove any rights, privileges, restrictions and conditions, including rights to accrued dividends, in respect of all or any of its shares, whether issued or unissued;
- (f) to change the shares of any class or series, whether issued or unissued, into a different number of shares of the same class or series, or into the same or a different number of shares of other classes or series;
- (g) to divide a class of shares, whether issued or unissued, into a series of shares and fix the number of shares in each series, and the rights, privileges, restrictions and conditions attached thereto;
- (h) to authorise the directors to divide any class of unissued shares into series of shares and fix the number of shares in each series, and the rights, privileges, restrictions and conditions attached thereto;
- (i) to authorise the directors to change the rights, privileges, restrictions and conditions attached to unissued shares of any series;
- (j) to revoke, diminish or enlarge any authority conferred under paragraphs (h) to (i);
- (k) to increase or decrease the number of directors or the minimum or maximum number of directors, subject to sections 70 and 75;
- (l) to add, change or remove restrictions on the transfer of shares;  
or
- (m) to add, change or remove any other provision that is permitted by this Act to be set out in the articles.

(2) The directors of a company may, if authorised by the shareholders in the special resolution effecting an amendment under this section, revoke the resolution before it is acted upon, without further approval of the shareholders.

(3) A provision in the articles of a company that restricts in whole or in part the powers of the directors to manage the business and affairs of the company may not be amended except with the consent of all the shareholders.

### **Proposal to amend articles**

**214. (1)** Subject to subsection (2), a director or a shareholder of a company who is entitled to vote at an annual meeting of shareholders may, in accordance with section 113, make a proposal to amend the articles of the company.

(2) Notice of a meeting of shareholders at which a proposal to amend the articles is to be considered shall set out the proposed amendment, and, where applicable, shall state that a dissenting shareholder is entitled to be paid the fair value of his shares in accordance with section 226; but failure to make that statement does not invalidate an amendment.

### **Class vote on proposal**

**215. (1)** The holders of shares of a class, or, subject to subsection (2), of a series, are, unless the articles otherwise provide in the case of an amendment described in paragraph (a) or (b), entitled to vote separately, as a class or series, upon a proposal to amend the articles—

- (a) to increase or decrease any maximum number of authorised shares of that class, or increase any maximum number of authorised shares of a class having rights or privileges equal or superior to the shares of that class;
- (b) to effect an exchange, reclassification or cancellation of all or part of the shares of that class;
- (c) to add, change or remove the rights, privileges, restrictions or conditions attached to the shares of that class and, in particular—
  - (i) to remove or change prejudicially rights to accrued dividends or to cumulative dividends;
  - (ii) to add, remove or change redemption rights prejudicially;
  - (iii) to reduce or remove a dividend preference or a winding up preference; or
  - (iv) to add, remove or change prejudicially conversion privileges, options, voting transfer or pre-emptive rights, or rights to acquire shares or debentures of a company, or sinking fund provisions;
- (d) to increase the rights or privileges of any class of shares having rights or privileges equal or superior to the shares of that class;

- (e) to create a new class of shares equal or superior to the shares of that class;
- (f) to make any class of shares having rights or privileges inferior to the shares of that class equal or superior to the shares of that class;
- (g) to effect an exchange or to create a right of exchange of all or part of the shares of another class into the shares of that class; or
- (h) to constrain the issue or transfer of the shares of that class, or extend or remove the constraint.

(2) The holders of a series of shares of a class are entitled to vote separately as a series under subsection (1) only if the series is affected by an amendment in a manner different from other shares of the same class.

(3) Subsection (1) applies whether or not shares of a class or series otherwise carry the right to vote.

(4) A proposed amendment to the articles referred to in subsection (1) is adopted when the holders of the shares of each class or series entitled to vote separately thereon as a class or series have approved the amendment by a special resolution.

### **Delivery of articles**

**216. (1)** Subject to any revocation under section 213(2), after an amendment has been adopted under section 213 or 215, articles of amendment in the prescribed form shall be sent to the Registrar.

(2) If an amendment effects or requires a reduction of stated capital, section 43(3) and (4) apply.

### **Certificate of amendment**

**217. (1)** Upon receipt of articles of amendment from a company, the Registrar shall issue to the company a certificate of amendment in accordance with section 503.

(2) An amendment to the articles of a company becomes effective on the date shown in the certificate issued by the Registrar in respect of that company; and the articles of the company are amended accordingly.

(3) No amendment to the articles affects—

- (a) an existing cause of action or claim or liability to prosecution in favour of or against the company or its directors or officers; or
- (b) any civil, criminal or administrative action or proceeding to which a company or any of its directors or officers is a party.

### **Re-stated articles**

**218. (1)** The directors of a company may at any time, and shall, when reasonably so directed by the Registrar, restate the articles of incorporation of the company as amended.

**(2)** Re-stated articles of incorporation in the prescribed form shall be sent to the Registrar.

**(3)** Upon receipt of re-stated articles of incorporation, the Registrar shall issue a re-stated certificate of incorporation in accordance with section 503.

**(4)** Re-stated articles of incorporation are effective on the date shown in the re-stated certificate of incorporation, and supersede the original articles of incorporation and all amendments thereto.

### *Amalgamations*

#### **Amalgamation**

**219.** Two or more companies, including holding and subsidiary companies, may amalgamate and continue as one company.

#### **Agreement for amalgamation**

**220. (1)** Each company proposing to amalgamate shall enter into an agreement setting out the terms and means of effecting the amalgamation, and in particular, setting out—

- (a)* the provisions that are required to be included in articles of incorporation under section 5;
- (b)* the name and address of each proposed director of the amalgamated company;
- (c)* the manner in which the shares of each amalgamating company are to be converted into shares or debentures of the amalgamated company;
- (d)* if any shares of an amalgamating company are not to be converted into shares or debentures of the amalgamated company, the amount of money or shares or debentures of anybody corporate that the holders of those shares are to receive instead of shares or debentures of the amalgamated company;
- (e)* the manner of payment of money instead of the issue of fractional shares of the amalgamated company or of any other body corporate the shares or debentures of which are to be received in the amalgamation;
- (f)* whether the byelaws of the amalgamated company are to be those of one of the amalgamating companies, and, if not, a copy of the proposed byelaws; and

- (g) details of any arrangements necessary to perfect the amalgamation and to provide for the subsequent management and operation of the amalgamated company.

(2) If shares of one of the amalgamating companies are held by or on behalf of another of the amalgamating companies, the amalgamation agreement shall provide for the cancellation of those shares when the amalgamation becomes effective, without any repayment of capital in respect thereof; and no provision may be made in the agreement for the conversion of those shares into shares of the amalgamated company.

### **Approval by shareholders**

**221. (1)** The directors of each amalgamating company shall submit the amalgamation agreement for approval to a meeting of the shareholders of the amalgamating company of which they are directors, and, subject to subsection (4), to the holders of each class or series of shares of that amalgamating company.

(2) A notice of a meeting of shareholders complying with section 110 shall be sent in accordance with that section to each shareholder of each amalgamating company; and the notice—

- (a) shall include or be accompanied with a copy or summary of the amalgamation agreement; and
- (b) shall state that a dissenting shareholder is entitled to be paid the fair value of his shares in accordance with section 226,

but failure to make the statement referred to in paragraph (b) does not invalidate an amalgamation.

(3) Each share of an amalgamating company carries the right to vote in respect of an amalgamation, whether or not the share otherwise carries the right to vote.

(4) The holders of shares of a class or series of shares of an amalgamating company are entitled to vote separately as a class or series in respect of an amalgamation when the amalgamation agreement contains a provision that, if contained in a proposed amendment to the articles, would entitle those holders to vote as a class or series under section 215.

(5) An amalgamation agreement is adopted when the shareholders of each amalgamating company have approved of the amalgamation by special resolution of each class or series of the shareholders entitled to vote on the amalgamation.

(6) An amalgamation agreement may provide that at any time before the issue of a certificate of amalgamation the agreement can be terminated by the directors of an amalgamating company, notwithstanding approval of the agreement by the shareholders of all or any of the amalgamating companies.

### **Vertical short-form amalgamation**

**222.** A holding company and one or more of its wholly-owned subsidiary companies may amalgamate and continue as one company without complying with sections 220 and 221, if—

- (a) the amalgamation is approved by a resolution of the directors of each amalgamating company; and
- (b) the resolutions provide that—
  - (i) the shares of each amalgamating subsidiary company will be cancelled without any repayment of capital in respect of the cancellation;
  - (ii) the articles of amalgamation will be the same as the articles of incorporation of the amalgamating holding company; and
  - (iii) no shares or debentures will be issued by the amalgamated company in connection with the amalgamation.

### **Horizontal short-form amalgamation**

**223.** Two or more wholly-owned subsidiary companies of the same holding body corporate may amalgamate and continue as one company without complying with sections 220 and 221 if—

- (a) the amalgamation is approved by a resolution of the directors of each amalgamating company; and
- (b) the resolutions provide that—
  - (i) the shares of all but one of the amalgamating subsidiary companies will be cancelled without any repayment of capital in respect of the cancellation;
  - (ii) the articles of amalgamation will be the same as the articles of incorporation of the amalgamating subsidiary company whose shares are not cancelled; and
  - (iii) the stated capital of the amalgamating subsidiary companies whose shares are cancelled will be added to the stated capital of the amalgamating subsidiary company whose shares are not cancelled.

### **Articles of amalgamation**

**224. (1)** Subject to section 221(6), after an amalgamation has been adopted under section 221 or approved under section 222 or 223, articles of amalgamation in the prescribed form shall be sent to the Registrar together with the documents required by sections 68 and 176.

**(2)** There shall be attached to the articles of amalgamation a statutory declaration of a director or an officer of each amalgamating company that establishes to the satisfaction of the Registrar—

- (a) that there are reasonable grounds for believing that—
  - (i) each amalgamating company is and the amalgamated company will be able to pay its liabilities as they become due; and
  - (ii) the realisable value of the amalgamated company's assets will not be less than the aggregate of its liabilities and stated capital of all classes; and
- (b) that there are reasonable grounds for believing that—
  - (i) no creditor will be prejudiced by the amalgamation; or
  - (ii) adequate notice has been given to all known creditors of the amalgamating companies, and no creditor objects to the amalgamation otherwise than on grounds that are frivolous or vexatious.

(3) For the purposes of subsection (2), adequate notice is given to creditors by a company, if—

- (a) a notice in writing is sent to each known creditor having a claim against the company that exceeds \$1,000;
- (b) a notice is published once in a newspaper published or distributed in Montserrat; and
- (c) each notice states that the company intends to amalgamate with one or more specified companies in accordance with this Act, and that a creditor of the company can object to the amalgamation within thirty days from the date of the notice.

### **Certificate of amalgamation**

**225. (1)** Upon receipt of articles of amalgamation, the Registrar shall issue a certificate of amalgamation in accordance with section 503.

**(2)** On the date shown in a certificate of amalgamation, in respect of an amalgamated company—

- (a) the amalgamation of the amalgamating companies and their continuance as one company becomes effective;
- (b) the property of each amalgamating company becomes the property of the amalgamated company and is vested in that company without further assurance;
- (c) the amalgamated company becomes liable for the obligations of each amalgamating company;
- (d) any existing cause of action, claim or liability to prosecution is unaffected;
- (e) a civil, criminal or administrative action or proceeding pending by or against an amalgamating company may be continued by or against the amalgamated company;

- (f) a conviction against, or ruling, order or judgment in favour of or against, an amalgamating company may be enforced by or against the amalgamated company; and
- (g) the articles of amalgamation are the articles of incorporation of the amalgamated company, and, except for the purposes of section 64(1), the certificate of amalgamation is the certificate of incorporation of the amalgamated company.

*Dissenters' Rights and Obligations*

**Dissent by shareholder**

**226. (1)** Subject to sections 236 and 241, a shareholder of any class of shares of a company may dissent if the company resolves—

- (a) to amend its articles under section 213 to add, change or remove any provisions restricting the issue or transfer of shares of that class;
- (b) to amend its articles under section 213 to add, change or remove any restriction upon the businesses that the company can carry on;
- (c) to amalgamate with another company, otherwise than under section 222 or 223; or
- (d) to sell, lease or exchange all or substantially all its property under section 135.

**(2)** Subject to sections 236 and 241, a shareholder of any class of shares of a company may dissent if the company is subject to an order of the court under section 237 permitting the shareholders to dissent.

**(3)** The articles of a company that is not a public company may provide that a shareholder of any class or series of shares who is entitled to vote under section 215 may dissent if the company resolves to amend its articles in a manner described in that section.

**(4)** In addition to any other right he has, but subject to section 235, a shareholder who complies with this section is entitled, when the action approved by the resolution from which he dissents or an order made under section 237 becomes effective, to be paid by the company the fair value of the shares held by him in respect of which he dissents; and the fair value is to be determined as of the close of business on the day before the resolution was adopted or the order made.

**(5)** A dissenting shareholder may not claim under this section except only with respect to all the shares of a class or series—

- (a) held by him on behalf of any one beneficial owner; and
- (b) registered in the name of the dissenting shareholder.

(6) A dissenting shareholder shall send to the company, at or before any meeting of shareholders of the company at which a resolution referred to in subsection (1) or (3) is to be voted on, a written dissent from the resolution, unless the company did not give notice to the shareholder of the purpose of the meeting and of his right to dissent.

(7) When a shareholder of a company has dissented pursuant to subsection (6) to a resolution referred to in subsection (1) or (3), the company shall, within ten days after the shareholders of the company adopt the resolution, send to the shareholder notice that the resolution has been adopted; but the notice need not be sent to the shareholder if he has voted for the resolution or has withdrawn his dissent.

### **Demand for payment**

**227. (1)** A dissenting shareholder shall within twenty days after he receives a notice under section 226(7), or, if he does not receive that notice, within twenty days after he learns that a resolution under that subsection has been adopted, send to the company a written notice containing—

- (a) his name and address;
- (b) the number and class or series of shares in respect of which he dissents; and
- (c) a demand for payment of the fair value of the shares.

(2) A dissenting shareholder shall within thirty days after sending a notice under subsection (1), send the certificates representing the shares in respect of which he dissents to the company or its transfer agent.

(3) A dissenting shareholder who fails to comply with subsection (2) has no right to make a claim under this section.

(4) A company or its transfer agent shall endorse on any share certificate received by it under subsection (2) a notice that the holder of the share is a dissenting shareholder under this section, and forthwith return the share certificate to the dissenting shareholder.

### **Suspension of rights**

**228.** After sending a notice under section 227, a dissenting shareholder ceases to have any rights as a shareholder, other than the right to be paid the fair value of his shares as determined under this section, unless—

- (a) the dissenting shareholder withdraws his notice before the company makes an offer under section 229;
- (b) the company fails to make an offer in accordance with section 229 and the dissenting shareholder withdraws his notice; or
- (c) the directors—
  - (i) under section 213(2) revoke a resolution to amend the articles of the company;

- (ii) under section 221(6), terminate an amalgamation agreement; or
- (iii) under section 136(7), abandon a sale, lease or exchange of property,

in which case his rights as a shareholder are re-instated as of the date the notice mentioned in section 227 was sent.

### **Offer to pay for share**

**229. (1)** A company shall, not later than seven days after the day on which the action approved by the resolution is effective, or the day the company received the notice referred to in section 227, whichever is the later date, send to each dissenting shareholder who has sent such a notice—

- (a) a written offer to pay for his shares in an amount considered by the directors of the company to be the fair value of those shares, which shall be accompanied with a statement showing how the fair value was determined; or
- (b) if section 235 applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

**(2)** Every offer made under subsection (1) for shares of the same class or series shall be on the same terms.

**(3)** Subject to section 235, a company shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (1) had been accepted; but the offer lapses if the company does not receive an acceptance of the offer within thirty days after it has been made.

### **Application to court**

**230. (1)** If a company fails to make an offer under section 229(1), or if a dissenting shareholder fails to accept the offer made by the company, the company may, within fifty days after the action approved by the resolution is effective, apply to the court to fix a fair value for the shares of any dissenting shareholders.

**(2)** If a company fails to apply to the court in the circumstances described in subsection (1), a dissenting shareholder may, within a further period of twenty days, apply to the court to fix a fair value for the shares of any dissenting shareholders.

### **Joined parties**

**231.** Upon an application to the court under section 230—

- (a) all dissenting shareholders whose shares have not been purchased by the company are to be joined as parties and are bound by the decision of the court; and

- (b) the company shall notify each affected dissenting shareholder of the date, place and consequences of the application and of his right to appear and be heard in person or by an attorney-at-law.

### **Court powers**

**232. (1)** Upon an application to the court under section 230, the court may determine whether any other person is a dissenting shareholder who should be joined as a party; and the court shall then fix a fair value for the shares of the dissenting shareholders.

**(2)** The court may appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

**(3)** The final order of the court shall be made against the company in favour of each dissenting shareholder of the company and for the amount of the shares of the dissenting shareholder as fixed by the court.

### **Interest**

**233.** The court may allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date the action approved by the resolution is effective until the date of payment by the company.

### **Recourse of dissenting shareholder**

**234. (1)** If section 235 applies, the company shall within ten days after the making of an order under section 232(3), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

**(2)** If section 235 applies, a dissenting shareholder, by written notice delivered to the company within thirty days after receiving a notice under subsection (1)—

- (a) may withdraw his notice of dissent, in which case the company consents to the withdrawal and the shareholder is re-instated to his full rights as a shareholder; or
- (b) may retain a status as a claimant against the company entitled to be paid as soon as the company is lawfully able to do so, or, in a winding up, to be ranked subordinate to the rights of creditors of the company, but in priority to the company's shareholders.

### **Prohibition of payment**

**235.** A company shall not make a payment to a dissenting shareholder under section 229 if there are reasonable grounds for believing—

- (a) the company is or would, after the payment, be unable to pay its liabilities as they become due; or
- (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities.

*Re-organisation*

**Re-organisation**

**236. (1)** In this section, “**re-organisation**” means—

- (a) a court order made under section 241;
- (b) a court order approving a proposal under the Bankruptcy Act; or
- (c) a court order that is made under any other enactment and that affects the rights among the company, its shareholders and creditors.

**(2)** If a company is subject to an order referred to in subsection (1), its articles may be amended by the order to effect any change that might lawfully be made by an amendment under section 213.

**(3)** If the court makes an order referred to in subsection (1), the court may also—

- (a) authorise the issue of debentures of the company, whether or not convertible into shares of any class or series, or having attached any rights or options to acquire shares of any class or series, and fix the terms thereof; and
- (b) appoint directors in place of, or in addition to, all or any of the directors then in office.

**(4)** After an order referred to in subsection (1) has been made, articles of re-organisation in the prescribed form shall be sent by the company to the Registrar, together with the documents required by sections 68 and 176, if applicable.

**(5)** Upon receipt of articles of re-organisation for a company, the Registrar shall issue a certificate of amendment in accordance with section 503.

**(6)** A re-organisation of a company becomes effective on the date shown in the certificate of amendment, and its articles of incorporation are amended accordingly.

**(7)** A shareholder of a company is not entitled to dissent under section 226 if an amendment to the articles of incorporation of the company is effected under this section.

*Arrangements*

**Arrangements**

**237. (1)** In this section, “**arrangements**” includes—

- (a) an amendment of the articles of a company;
- (b) an amalgamation of two or more companies;
- (c) a division of the businesses carried on by a company;

- (d) a transfer of all or substantially all the property of a company to another body corporate in exchange for property, money or shares or debentures of the body corporate;
- (e) an exchange of shares or debentures held by shareholders or debenture holders of a company for property, money or other shares or debentures of the company, or property, money or shares or debentures of another body corporate if it is not a take-over bid within the meaning of Division J;
- (f) a winding up and dissolution of a company; and
- (g) any combination of the activities described in paragraphs (a) to (f).

(2) For the purposes of this section, a company is insolvent when—

- (a) it is unable to pay its liabilities as they become due; or
- (b) the realisable value of the assets of the company are less than the aggregate of its liabilities and stated capital of all classes.

(3) Where it is not practicable for a company that is solvent to effect a fundamental change in the nature of an arrangement under any other provision of this Act, the company may apply to the court for an approval of an arrangement proposed by the company.

(4) In connection with an application under this section, the court may make any interim or final order it thinks fit—

- (a) an order determining the notice to be given to any interested person or dispensing with notice to any person other than the Registrar;
- (b) an order requiring a company, in such manner as the court directs, to call, hold and conduct a meeting of shareholders or debenture holders, or holders of options or rights to acquire shares in the company;
- (c) an order permitting a shareholder to dissent under section 226; or
- (d) an order approving an arrangement as proposed by the company or as amended in such manner as the court may direct.

(5) An applicant under this section shall give the Registrar notice of the application; and the Registrar may appear and be heard in person or by an attorney-at-law.

(6) After an order referred to in subsection (4)(d) has been made, articles of arrangement in the prescribed form shall be sent to the Registrar together with the documents required by sections 76 and 176, if applicable.

(7) Upon receipt of articles of arrangement, the Registrar shall issue a certificate of amendment in accordance with section 503.

(8) An arrangement becomes effective on the date shown in the certificate of amendment.

*Division L*

**Civil Remedies**

**Definitions**

**238.** In this Part—

- (a) **“action”** means an action under this Act;
- (b) **“complainant”** means—
  - (i) a shareholder or debenture holder, or a former holder of a share or debenture of a company or any of its affiliates;
  - (ii) a director or an officer or former director or officer of a company or any of its affiliates;
  - (iii) the Registrar; or
  - (iv) any other person who, in the discretion of the court, is a proper person to make an application under this Part.

*Derivative Actions*

**Derivative actions**

**239. (1)** Subject to subsection (2), a complainant may, for the purpose of prosecuting, defending or discontinuing an action on behalf of a company, apply to the court for leave to bring an action in the name and on behalf of the company or any of its subsidiaries, or intervene in an action to which such company or any of its subsidiaries is a party.

**(2)** No action may be brought, and no intervention in an action may be made, under subsection (1) unless the court is satisfied—

- (a) that the complainant has given reasonable notice to the directors of the company or its subsidiary of his intention to apply to the court under subsection (1) if the directors of the company or its subsidiary do not bring, diligently prosecute or defend, or discontinue, the action;
- (b) that the complainant is acting in good faith; and
- (c) that it appears to be in the interests of the company or its subsidiary that the action be brought, prosecuted, defended or discontinued.

**Court powers**

**240.** In connection with an action brought or intervened in under section 239, the court may at any time make any order it thinks fit, including—

- (a) an order authorising the complainant, the Registrar or any other person to control the conduct of the action;
- (b) an order giving directions for the conduct of the action;
- (c) an order directing that any amount adjudged payable by a defendant in the action be paid, in whole or in part, directly to former and present shareholders or debenture holders of the company or its subsidiary, instead of to the company or its subsidiary; or
- (d) an order requiring the company or its subsidiary to pay reasonable legal fees incurred by the complainant in connection with the action.

### *Restraining Oppression*

#### **Oppression restrained**

**241. (1)** A complainant may apply to the court for an order under this section.

**(2)** If, upon an application under subsection (1), the court is satisfied that in respect of a company or any of its affiliates—

- (a) any act or omission of the company or any of its affiliates effects a result;
- (b) the business or affairs of the company or any of its affiliates are or have been carried on or conducted in a manner; or
- (c) the powers of the directors of the company or any of its affiliates are or have been exercised in a manner,

that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of, any shareholder or debenture holder, creditor, director or officer of the company, the court may make an order to rectify the matters complained of.

**(3)** In connection with an application under this section, the court may make any interim or final order it thinks fit, including—

- (a) an order restraining the conduct complained of;
- (b) an order appointing a receiver or receiver-manager;
- (c) an order to regulate a company's affairs by amending its articles or byelaws, or creating or amending a unanimous shareholder agreement;
- (d) an order directing an issue or exchange of shares or debentures;
- (e) an order appointing directors in place of, or in addition to, all or any of the directors then in office;

- (f) an order directing a company, subject to subsection (6), or any other person, to purchase shares or debentures of a holder thereof;
  - (g) an order directing a company, subject to subsection (6), or any other person, to pay to a shareholder or debenture holder any part of the moneys paid by him for his shares or debentures;
  - (h) an order varying or setting aside a transaction or contract to which a company is a party, and compensating the company or any other party to the transaction or contract;
  - (i) an order requiring a company, within a time specified by the court, to produce to the court or an interested person financial statements in the form required by section 149 or an accounting in such other form as the court may determine;
  - (j) an order compensating an aggrieved person;
  - (k) an order directing rectification of the registers or other records of a company under section 244;
  - (l) an order winding up and dissolving the company;
  - (m) an order directing an investigation under Division B of Part 5 to be made; or
  - (n) an order requiring the trial of any issue.
- (4) If an order made under this section directs the amendment of the articles or byelaws of a company—
- (a) the directors shall forthwith comply with section 236(4); and
  - (b) no other amendment to the articles or byelaws may be made without the consent of the court, until the court otherwise orders.
- (5) A shareholder is not entitled under section 226 to dissent if an amendment to the articles is effected under this section.
- (6) A company shall not make a payment to a shareholder under subsection (3)(f) or (g) if there are reasonable grounds for believing that—
- (a) the company is unable or would, after the payment, be unable to pay its liabilities as they become due; or
  - (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities.
- (7) An applicant under this section may apply in the alternative for an order under section 377.

### **Staying action**

**242. (1)** An application made or an action brought or intervened in under this Part may not be stayed or dismissed by reason only that it is shown that an

alleged breach of a right or duty owed to the company or its subsidiary has been or might be approved by the shareholders of the company or its subsidiary; but evidence of approval by the shareholders may be taken into account by the court in making an order under section 240, 241 or 377.

(2) An application made or an action brought or intervened in under this Part may not be stayed, discontinued, settled or dismissed for want of prosecution without the approval of the court given upon such terms as the court thinks fit; and if the court determines that the interests of any complainant could be substantially affected by the stay, discontinuance, settlement or dismissal, the court may order any party to the application or action to give notice to the complainant.

### Interim costs

243. In an application made or an action brought or intervened in under this Part, the court may at any time order the company or its subsidiary to pay to the complainant interim costs, including legal fees and disbursements; but the complainant may be held accountable for those interim costs upon the final disposition of the application or action.

### Rectification of records

244. (1) If the name of a person is alleged to be or to have been wrongly entered or retained in, or wrongly deleted or omitted from, the registers or other records of a company, the company, a shareholder or debenture holder of the company, or any aggrieved person, may apply to the court for an order that the registers or records of the company be rectified.

(2) An applicant under this section shall give the Registrar notice of the application; and the Registrar is entitled to appear and be heard in person or by an attorney-at-law.

(3) In connection with an application under this section, the court may make any order it thinks fit including—

- (a) an order requiring the registers or other records of the company to be rectified;
- (b) an order restraining the company from calling or holding a meeting of shareholders, or paying a dividend before that rectification;
- (c) an order determining the right of a party to the proceedings to have his name entered or retained in, or deleted or omitted from, the registers or records of the company, whether the issue arises between two or more shareholders or debenture holders or alleged shareholders or alleged debenture holders, or between the company and any shareholders or debenture holders, or alleged shareholders or alleged debenture holders; and
- (d) an order compensating a party who has incurred a loss.

*Other Remedial Actions*

**Directions for Registrar**

**245.** The Registrar may apply to the court for directions in respect of any matter concerning his duties under this Act; and on the application the court may give such directions and make such further order as it thinks fit.

**Refusal by Registrar**

**246. (1)** When the Registrar refuses to file any articles or other document required by this Act to be filed by him before the articles or other document become effective, the Registrar shall—

- (a) within sixty days after the receipt thereof by him, or sixty days after he receives any approval required under any other Act, whichever is the later date; and
- (b) after giving the person who sent the articles or document an opportunity to be heard,

give written notice of the refusal to that person, together with the reasons for the refusal.

**(2)** If the Registrar does not file or give written notice of his refusal to file any articles or document within the time limited therefor in subsection (1), then, for the purposes of section 247, the Registrar has refused to file the articles or document.

**Appeal from Registrar**

**247.** A person who feels aggrieved by the decision of the Registrar—

- (a) to refuse to file in the form submitted to him any articles or other document required by this Act to be filed by him;
- (b) to give a name, to change or revoke a name, or to refuse to reserve, accept, change or revoke a name under sections 11 to 13;
- (c) to refuse to grant an exemption under section 144, section 150 or section 154(3) and any regulations thereunder; or
- (d) to refuse under section 366(2) to permit a continued reference to shares having a nominal or par value,

may apply to the court for an order requiring the Registrar to change his decision; and upon the application the court may so order, and make any further order it thinks fit.

**Restraining order, etc.**

**248.** If a company or any director, officer, employee, agent, auditor, trustee, receiver, receiver-manager or liquidator of a company does not comply with this Act, the regulations, articles, byelaws, or any unanimous shareholder

agreement of the company, a complainant or creditor of the company may, in addition to any other right he has, apply to the court for an order directing any such person to comply with, or restraining any such person from acting in breach of, any provisions of this Act, the regulations, articles, byelaws or unanimous shareholder agreement, as the case may be.

### Summary application

**249.** Subject to this Act, where it is provided that, a person may apply to the court, the application may be made in a summary manner by originating summons, originating notice of motion, or otherwise as the rules of the court provide, but subject to any order respecting notice to interested parties or costs, or any other order the court thinks fit.

## PART 2

### PROTECTION OF CREDITORS AND INVESTORS

#### *Division A*

### Registration of Charges

#### *Charges*

### Registration with Registrar

**250. (1)** Subject to this Division, where a charge to which this section applies is created by a company, the company shall within twenty eight days after the creation of the charge, lodge with the Registrar a statement of the charge and—

- (a) any instrument by which the charge is created or evidenced; or
- (b) a copy of the instrument together with a statutory declaration verifying the execution of the charge and also verifying the copy as being a true copy of the instrument,

and if this provision is not complied with in relation to the charge, the charge is void so far as any security interest it thereby purported to create.

**(2)** Nothing in subsection (1) affects any contract or obligation for repayment of the money secured by a charge that is void under that subsection; and the money received under the charge becomes immediately payable.

**(3)** This section applies to all charges created by a company except—

- (a) any pledge of, or possessory lien on, goods; and
- (b) any charge by way of pledge, deposit or trust receipt, or bills of lading, dock warrants or other documents of title to goods, or of bills of exchange, promissory notes, or other negotiable securities for money.

### **Contents of charge statements**

**251. (1)** Subject to subsections (2) and (3), the statement referred to in section 250 shall contain the following particulars—

- (a) the date of the creation of the charge;
- (b) the nature of the charge;
- (c) the amount secured by the charge, or the maximum sum deemed to be secured by the charge in accordance with section 255;
- (d) short particulars of the property charged;
- (e) the persons entitled to the charge; and
- (f) in the case of a floating charge, the nature of any restriction on the power of the company to grant further charges ranking in priority to, or equally with, the charge thereby created.

**(2)** Where a company creates a series of debentures containing or giving by reference to any other instrument any charge to the benefit of which the debenture holders of that series are entitled equally, it is sufficient if there is lodged with the Registrar for registration, within 28 days after the execution of the instrument containing the charges, or, if there is no such instrument, after the execution of the first debenture of the series, a statement containing the following—

- (a) the total amount secured by the whole series;
- (b) the dates of the resolutions authorising the issue of the series and the date of any covering instrument by which the security interest is created or defined;
- (c) the name of any trustee for the debenture holders; and
- (d) the particulars specified in subsections (1)(b), (d) and (f).

**(3)** The statement referred to in subsection (2) shall be accompanied by the instrument containing the charge or a copy of that instrument and a statutory declaration verifying the execution of the instrument and verifying the copy to be a true copy; but, if there is no such instrument, the statement shall be accompanied by a copy of one of the debentures of the series and a statutory declaration verifying the copy to be a true copy.

### **Certified copy of instrument**

**252.** For the purposes of section 250(1) and section 251(3), a certified copy of an instrument or debenture is a copy of the instrument or debenture that has endorsed on it a certificate—

- (a) that states that the instrument or debenture is a true and complete copy of the original; and

- (b) that is under seal of the company or under the hand of some person interested in the instrument or debenture otherwise than on behalf of the company.

### Later charges

**253.** When a charge requiring registration under sections 250 to 252—

- (a) is created before the lapse of thirty days after the creation of a prior unregistered charge that comprises all or any part of the property comprised in the prior charge; and
- (b) is given as security for the same debt that is secured by the prior charge or any part of that debt,

then, to the extent to which the subsequent charge is a security for the same debt or part thereof and so far as respects the property comprised in the prior charge, the subsequent charge does not operate nor is it valid unless it was given in good faith for the purpose of correcting some material error in the prior charge or under other proper circumstances and not for the purpose of avoiding or evading the provisions of this Division.

### Effect on enactments

**254.** Sections 250 to 253 do not affect any other enactment relating to the registration of charges.

### Fluctuating charges

**255. (1)** When a charge the particulars of which require registration under section 250 is expressed to secure all sums due or to become due or some other fluctuating amount, the particulars required under section 251(1)(c) shall state the maximum sum that is deemed to be secured by the charge, which shall be the maximum covered by the stamp duty paid thereon; and the charge is, subject to subsection (2), void, so far as any security interest is created by the charge, as respects any excess over the stated maximum.

**(2)** Where, in respect of a charge on the property of a company of a kind referred to in subsection (1)—

- (a) any additional stamp duty is later paid on the charge; and
- (b) at any time after that, but before the commencement of the winding up of the company, amended particulars of the charge stating the increased maximum sum deemed to be secured by the charge, together with the original instrument by which the charge was created or evidenced, are lodged with the Registrar for registration,

then, as from the date on which it is lodged, the charge, if otherwise valid, is effective to the extent of the increased maximum sum, except as regards any person who, before the date on which the charge was so lodged, had acquired any proprietary rights in, or a fixed or floating charge on, the property that is subject to the charge.

### **Charge on acquisition of property**

**256. (1)** Where a company acquires any property that is subject to a charge of any kind that would, if it had been created by the company after the acquisition of the property, have been required to be registered under this Division, the company shall within twenty eight days after the date on which the acquisition is completed, lodge with the Registrar for registration—

- (a) a statement of the particulars required by section 251 and of the date of the acquisition of the property; and
- (b) the instrument by which the charge was created or is evidenced or a copy thereof,

accompanied by a statutory declaration as required by section 250 and certified as provided in section 252.

**(2)** Failure to comply with subsection (1) does not affect the validity of the charge concerned.

### *Registration of Charges*

#### **Duty to Register**

**257. (1)** Documents and particulars required to be lodged for registration may—

- (a) in the case of a requirement under section 250, be lodged by the company concerned or by any person interested in the documents; and
- (b) in the case of a requirement under section 256, be lodged by the company concerned.

**(2)** A person not being the company concerned who lodges documents or particulars for registration pursuant to subsection (1)(a) may recover from the company concerned the amount of any fees properly payable on the registration if he meets the requirements of sections 250 to 253.

#### **Register of charges**

**258. (1)** The Registrar shall keep a register of all the charges lodged for registration under this Division and enter in the register with respect to those charges the following particulars—

- (a) in any case to which section 251(2) applies, such particulars as are required to be contained in a statement lodged under that subsection;
- (b) in any case to which section 256 applies, such particulars as are required to be contained in a statement lodged under subsection (1)(a) of that subsection; and
- (c) in any other case, such particulars as are required by section 251 to be contained in a statement lodged under that section.

(2) The Registrar shall issue a certificate of every registration, stating, if applicable, the amount secured by the charge, or, in a case referred to in section 255, the maximum amount secured by the charge, and the certificate is conclusive proof that the requirements as to registration have been complied with.

### Endorsement on debenture

**259. (1)** A company shall endorse on every debenture issued by it—

- (a) a copy of the certificate of registration of any charge related to the debenture; or
- (b) a statement that the registration of a charge related to the debenture has been effected and the date of the registration.

(2) Subsection (1) does not apply to a debenture issued by a company before the charge was created in relation to the debenture.

### Satisfaction and payment

**260. (1)** Where, with respect to any registered charge—

- (a) the debt for which the charge was given has been paid or satisfied in whole or in part; or
- (b) the property or undertaking charged, or any part thereof, has been released from the charge, or has ceased to form part of the company's property or undertaking,

the company may lodge with the Registrar in the prescribed form a memorandum of satisfaction, in whole or in part, or a memorandum of the fact that the property or undertaking, or any part thereof, has been released from the charge or has ceased to form part of the company's property or undertaking, as the case may be, and the Registrar shall enter particulars of that memorandum in the register.

(2) The memorandum shall be supported by evidence sufficient to satisfy the Registrar of the payment, satisfaction, release or cessation referred to in subsection (1).

### Rectification of error

**261.** On being satisfied that the omission to register a charge within the time required, or that the omission or mis-statement of any particular with respect to any such charge or in a memorandum—

- (a) was accidental or due to inadvertence or to some other sufficient cause;
- (b) is not of a nature to affect adversely the position of creditors or shareholders; or
- (c) that, on other grounds, it is just and equitable to grant relief,

the court may, on the application of the company or any person interested, and on such terms and conditions as seem to the court to be just and expedient, order that the time for registration be extended or that the omission or mis-statement be rectified.

### **Retention of copy**

**262. (1)** A company shall retain, at the registered office of the company, a copy of every instrument creating any charge that requires registration under this Division; but, in the case of a series of debentures, the retention of a copy of one debenture of the series is sufficient for the purposes of this subsection.

**(2)** A company shall record all charges specifically affecting property of the company, and all floating charges on the undertaking or any property of the company, giving in each case a short description of the property charged, the amount of the charge and the names of the persons entitled thereto.

### **Inspection of copies**

**263.** The copies of instruments retained by the company pursuant to section 262 shall be kept open for the inspection of creditors and shareholders of the company, free of charge.

### **Registration of receiver**

**264. (1)** Where any person—

- (a)* obtains an order for the appointment of a receiver of any of the property of a company; or
- (b)* appoints a receiver of any of the property of a company or enters into possession of any property of a company under any powers contained in any charge,

he shall give, within ten days from the date of the order, appointment or entry into possession, notice thereof to the Registrar, who shall enter the fact in the register of the particulars of charges relating to the company.

**(2)** When—

- (a)* a person who has been appointed a receiver of the property of a company ceases to act as receiver; or
- (b)* a person who had entered into possession of any property of a company goes out of possession of that property,

he shall, within ten days of his having done so, give notice of his so doing in the prescribed form to the Registrar, who shall enter the notice in the register of the particulars of charges relating to the company.

*Application of Division***External company**

**265.** This Division applies to charges created or acquired after the commencement of this Division, by an external company, on property in Montserrat in like manner and with like consequences as if the external company were a company as defined in section 543 whether or not the external company is registered under this Act pursuant to Division B of Part 3.

*Division B***Trust Deeds and Debentures****Definitions**

**266.** In this Division—

- (a) **“event of default”** means an event specified in a trust deed on the occurrence of which—
  - (i) a security interest constituted by the trust deed becomes enforceable; or
  - (ii) the principal, interest and other moneys payable thereunder become, or can be declared to be, payable before maturity, but the event is not an event of default until all conditions prescribed in the trust deed in connection with that event for the giving of notice or the lapse of time or otherwise have been satisfied;
- (b) **“trustee”** means any person appointed as trustee under the terms of a trust deed to which a company is a party, and includes any successor trustee;
- (c) **“trust deed”** means any deed, indenture or other instrument, including any supplement or amendment thereto, made by a company after its incorporation or continuance under this Act, under which the company issues debentures and in which a person is appointed as trustee for the holders of the debentures issued thereunder.

**Application of Division**

**267.** This Division applies to a trust deed if the debentures issued or to be issued under the trust deed are part of a distribution to the public.

*Trustees*

**Conflict of interest**

**268. (1)** No person may be appointed as trustee if there is a material conflict of interest between his role as trustee and his role in any other capacity.

**(2)** Without prejudice to the generality of subsection (1) there is a material conflict of interest for the purpose of subsection (1) where a person is an officer or employee, or a shareholder of the company issuing the debentures.

**(3)** Within ninety days after a trustee becomes aware that a material conflict of interest exists in his case, the trustee shall—

- (a)* eliminate the conflict of interest; or
- (b)* resign from office.

**(4)** A trust deed, any debentures issued thereunder and a security interest effected thereby are valid notwithstanding a material conflict of interest of the trustee.

**(5)** If the trustee is appointed contrary to subsection (1) or continues as a trustee contrary to subsection (3), any interested person may apply to the court for an order that the trustee be replaced; and the court may make an order on such terms as it thinks fit.

**List of debenture holders**

**269. (1)** A holder of debentures issued under a trust deed may, upon payment to the trustee of a reasonable fee, require the trustee to furnish, within fifteen days after delivering to the trustee the statutory declaration referred to in subsection (4), a list setting out—

- (a)* the names and addresses of the registered holders of the outstanding debentures of the issuer;
- (b)* the principal amount of outstanding debentures owned by each such holder; and
- (c)* the aggregate principal amount of debentures outstanding,

as shown in the records maintained by the trustee on the day that the statutory declaration is delivered to him.

**(2)** Upon the demand of a trustee, the issuer of debentures shall furnish the trustee with the information required to enable the trustee to comply with subsection (1).

**(3)** If the person requiring the trustee to furnish a list under subsection (1) is a body corporate, the statutory declaration required under that subsection shall be made by a director or officer of the body corporate.

**(4)** The statutory declaration required under subsection (1) shall state—

- (a) the name and address of the person requiring the trustee to furnish the list, and, if the person is a body corporate, its address for service; and
- (b) that the list will not be used except as permitted under subsection (5).

(5) A list obtained under this section shall not be used by any person except in connection with—

- (a) an effort to influence the voting of the debenture holders;
- (b) an offer to acquire debentures; or
- (c) any other matter relating to the debentures or the affairs of the issuer or guarantor thereof.

### Evidence of compliance

**270. (1)** An issuer or a guarantor of debentures issued or to be issued under a trust deed shall, before doing any act that is described in paragraphs (a), (b) or (c), furnish the trustee with evidence of compliance with the conditions in the trust deed relating to—

- (a) the issue, certification and delivery of debentures under the trust deed;
- (b) the release, or release and substitution, of property that is subject to a security interest constituted by the trust deed; or
- (c) the satisfaction and discharge of the trust deed.

**(2)** Upon the demand of a trustee, the issuer or guarantor of debentures issued or to be issued under a trust deed shall furnish the trustee with evidence of compliance with the trust deed by the issuer or guarantor in respect of any act to be done by the trustee at the request of the issuer or guarantor.

### Contents of evidence

**271.** Evidence of compliance as required by section 270 shall consist of—

- (a) a statutory declaration or certificate made by a director or an officer of the issuer or guarantor stating that the conditions referred to in that section have been complied with;
- (b) if the trust deed requires compliance with conditions that are subject to review by an attorney-at-law, his opinion that those conditions have been complied with; and
- (c) if the trust deed requires compliance with conditions that are subject to review by an auditor or accountant, an opinion or report of the auditor of the issuer or guarantor, or such other accountant as the trustee may select, that those conditions have been complied with.

### **Further evidence**

**272.** The evidence of compliance referred to in section 271 shall include a statement by the person giving the evidence—

- (a) declaring that he has read and understands the conditions of the trust deed described in section 270;
- (b) describing the nature and scope of the examination or investigation upon which he based the certificate, statement or opinion; and
- (c) declaring that he has made such examination or investigation as he believes necessary to enable him to make the statements or give the opinion contained or expressed therein.

### **Evidence relating to conditions**

**273.** Upon the demand of a trustee, the issuer or guarantor of debentures issued under a trust deed shall furnish the trustee with evidence in such form as the trustee may require as to compliance with any condition of the trust deed relating to any action required or permitted to be taken by the issuer or guarantor under the trust deed.

### **Certificate of compliance**

**274.** At least once in every twelve month period beginning on the date of the trust deed and at any other time upon the demand of a trustee, the issuer or guarantor of debentures issued under the trust deed shall furnish the trustee with a certificate that the issuer or guarantor has complied with all requirements contained in the trust deed that, if not complied with, would, with the giving of notice, lapse of time or otherwise, constitute an event of default, or, if there has been failure to so comply, giving particulars of that failure.

### **Notice of default**

**275.** Within thirty days after a trustee under a trust deed becomes aware of an event of default thereunder, the trustee shall give to the holder of any debentures issued under the trust deed notice of the event of default arising under the trust deed and continuing at the time the notice is given, unless the trustee reasonably believes that it is in the best interests of the debenture holders to withhold that notice and in writing so informs the issuer and guarantor.

### **Redemption of debenture**

**276. (1)** Debentures issued, pledged or deposited by a company are not redeemed by reason only that the amount in respect of which the debentures are issued, pledged or deposited is repaid.

**(2)** Debentures issued by a company and purchased, redeemed or otherwise acquired by it may be cancelled, or, subject to any applicable trust deed or other agreement, may be re-issued, pledged or deposited to secure any

obligation of the company then existing or thereafter incurred; and any such acquisition and re-issue, pledge or deposit is not a cancellation of the debenture.

### **Duty of care**

**277.** A trustee under a trust deed in exercising his powers and discharging his duties shall—

- (a) act honestly and in good faith with a view to the best interests of the holders of the debentures issued under the trust deed; and
- (b) exercise the care, diligence and skill of a reasonably prudent trustee.

### **Reliance on statements**

**278.** Notwithstanding section 277, a trustee is not liable if he relies in good faith upon statements contained in a statutory declaration, certificate, opinion or report that complies with this Act or the trust deed.

### **No exculpation**

**279.** No term of a trust deed or of any agreement between a trustee and the holders of debentures issued thereunder, or between the trustee and the issuer or guarantor, operates to relieve a trustee from the duties imposed upon him by section 277.

### **Rights of trustees**

**280. (1)** The trustee under a trust deed holds all contracts, stipulations and undertakings given to him and all mortgages, charges and securities vested in him, in connection with the debentures covered by the trust deed, or some of those debentures, exclusively for the benefit of the debenture holders concerned, except in so far as the trust deed otherwise provides.

**(2)** A debenture holder may—

- (a) sue the company that issued the debentures he holds for payment of any amount payable to him in respect of the debentures; or
- (b) sue the trustee of the trust deed covering the debentures he holds for compensation for any breach of the duties that the trustee owes him,

and in any such action it is not necessary for any debenture holders of the same class, or, if the action is brought against the company, the trustee under the covering trust deed, to be joined as a party.

**(3)** This section applies notwithstanding anything contained in a debenture trust deed or other instrument; but a provision in a debenture or trust deed is valid and binding on all the debenture holders of the class concerned to the extent that, by a resolution supported by the votes of the holders of at least

three-quarters in value of the debentures of that class in respect of which votes are cast on the resolution, the provision enables a meeting of the debenture holders—

- (a) to release any trustee from liability for any breach of his duties to the debenture holders that he has already committed or generally from liability for all such breaches, without necessarily specifying them, upon his ceasing to be a trustee;
- (b) to consent to the alteration or abrogation of any of the rights, powers or remedies of the debenture holders and the trustee under the trust deed covering their debentures, except the powers and remedies under section 287; or
- (c) to consent to the substitution of debentures of a different class issued by the company or any other company or body corporate for the debentures of the debenture holders, or to consent to the cancellation of the debentures in consideration of the issue to the debenture holders of shares credited as fully paid in the company or any other body corporate.

### *Trust Deeds*

#### **Need for trust deed**

**281. (1)** A public company shall, before issuing any of its debentures, execute a trust deed in respect of the debentures and procure the execution thereof by a trustee.

**(2)** No trust deed may cover more than one class of debentures, whether or not the trust deed is required by this section to be executed.

**(3)** Where a trust deed is required by this section to be executed in respect of any debentures issued by a public company but a trust deed has not been executed, the court may, on the application of a holder of any debenture issued by the company—

- (a) order the company to execute a trust deed in respect of those debentures;
- (b) direct that a person nominated by the court be appointed a trustee of the trust deed; and
- (c) give such consequential directions as the court thinks fit regarding the contents of the trust deed and its execution by the trustee.

#### **Kinds of debentures**

**282. (1)** Debentures belong to different classes if different rights attach to them in respect of—

- (a) the rate of interest or the dates for payment of interest;

- (b) the dates when, or the installments by which, the principal of the debentures will be repaid, unless the difference is solely that the class of debentures will be repaid during a stated period of time and particular debentures will be repaid at different dates during that period according to selections made by the company or by drawings, ballot or otherwise;
- (c) any right to subscribe for or convert the debentures into other shares or other debentures of the company or any other body corporate; or
- (d) the powers of the debenture holders to realise any security interest.

(2) Debentures belong to different classes if they do not rank equally for payment when—

- (a) any security interest is realised; or
- (b) the company is wound-up,

that is to say, if, in those circumstances, the security interest or the proceeds thereof, or any assets available to satisfy the debentures, is or are not to be applied in satisfying the debentures strictly in proportion to the amount of principal, premiums and arrears of interest to which the holders of them are respectively entitled.

### Cover of trust deed

**283.** A debenture is covered by a trust deed if the debenture holder is entitled to participate in any money payable by the company under the trust deed, or is entitled by the trust deed to the benefit of any security interest, whether alone or together with other persons.

### Exception

**284.** Sections 281 to 283 do not apply to debentures issued before the commencement date, or to debentures forming part of a class of debentures some of which were issued before that date.

### Contents of trust deed

**285. (1)** Every trust deed, whether required by section 281 or not, shall state—

- (a) the maximum sum that the company can raise by issuing debentures of each specific issue;
- (b) the maximum discount that can be allowed on the issue or re-issue of the debentures, and the maximum premium at which the debentures can be made redeemable;
- (c) the nature of any assets over which a security interest is created by the trust deed in favour of the trustee for the benefit of the debenture holders equally, and, except where such an interest is

a floating charge or a general floating charge, the identity of the assets subject to it;

- (d) the nature of any assets over which a security interest has been, or will be, created in favour of any person other than the trustee for the benefit of the debenture holders equally, and, except where such an interest is a floating charge or a general floating charge, the identity of the assets subject to it;
- (e) whether the company has created or will have to create any security interest for the benefit of some, but not all, of the holders of debentures issued under the trust deed;
- (f) any prohibition or restriction on the power of the company to issue debentures or to create any security interest on any of its assets ranking in priority to, or equally with, the debentures issued under the trust deed;
- (g) whether the company will have power to acquire debentures issued under the trust deed before the date for their redemption and to re-issue the debentures;
- (h) the dates on which interest on the debentures issued under the trust deed will be paid, and the manner in which payment will be made;
- (i) the dates on which the principal of the debentures issued under the trust deed will be repaid, and, unless the whole principal is to be repaid to all the debenture holders at the same time, the manner in which redemption will be effected, whether by the payment of equal installments of principal in respect of each debenture or by the selection of debentures for redemption by the company, or by drawing, ballot or otherwise;
- (j) in the case of convertible debentures, the dates and terms on which the debentures can be converted into shares and the amounts that will be credited as paid upon those shares, and the dates and terms on which the debenture holders can exercise any right to subscribe for shares in right of the debentures held by them;
- (k) the circumstances in which the debenture holders will be entitled to realise any security interest vested in the trustee or any other person for their benefit, other than the circumstances in which they are entitled to do so by this Act;
- (l) the power of the company and the trustee to call meetings of the debenture holders, and the rights of debenture holders to require the company or the trustee to call meetings of the debenture holders;
- (m) whether the rights of debenture holders can be altered or abrogated, and, if so, the conditions that are to be fulfilled, and

the procedures that are to be followed, to effect an alteration or an abrogation; and

- (n) the amount or rate of remuneration to be paid to the trustee and the period for which it will be paid, and whether it will be paid in priority to the principal, interest and costs in respect of debentures issued under the trust deed.

(2) If debentures are issued without a covering trust deed being executed, the statements required by subsection (1) shall be included in each debenture or in a note forming part of the same document, or endorsed thereon; and in applying that subsection, references therein to the trust deed are to be construed as references to all or any of the debentures of the same class.

(3) Subsection (2) does not apply if—

- (a) the debenture is the only debenture of the class to which it belongs that has been or that can be issued; and
- (b) the rights of the debenture holder cannot be altered or abrogated without his consent.

(4) This section does not apply to a trust deed executed or to debentures issued before the commencement date.

### Contents of debentures

**286. (1)** Every debenture that is covered by a trust deed shall state either in the body of the debenture or in a note forming part of the same document or endorsed thereon—

- (a) the matters required to be stated in a trust deed by sections 285(1)(a), (b), (f), (h), (i), (j), (l) and (m);
- (b) whether the trustee of the covering trust deed holds the security interest vested in him by the trust deed in trust for the debenture holders equally, or in trust for some only of the debenture holders, and, if so, which debenture holders; and
- (c) whether the debenture is secured by a general floating charge vested in the trustee of the covering trust deed or in the debenture holders.

(2) A debenture issued by a company shall state on its face in clearly legible print that it is unsecured if no security interest is vested in the holder of the debenture or in any other person for his benefit as security for payment of principal and interest.

(3) This section does not apply to debentures issued before the commencement date.

*Realisation of security*

**Equity realisation**

**287. (1)** Debenture holders are entitled to realise any security interest vested in them or in any other person for their benefit, if—

- (a) the company fails, within one month after it becomes due, to pay—
  - (i) any installment of interest;
  - (ii) the whole or part of the principal; or
  - (iii) any premium,  
owing under the debentures or the trust deed covering the debentures;
- (b) the company fails to fulfil any of the obligations imposed on it by the debentures or the trust deed;
- (c) any circumstances occur that by the terms of the debentures or trust deed entitle the holders of the debentures to realise their security interest; or
- (d) the company goes into liquidation.

**(2)** Debenture holders whose debentures are secured by a general floating charge vested in themselves or the trustee of the covering trust deed or any other person are additionally entitled to realise their security interest, if—

- (a) any creditor of the company issues a process of execution against any of its assets or commences proceedings for winding up of the company by order of any court of competent jurisdiction;
- (b) the company ceases to pay its debts as they fall due;
- (c) the company ceases to carry on business;
- (d) the company incurs, after the issue of debentures of the class concerned, losses or diminution in the value of its assets that in the aggregate amount to more than one-half of the total amount owing in respect of—
  - (i) debentures of the class held by the debenture holders who seek to enforce their security interest; and
  - (ii) debentures whose holders rank before them for payment of principal or interest; or
- (e) any circumstances occur that entitle debenture holders who rank for payment of principal or interest in priority to the debentures secured by the general floating charge to realise their security interest.

(3) At any time after a class of debenture holders become entitled to realise their security interest, a receiver of any assets subject to such security interest or in favour of the class of debenture holders or the trustee of the covering trust deed or any other person may be appointed—

- (a) by the trustee;
- (b) by the holders of debentures in respect of which there is owing more than half of the total amount owing in respect of all the debentures of the same class; or
- (c) by the court on the application of any trustee or debenture holder of the class concerned.

(4) A receiver appointed pursuant to subsection (3) has, subject to any order made by the court, power—

- (a) to take possession of the assets that are subject to the security interest and to sell those assets; and
- (b) if the security interest extends to that property—
  - (i) to collect debts owed to the company;
  - (ii) to enforce claims vested in the company;
  - (iii) to compromise, settle and enter into arrangements in respect of claims by or against the company;
  - (iv) to carry on the company's business with a view to selling it on the most favourable terms;
  - (v) to grant or accept leases of land and licences in respect of patents, designs, copyright, or trade, service or collective marks; and
  - (vi) to recover capital unpaid on the company's issued shares.

(5) The remedies given by this section are in addition to, and not in substitution for, any other powers and remedies conferred on the trustee under the trust deed or on the debenture holders by the debentures or the trust deed; and any power or remedy that is expressed in any instrument to be exercisable if the debenture holders become entitled to realise their security interest is exercisable on the occurrence of any of the events specified in subsection (1), or, in the case of a general floating charge, in subsections (1) and (2); but a manager of the business or of any of the assets of a company may not be appointed for the benefit of debenture holders unless a receiver has also been appointed and has not ceased to act.

(6) This section applies to debentures issued before as well as after the commencement date.

(7) No provision in any instrument is valid that purports to exclude or restrict the remedies given by this section.

*Division C*

**Receivers and Receiver-Managers**

**Disqualified receivers**

**288. (1)** A person may not be appointed a receiver or receiver-manager of any assets of a company, and may not act as such a receiver or receiver-manager, if the person—

- (a) is a body corporate;
- (b) is an un-discharged bankrupt; or
- (c) is disqualified from being a trustee under a trust deed executed by the company, or would be so disqualified if a trust deed had been executed by the company.

**(2)** If a person who was appointed to be a receiver or receiver-manager becomes disqualified under subsection (1) or under any provision contained in a debenture or trust deed, another person may be appointed in his place by the persons who are entitled to make the appointment, or by the court; but a receivership is not terminated or interrupted by the occurrence of the disqualification.

**(3)** This section applies to a person appointed to be a receiver or receiver-manager whether so appointed before or after the commencement date.

**Functions of receivers**

**289.** A receiver of any property of a company may, subject to the rights of secured creditors, receive the income from the property, pay the liabilities connected with the property, and realise the security interest of those on behalf of whom he is appointed; but, except to the extent permitted by the court, he may not carry on the business of the company.

**Functions of receiver-managers**

**290.** A receiver of a company may, if he is also appointed manager of the company, carry on any business of the company to protect the security interest of those on behalf of whom he is appointed.

**Directors' powers stopped**

**291.** When a receiver-manager of a company is appointed by the court or under an instrument, the powers of the directors of the company that the receiver-manager is authorised to exercise may not be exercised by the directors until the receiver-manager is discharged.

**Duty under court direction**

**292.** A receiver or receiver manager of a company appointed by the court shall act in accordance with the directions of the court.

**Duty under instrument**

**293.** A receiver or receiver-manager of a company appointed under an instrument shall act in accordance with that instrument and any directions of the court given under section 295.

**Duty of care**

**294.** A receiver or receiver-manager of a company appointed under an instrument shall—

- (a) act honestly and in good faith; and
- (b) deal with any property of the company in his possession or control in a commercially reasonable manner.

**Directions by court**

**295.** Upon an application by a receiver or receiver-manager of a company, whether appointed by the court or under an instrument, or upon an application by any interested person, the court may make any order it thinks fit, including—

- (a) an order appointing, replacing or discharging a receiver or receiver-manager and approving his accounts;
- (b) an order determining the notice to be given by any person, or dispensing with notice to any person;
- (c) an order declaring the rights of persons before the court or otherwise, or directing any person to do, or abstain from doing, anything;
- (d) an order fixing the remuneration of the receiver or receiver-manager;
- (e) an order requiring the receiver or receiver-manager, or a person by or on behalf of whom he is appointed—
  - (i) to make good any default in connection with the receiver's or receiver-manager's custody or management of the property or business of the company;
  - (ii) to relieve any such person from any default on such terms as the court thinks fit; and
  - (iii) to confirm any act of the receiver or receiver-manager; and
- (f) an order giving directions on any matter relating to the duties of the receiver or receiver-manager.

**Duties of receivers, etc.**

**296.** A receiver or receiver-manager of a company shall—

- (a) immediately give notice of his appointment to the Registrar, and of his discharge;

- (b) take into his custody and control the property of the company in accordance with the court order or instrument under which he is appointed;
- (c) open and maintain a bank account in his name as receiver or receiver-manager of the company for the moneys of the company coming under his control;
- (d) keep detailed accounts of all transactions carried out by him as receiver or receiver-manager;
- (e) keep accounts of his administration, which shall be available during usual business hours for inspection by the directors of the company;
- (f) prepare financial statements of his administration at such intervals and in such form as are prescribed;
- (g) upon completion of his duties, render a final account of his administration, in the form adopted for interim accounts under paragraph (f); and
- (h) file with the Registrar a copy of any financial statement mentioned in paragraph (f) and any final account mentioned in paragraph (g) within fifteen days of the preparation of the financial statement or rendering of the final account, as the circumstances require.

### **Liability of receivers, etc.**

**297. (1)** A receiver of assets of a company appointed under section 287(3) or under the powers contained in any instrument—

- (a) is personally liable on any contract entered into by him in the performance of his functions, except to the extent that the contract otherwise provides; and
- (b) is entitled in respect of that liability to an indemnity out of the assets of which he was appointed to be receiver,

but nothing in this subsection limits any right to an indemnity that he would have, apart from this subsection, or limits his liability on contracts entered into without authority, or confers any right to indemnity in respect of that liability.

**(2)** When the purported appointment of a receiver out of court is invalid because the charge under which the appointment purported to be made is invalid, or because, in the circumstances of the case, the power of appointment under the charge was not exercisable or not wholly exercisable, the court may, on application being made to it—

- (a) wholly or to such extent as it thinks fit, exempt the receiver from personal liability in respect of anything done or omitted to be done by him that, if the appointment had been valid, would have been properly done or omitted to be done; and

- (b) order that the person by whom the purported appointment was made, be personally liable to the extent to which that relief has been granted.

(3) Subsection (1) applies to a receiver appointed before or after the commencement date, but does not apply to contracts entered into before that date.

### Notice of receivership

298. Where a receiver or a receiver-manager of any assets of a company has been appointed for the benefit of debenture holders, every invoice, order of goods or business letter issued by or on behalf of the company or the receiver, being a document on or in which the name of the company appears, shall contain a notice that a receiver or a receiver-manager has been appointed.

### Floating charges priorities

299. (1) Where a receiver is appointed on behalf of the holders of any debentures of a company that are secured by a floating charge or where possession is taken, by or on behalf of any debenture holders of a company, of any property of the company that is subject to a floating charge, then, if the company is not at the time in the course of being wound up, the debts that in every winding up are under Part 4 and the regulations relating to preferential payments to be paid in order of priority to all other debts shall be paid in order of priority forthwith out of any assets coming into the hands of the receiver or person taking possession of that property, as the circumstances require, in priority to any claim for principal or interest in respect of the debentures of the company secured by the floating charge.

(2) Any period of time mentioned in the provisions referred to in subsection (1) is to be reckoned, as the circumstances require, from the date of the appointment of the receiver in respect of the debenture holders secured by the floating charge or from the date possession is taken of any property that is subject to the floating charge.

(3) Payments made pursuant to this section may be recouped as far as can be out of the assets of the company that are available for the payment of general creditors.

### Statement of affairs

300. (1) Where a receiver of the whole, or substantially the whole, of the assets of a company, in this section and section 301 referred to as the “**receiver**”, is appointed under section 287(3), or under the powers contained in any trust deed, for the benefit of the holders of any debentures of the company secured by a general floating charge, then, subject to this section and section 301—

- (a) the receiver shall forthwith send notice to the company of his appointment;

- (b) within fourteen days after receipt of the notice by the company, or such longer period as may be allowed by the receiver, there shall be made out by the company and submitted to the receiver a statement in accordance with section 301 as to the affairs of the company;
  - (c) the receiver shall, within two months after receipt of the statement, send—
    - (i) to the Registrar, and, if the receiver was appointed by the court, to the court, a copy of the statement and of any comments he sees fit to make thereon, and, in the case of the Registrar, also a summary of the statement and of his comments, if any, thereon;
    - (ii) to the company, a copy of those comments, or, if the receiver does not see fit to make any comments, a notice to that effect;
    - (iii) to the trustee of the trust deed, a copy of the statement and those comments, if any; and
    - (iv) to the holders of all debentures belonging to the same class as the debentures in respect of which he was appointed, a copy of that summary.
- (2) The receiver shall—
  - (a) within two months or such longer period as the court may allow, after the expiration of the period of twelve months from the date of his appointment, and after every subsequent period of twelve months; and
  - (b) within two months or such longer period as the court may allow after he ceases to act as receiver of the assets of the company,send to the Registrar, to the trustee of the trust deed, and to the holders of all debentures belonging to the same class as the debentures in respect of which the receiver was appointed, an abstract in a form approved by the Registrar.
- (3) The abstract shall show—
  - (a) the receiver's receipts and payments during the period of twelve months, or, if the receiver ceases so to act, during the period from the end of the period to which the last preceding abstract related up to the date of his so ceasing to act; and
  - (b) the aggregate amounts of his receipts and of his payments during all preceding periods since his appointment.
- (4) Subsection (1) does not apply in relation to the appointment of a receiver to act with an existing receiver, or in place of a receiver who dies or ceases to act, except that, where that subsection applies to a receiver who dies or ceases to act before the subsection has been fully complied with, the references in paragraphs (b) and (c) of that subsection to the receiver include,

subject to subsection (5), references to his successor and to any continuing receiver.

(5) If the company is being wound up, this section and section 301 apply notwithstanding that the receiver and the liquidator are the same person, but with any necessary modifications arising from that fact.

(6) Nothing in subsection (2) affects the duty of the receiver to render proper accounts of his receipts and payments to the persons to whom, and at the times that, he is required to do so apart from that subsection.

### **Contents of statement**

**301. (1)** The statement as to the affairs of a company required by section 300 to be submitted to the receiver or his successor shall show, as at the date of the receiver's appointment—

- (a) the particulars of the company's assets, debts and liabilities;
- (b) the names, addresses and occupations of the company's creditors;
- (c) the security interests held by the company's creditors respectively;
- (d) the dates when the security interests were respectively created; and
- (e) such further or other information as is prescribed.

(2) The statement of affairs of the company shall be submitted by, and be verified by, the signed declaration of at least one person who is, at the date of the receiver's appointment, a director, and by the secretary of the company at that date, or by such of the persons, hereafter in this subsection mentioned, as the receiver or his successor, subject to the direction of the Registrar, may require to submit and verify the statement, namely: persons who—

- (a) are or have been officers of the company;
- (b) have taken part in the formation of the company at any time within one year before the date of the receiver's appointment;
- (c) are in the employment of the company, or have been in the employment of the company within that year, and, in the opinion of the receiver, are capable of giving the information required; or
- (d) are, or have been within that year officers of, or in the employment of, an affiliated company.

(3) Any person making or verifying the statement of affairs of a company, or any part of it, shall be allowed and paid by the receiver or his successor out of the receiver's receipts, such costs and expenses incurred in and about the making or verifying of the statement as the receiver or his successor considers reasonable, subject to an appeal to the court.

*Division D*

**Prospectuses**

*Interpretation*

**Definitions**

**302.** In this Division—

- (a) **“issue”** includes circulate or distribute;
- (b) **“notice”** includes circular or advertisement;
- (c) **“prospectus”** includes, in relation to any company, any notice, prospectus, or other document that—
  - (i) invites applications from the public, or invites offers from the public, to subscribe for or purchase; or
  - (ii) offers to the public for subscription or purchase, directly or through other persons,

any shares or debentures of the company or any units of any such shares or debentures of the company.

**Application of Division**

**303.** This Division applies whether any shares or debentures of a company are offered to the public on, or with reference to, the promotion of a company, or at any time after the company has come into existence.

*Prospectus Requirements*

**Prohibition re public issue**

**304. (1)** Subject to subsection (2), no person shall issue any form of application for shares or debentures unless—

- (a) a prospectus, as required by this Division, has been registered with the Registrar; and
- (b) a copy of the prospectus is issued with the form of application or the form specifies a place in Montserrat where a copy of the prospectus can be obtained.

**(2)** Subsection (1) does not apply if the form of application referred to is issued in connection with shares or debentures that are not offered to the public or intended for the public.

**Contents of prospectus**

**305.** The following requirements apply to a prospectus—

- (a) the prospectus shall be dated; and that date, unless there is proof to the contrary, is to be taken as the date of issue of the prospectus;
- (b) one copy of the prospectus shall be lodged with the Registrar, and the prospectus shall set out that a copy of the prospectus has been so lodged, and immediately state thereafter that the Registrar takes no responsibility as to the validity or veracity of its contents;
- (c) the prospectus shall contain a statement that no shares and debentures, or either, are to be allotted on the basis of the prospectus later than three months after the date of issue of the prospectus;
- (d) the prospectus shall, if it contains any statement by an expert made or contained in what purports to be a copy of or extract from a report, memorandum or valuation, of an expert, state the date on which the statement, report, memorandum or valuation was made, and whether or not it was prepared by the expert for incorporation in the prospectus;
- (e) the prospectus shall disclose any commission payable by virtue of section 49; and
- (f) the prospectus shall contain such other matters as are prescribed.

### Professional names

**306.** A prospectus shall not contain the name of any person as a trustee for holders of debentures or as an auditor, a banker, an attorney-at-law, or a stockbroker of the company or proposed company, or for, or in relation to the issue or proposed issue of shares or debentures, unless that person has consented in writing, before the issue of the prospectus, to act in that capacity in relation to the prospectus and a copy of the consent, verified as prescribed in section 506(2), has been lodged with the Registrar.

### No waivers

**307.** A condition is void that—

- (a) purports to require or bind an applicant for shares or debentures of a company to waive compliance with any requirement of this Division; or
- (b) purports to affect the applicant with notice of any contract, document or matter not specifically referred to in the prospectus.

### Certain notice required

**308. (1)** Subject to this section, no person—

- (a) shall issue any notice that offers, for subscription or purchase, shares or debentures of a company, or invites subscription for, or purchase of, any such shares or debentures;
  - (b) shall issue any notice that calls attention to—
    - (i) an offer, or intended offer, for subscription or purchase, of shares or debentures of a company;
    - (ii) an invitation, or intended invitation, to subscribe for, or purchase, any such shares or debentures; or
    - (iii) a prospectus.
- (2)** This section does not apply to—
  - (a) a notice that relates to an offer or invitation not made or issued to the public, directly or indirectly;
  - (b) a registered prospectus within the meaning of this Division;
  - (c) a notice—
    - (i) that calls attention to a registered prospectus;
    - (ii) that states that allotments of, or contracts with respect to, the shares or debentures will be made only on the basis of one of the forms of applications referred to in, and attached to, a copy of the prospectus; and
    - (iii) that contains no other information except that permitted pursuant to subsection (3); or
  - (d) a notice—
    - (i) that accompanies a notice referred to in paragraph (c) or would, but for the inclusion therein of a statement referred to in subparagraph (iii) or (iv) of this paragraph, be a notice so referred to;
    - (ii) that is issued by a person whose ordinary business is or includes advising clients in connection with their investments and is issued only to clients so advised in the course of that business;
    - (iii) that contains a statement that the investment to which it or the accompanying document relates is recommended by that person; and
    - (iv) that, if the person is an underwriter or sub-underwriter of an issue of shares or debentures to which the notice or accompanying document relates, contains a statement that the person making the recommendation is interested in the success of the issue as an underwriter or sub-underwriter, as the case may be.

**(3)** All or any of the following information is permitted for the purposes of subsection (2)(c)(iii)—

- (a) the number and description of the shares or debentures of the company to which the prospectus relates;
- (b) the name of the company, the date of its incorporation and the number of the company's issued shares and the amount paid on its issued shares;
- (c) the general nature of the company's main business, or its proposed main business;
- (d) the names, addresses and occupations of the directors of the company;
- (e) the names and addresses of the brokers or underwriters, if any, to the issue of shares or debentures, or both, and, if the prospectus relates to debentures, the name and address of the trustee for the debenture holders;
- (f) the name of any stock or securities exchange of which the brokers or underwriters to the issue are members;
- (g) the particulars of the period during which the offer is effective;
- (h) the particulars of the time and place at which copies of the registered prospectus and form of application for the shares or debentures to which it relates can be obtained.

(4) This section applies to any notice issued in Montserrat by newspaper, or by radio or television broadcasting, or by cinematograph or any other means.

### Responsibility re certificate

**309. (1)** Where a person issues a notice in contravention of section 308 and before doing so obtains a certificate that—

- (a) is signed by two directors of the company or two directors of the proposed company to which, or to the shares or debentures of which, the notice relates;
- (b) specifies the names of those directors and of that company or of those proposed directors of that proposed company; and
- (c) is to the effect that, by the operation of section 308(2), this section does not apply to the notice,

each person who signed the certificate is deemed to have issued the notice, and the person who obtained the certificate is deemed not to have done so.

(2) A person who has obtained a certificate referred to in subsection (1) shall deliver the certificate to the Registrar on being required to do so by the Registrar.

## **Evidence**

**310.** In proceedings for a contravention of section 308 or 309 a certificate that purports to be a certificate under section 309 is *prima facie* proof—

- (a) that, at the time the certificate was given, the persons named as such in the certificate were directors of the company so named, or proposed directors of the proposed company so named, as the case may be;
- (b) that the signatures in the certificate purporting to be the signatures of those persons are their signatures; and
- (c) that publication of the notice to which the certificate relates was authorised by those persons.

## *Registration of Prospectus*

### **Registration of prospectus**

**311. (1)** No person shall issue a prospectus unless a copy thereof has first been registered by the Registrar and the prospectus states on its face the fact of the registration and the date on which it was effected.

**(2)** The Registrar may not register a copy of a prospectus unless—

- (a) a copy of the prospectus is lodged with the Registrar on or before the date of its issue, and it is signed by every director and by every person who is named in the prospectus as a proposed director of the company, or by his agent authorised in writing;
- (b) the prospectus appears to comply with the requirements of this Act;
- (c) there are also lodged with the Registrar copies of any consents required by section 313 to the issue of the prospectus and of all material contracts referred to in the prospectus, or, in the case of any such contract that is not reduced to writing, a memorandum giving full particulars of the contract; and
- (d) the Registrar is of the opinion that the prospectus does not contain any statement or matter that is misleading in the form or context in which it is included.

**(3)** If the Registrar refuses to register a prospectus, he shall give notice of that fact to the person who lodged the prospectus, and give in the notice the reason for his refusal; and if the Registrar registers a prospectus he shall give notice of that fact to the person who lodged the prospectus, and give in the notice the date on which the registration was effected.

**(4)** A person who lodged a prospectus with the Registrar may, within thirty days after he is notified of a refusal to register pursuant to subsection (3),

require in writing that the Registrar refer the matter to the court; and the Registrar shall then refer the matter to the court for its determination.

(5) Where a refusal to register is referred to the court under subsection (4), the court, after hearing the person who lodged the prospectus, and, if the court so wishes, the Registrar, may order the Registrar to register the prospectus, or it may uphold his decision to refuse registration.

(6) On the hearing under subsection (5), a party may be heard in person or by an attorney-at-law.

### *Other Requirements*

#### **Prospectus presumed**

**312. (1)** When a company allots or agrees to allot to any person shares or debentures of the company with a view to all or any of those shares or debentures being offered for sale to the public, the document by which the offer of sale to the public is made is for all purposes deemed to be a prospectus issued by the company; and all enactments and rules of law as to the contents of prospectuses or otherwise relating to prospectuses, apply and have effect accordingly as if the shares or debentures had been offered to the public, and as if the persons accepting the offer in respect of the shares or debentures were subscribers for them, but without affecting the liability, if any, of the person by whom the offer is made, in respect of statements or non-disclosures in the document or otherwise.

(2) For the purposes of this Act, and unless the contrary is shown, it is proof that an allotment of, or an agreement to allot, shares or debentures of a company was made with a view to the shares or debentures being offered for sale to the public, if—

- (a) the offer for sale of the shares or debentures, or of any of them, to the public was made within six months after the allotment or agreement to allot; or
- (b) at the date when the offer was made the whole consideration to be received by the company in respect of the shares or debentures had not been so received.

(3) The requirements of this Division as to the prospectuses are to have effect as though the persons making an offer to which this section relates were persons named in a prospectus as directors of a company.

(4) In addition to complying with the other requirements of this Division, the document making the offer shall set out—

- (a) the net amount of the consideration received, or to be received, by the company in respect of the shares or debentures to which the offer relates; and
- (b) the place and time at which the contract under which the shares or debentures have been or are to be allotted can be inspected.

(5) Where an offer to which this section relates is made by a company or firm, it is sufficient if the document making the offer is signed on behalf of the company or firm by two directors of the company, or not less than half the members of the firm, as the case may be; and a director or member may sign by his agent authorised in writing to do so.

### **Expert's consent**

**313. (1)** A prospectus that invites subscription for, or the purchase of shares or debentures of a company, and that includes a statement purporting to be made by an expert shall not be issued unless—

- (a) that expert has given, and has not before delivery of a copy of the prospectus for registration withdrawn, his written consent to the inclusion of the statement in the form and context in which it is included in the prospectus; and
- (b) there appears in the prospectus a statement that the expert has given and has not withdrawn his consent.

(2) A person is not to be deemed to have authorised or caused the issue of a prospectus by reason only of his having given the consent required by this Division to the inclusion in the prospectus of a statement purporting to be made by him as an expert.

### *Liability for Prospectus Claims*

### **Liability on prospectus**

**314. (1)** Subject to this section, each of the following designated persons is, for any loss or damage sustained by other persons who, on the faith of a prospectus, subscribe for, or purchase any shares or debentures, liable for any loss or damage sustained by those other persons by reason of any untrue statement in the prospectus, or by reason of the wilful non-disclosure in the prospectus of any matter of which the designated person had knowledge and that he knew to be material, namely—

- (a) a person who is a director of the company at the time of the issue of the prospectus;
- (b) a person who authorised or caused himself to be named, and is named, in the prospectus as a director or as having agreed to become a director, either immediately or after an interval of time;
- (c) an incorporator of the company; or
- (d) a person who authorised or caused the issue of the prospectus.

(2) Notwithstanding subsection (1), where the consent of an expert is required to the issue of a prospectus and he has given that consent, he is not, by reason only of the consent, liable as a person who has authorised or caused the issue of the prospectus, except in respect of an untrue statement purporting to be made by him as an expert; and the inclusion in the prospectus of a name

of a person as a trustee for debenture holders, auditor, banker, attorney-at-law, transfer agent or stockbroker may not, for that reason alone, be taken as an authorisation by him of the issue of the prospectus.

**(3)** No person is liable under subsection (1)—

- (a) who, having consented to become a director of the company, withdrew his consent before the issue of the prospectus and the prospectus was issued without his authority or consent;
- (b) who, when the prospectus was issued without his knowledge or consent, gave reasonable public notice of that fact forthwith after he became aware of its issue;
- (c) who, after the issue of the prospectus and before allotment or sale under it, became aware of an untrue statement in it and withdrew his consent, and gave reasonable public notice of the withdrawal of his consent and the reasons for it; or
- (d) who, as regards every untrue statement not purporting to be made on the authority of an expert or of a public official document or statement, had reasonable ground to believe and did, up to the time of the allotment or sale of the shares or debentures, believe that the statement was true.

**(4)** No person is liable under subsection (1)—

- (a) if, as regards every untrue statement purporting to be a statement made by an expert or to be based on a statement made by an expert, it fairly represented the statement, or was a correct and fair copy of, or extract from, the report or valuation and that person had reasonable ground to believe and did, up to the time of the issue of the prospectus, believe that the expert making the statement was competent to make it, and had given his consent as required under section 313 to the issue of the prospectus and had not withdrawn that consent before delivery of a copy of the prospectus for registration, nor had the expert, to that person's knowledge, withdrawn that consent before allotment or sale under the prospectus; or
- (b) if, as regards every untrue statement purporting to be a statement made by an official person or contained in what purports to be a copy of, or extract from, a public official document, it was a correct and fair representation of the statement or copy of, or extract from the document.

**(5)** Subsections (3) and (4) do not apply in the case of a person liable, by reason of his having given a consent required of him by section 313, as a person who has authorised or caused the issue of the prospectus in respect of an untrue statement purporting to have been made by him as an expert.

**(6)** A person who, apart from this subsection, would be liable under subsection (1), by reason of his having given a consent required of him by section 313 as a person who has authorised or caused the issue of a prospectus

in respect of an untrue statement purporting to be made by him as an expert, is not liable—

- (a) if, having given his consent under that section to the issue of the prospectus, he withdrew his consent in writing before a copy of the prospectus was lodged with the Registrar;
- (b) if, after a copy of the prospectus was lodged with the Registrar and before allotment or sale under the prospectus, he, on becoming aware of the untrue statement, withdrew his consent in writing and gave reasonable public notice of the withdrawal and of the reasons for the withdrawal; or
- (c) if he was competent to make the statement and had reasonable ground to believe, and did, up to the time of the allotment or sale of the shares or debentures, believe that the statement was true.

(7) When—

- (a) a prospectus contains the name of a person as a director of the company, or as having agreed to become a director, and he has not consented to become a director, or has withdrawn his consent before the issue of the prospectus and has not authorised or consented to its issue; or
- (b) the consent of a person is required under section 313 to the issue of a prospectus and he either has not given the consent or has withdrawn it before the issue of the prospectus,

any person who authorised or caused the issue of the prospectus and the directors of the company, other than those directors without whose knowledge or consent the prospectus was issued, are liable to indemnify the person so named, or whose consent was so required, against all damages, costs and expenses to which he might be liable by reason of his name having been inserted in the prospectus, or of the inclusion of a statement purporting to be made by him as an expert, or in defending himself against any action or legal proceedings brought against him in respect thereof.

### *Subscription List and Minimum Subscription*

#### **Subscription lists**

**315. (1)** No allotment shall be made of any shares or debentures of a company in pursuance of a prospectus, and no proceedings shall be taken on applications made in pursuance of a prospectus, until the beginning of the fifth day after that on which the prospectus is first issued, or any such later time as is specified in the prospectus; and the beginning of that fifth day or specified later time is referred to in this section as the **“time of the opening of the subscription lists”**.

**(2)** An application for shares or debentures of a company made in pursuance of a prospectus is not revocable until after the expiration of the fifth

day from the time of the opening of the subscription lists, or the giving before the expiration of that fifth day, by some person responsible under this Act for the prospectus, of a public notice having the effect of excluding or limiting the responsibility of the person giving it.

(3) Although an allotment made in contravention of this section is void, it does not affect any allotment of the same shares or debentures later made to the same applicant.

(4) In reckoning for the purposes of this section the fifth day from another day, any intervening day that is a public holiday shall be disregarded; and if the fifth day as so reckoned falls on a Saturday, Sunday, or public holiday, the first day thereafter that is not a Saturday, Sunday or public holiday is deemed to be the fifth day for those purposes.

### Minimum subscription

**316. (1)** Unless all the shares or debentures offered for subscription by a prospectus issued to the public are underwritten, the prospectus shall state the minimum amount of money required to be raised by the company by issuing the shares or debentures, in this Division, referred to as the “**minimum subscription**”.

(2) No allotment shall be made of any shares or debentures of a company that are offered to the public unless—

- (a) the minimum subscription has been subscribed; and
- (b) the sum payable on application for the shares or debentures has been received by the company,

and, if a cheque for the sum payable has been received by the company, the sum is deemed not to have been received by the company until the cheque is paid by the bank on which it is drawn.

(3) If the conditions referred to in subsection (2) have not been complied with on the expiration of forty days after the first issue of the prospectus, all moneys received from the applicants for any shares or debentures shall be forthwith repaid to them within forty eight days after the issue of the prospectus, the directors of the company are, subject to subsection (4), jointly and severally liable to repay that money with interest at the rate of 6% per annum from the expiration of the forty-eighth day.

(4) A director is not liable to repay moneys under subsection (3) if the default in any repayment of moneys was not due to any default or negligence on his part.

(5) A condition is void that purports to require or bind any applicant for shares or debentures to waive compliance with a requirement of this section.

(6) This section does not apply to an allotment of shares subsequent to the first allotment of shares offered to the public for subscription.

### **Escrow of subscription money**

**317.** All application money and other moneys paid prior to an allotment by an applicant on account of shares or debentures offered to the public shall, until the allotment of the shares or debentures, be held by the company, or, in the case of an intended company, by the persons named in the prospectus as proposed directors and by the incorporators, upon trust for the applicant; but there is no obligation or duty on any bank or third person with whom any such moneys have been deposited to inquire into, or see to the proper application of those moneys so long as the bank or person acts in good faith.

### *Remedial Actions*

### **Rescission of contract**

**318. (1)** A shareholder or a debenture holder may bring, against a company that has allotted shares or debentures under a prospectus, an action for the rescission of all allotments and the repayment to the shareholders or debenture holders of the whole or part of the issue price that has been paid in respect of the shares or debentures, if—

- (a) the prospectus contained a material statement, promise or forecast that was false, deceptive or misleading; or
- (b) the prospectus did not contain a statement, report or account required under this Act to be contained in it.

**(2)** In this section—

- (a) **“debenture holder”** means a holder of any of the debentures allotted under the prospectus, whether the original allottee or a person deriving title under him;
- (b) **“shareholder”** means a holder of any of the shares allotted under the prospectus, whether the original allottee or a person deriving title under him.

**(3)** For the purposes of this section, a prospectus contains a material statement, promise or forecast if the statement, promise or forecast was made in such a manner or context, or in such circumstances, as to be likely to influence a reasonable man in deciding whether to invest in the shares or debentures offered for subscription; and a statement, report or account is omitted from a prospectus if it is omitted entirely, or if it does not contain all the information required by this Act to be given in the statement, report or account.

**(4)** In an action brought under this section, the plaintiff need not prove that he, or the person to whom the shares or debentures he holds were allotted, was in fact influenced by the statement, promise or forecast that he alleges to be false, deceptive or misleading, or by the omission of any report, statement, or account required to be contained in the prospectus.

(5) No action may be brought under this section more than two years after the first issue of the prospectus under which shares or debentures were allotted to the plaintiff or the person under whom the plaintiff derives title.

(6) If judgment is given in favour of a plaintiff under this section, the allotment of all shares or debentures under the same prospectus, whether allotted to the plaintiff, or the person under whom he derives title, or to other persons, is void; and judgment shall be entered in favour of all such persons for the payment by the company to them severally of the amount paid in respect of the shares or debentures that they respectively hold; but if any shareholder or debenture holder at the date judgment is so entered signifies to the company in writing, whether before or after the entry of judgment, that he waives his right to rescind the allotment of shares or debentures that he holds, he is deemed not to be included among the persons in whose favour judgment is entered.

(7) The operation of this section is not affected by the company's being wound up or ceasing to pay its debts as they fall due; and in the winding up of the company a repayment due under subsection (6) shall be treated as a debt of the company payable immediately before the repayment of the shares or debentures of the class in question, that is to say—

- (a) in the case of a repayment in respect of shares, before repayment of the capital paid up on shares of the same class, and before any accumulated or unpaid dividends, or any premiums in respect of those shares, but after the payment of all debts of the company and the satisfaction of all claims in respect of prior ranking classes of shares; and
- (b) in the case of a repayment in respect of debentures, before the repayment of the principal of the debentures of the same class, and before any unpaid interest or any premiums in respect of those debentures, but after the payment of all debts or liabilities of the company that this Act requires to be paid before those debentures, and after the satisfaction of all rights in respect of prior ranking classes of debentures.

(8) Subject to subsection (9), it is a defence to an action under this section for the company to prove that—

- (a) the plaintiff was the allottee of the shares or debentures in right of which the action was brought and that at the time they were allotted to him he knew that the statement, promise or forecast of which he complains was false, deceptive or misleading, or that he knew of the omission from the prospectus of the matter of which he complains; or
- (b) the plaintiff has received a dividend or payment of interest, or has voted at a meeting of shareholders or debenture holders since he discovered that the statement, promise or forecast of which he complains was false, deceptive or misleading, or since he discovered the omission from the prospectus of the matter of which he complains.

(9) An action may not be dismissed if there are several plaintiffs, when the company proves that it has a defence under subsection (8) against each of them; and in any case in which the company proves that it has a defence against the plaintiff or all the plaintiffs, the court may, instead of dismissing the action, substitute some other shareholder or debenture holder of the same class as plaintiff.

(10) If a company would have a defence under subsection (8) but for the fact that the allottee of the shares or debentures in right of which the action is brought has transferred or renounced them, the company may bring an action against the allottee for an indemnity against any sum that the court orders it to pay to the plaintiff in the action.

(11) Subsections (8) and (10) apply also in the case of shares and debentures of the same class as those in right of which a plaintiff obtains and enters judgment against the company under subsection (6)—

- (a) with the substitution in subsection (8) of references to the shareholder or debenture holder for references to the plaintiff; and
- (b) with the substitution in subsections (8) and (10) of references to a right for the company to have the judgment set aside in respect of the shares or debentures for references to a defence to the action.

(12) This section applies to shares and debentures allotted pursuant to an underwriting contract as if they had been allotted under the prospectus.

(13) This section applies to shares or debentures issued under a prospectus that offers them for subscription in consideration of the transfer or surrender of other shares or debentures, whether with or without the payment of cash by or to the company, as though the issue price of the shares or debentures offered for subscription were the fair value, as ascertained by the court, of the shares or debentures to be transferred or surrendered, plus the amount of cash, if any, to be paid by the company.

(14) The rights conferred on shareholders and debenture holders by this section are in substitution for all rights to rescission and restitution in equity and all rights to sue the company at common law for deceit or for false statements made negligently; and those common law and equitable rights are hereby abolished in connection with prospectuses, but without prejudice to claims for damages or compensation against persons other than the company.

### **Time limit on allotment**

**319. (1)** No allotment shall be made, on the basis of a prospectus, of any shares or debentures of a company that are offered to the public later than three months after the issue of the prospectus.

(2) Any allotment made in contravention of subsection (1) is void.

*Statements in lieu of Prospectus***Restriction on allotment**

**320.** A public company that does not issue a prospectus on, or with reference to, its formation may not allot any of its shares or debentures unless at least three days before the first allotment of either shares or debentures there has been lodged with the Registrar for registration a statement in *lieu* of prospectus that complies with the requirements of this Division.

**Statements in lieu of prospectus**

**321. (1)** To comply with the requirements of this Division, a statement in *lieu* of prospectus lodged by or on behalf of a company—

- (a) shall be signed by every person who is named therein as a director or a proposed director of the company, or by his agent authorised in writing;
- (b) shall disclose any commission payable by virtue of section 49; and
- (c) shall contain such matters as are prescribed.

**(2)** The Registrar may not accept for registration any statement in *lieu* of prospectus unless it appears to the Registrar to comply with the requirements of this Act.

**(3)** Section 311(3) to (6) apply in relation to the registration of, or refusal to register, a statement in *lieu* of prospectus as they apply in relation to the registration of or refusal to register a prospectus.

*Division E***Insider Trading****“Insider” defined**

**322.** In this Division, “**insider**” means, in respect of a company—

- (a) a director or officer of the company;
- (b) a company that purchases or otherwise acquires shares issued by it or any of its affiliates;
- (c) a person who beneficially owns more than 10% of the shares of the company, or who exercises control or direction over more than 10% of the votes attached to shares of the company;
- (d) an associate or affiliate of a person mentioned in paragraphs (a) to (c); and
- (e) a person, whether or not he is employed by the company, who—

- (i) receives specific confidential information from a person described in this section, including a person described in this paragraph; and
- (ii) has knowledge that the person giving the information is a person described in this section, including a person described in this paragraph.

### **Presumed insider**

**323. (1)** For the purposes of this Division—

- (a) a director or officer of a body corporate that is an insider of a company is an insider of the company;
- (b) a director or officer of a body corporate that is a subsidiary is an insider of its holding company.

**(2)** For the purposes of this Division—

- (a) if a body corporate becomes an insider of a company, or enters into a business combination with a company, a director or officer of the body corporate is presumed to have been an insider of the company for the previous twelve months or for such shorter period as he was a director or an officer of the body corporate; and
- (b) if a company becomes an insider of a body corporate, or enters into a business combination with a body corporate, a director or officer of the body corporate is presumed to have been an insider of the company for the previous twelve months, or for such shorter period as he was a director or officer of the body corporate.

**(3)** In subsection (2), “**business combination**” means an acquisition of all or substantially all the property of one body corporate by another, or an amalgamation of two or more bodies corporate.

### **Liability of insider**

**324.** An insider who, in connection with a transaction in a share or debenture of the company or any of its affiliates, makes use of any specific confidential information for his own benefit or advantage that, if generally known, might reasonably be expected to affect materially its value is guilty of an offence and—

- (a) is liable to compensate any person for any direct loss incurred by that person as a result of the transaction, unless the information was known or in the exercise of reasonable diligence should have been known, to that person at the time of the transaction; and

- (b) is accountable to the company for any direct benefit or advantage received or receivable by the insider as a result of the transaction.

### Time limit on action

**325.** An action to enforce a right created by section 324(a) or (b) may not be commenced except within two years after the discovery of the facts that gave rise to the cause of action.

## PART 3

### OTHER REGISTERED COMPANIES

#### *Division A*

### Companies without Share Capital

#### Application of Act

**326. (1)** This Division applies to every company without share capital, in this Act called a “**non-profit company**”.

**(2)** When a provision of this Division is inconsistent with, or repugnant to, any other provision of this Act, the provision of this Division in so far as it affects a non-profit company to which this Division applies, supersedes and prevails over the other provisions of this Act.

**(3)** For the avoidance of uncertainty, but subject to subsection (2), the following provisions of this Act apply, with such modifications as the circumstances of a non-profit company require, to such a company, namely—

- (a) Divisions A, B, D, E, F, G, H, I, K, and L of Part 1, and sections 30, 43, 44, 45 and 55 in that Part;
- (b) Divisions A, B and C of Part 2;
- (c) Divisions B and C of this Part; and
- (d) Parts 4 and 5.

#### “Member” defined

**327.** When used in relation to a non-profit company, “**member**” refers to a member of the non-profit company in accordance with the provisions of this Act and the articles and byelaws of the company.

#### Incorporation

**328. (1)** Without the prior approval of the Governor acting on the advice of Cabinet, no articles shall be accepted for filing in respect of any non-profit company.

(2) In order to qualify for approval, a non-profit company shall restrict its business to one that is of a patriotic, religious, philanthropic, charitable, educational, scientific, literary, historical, artistic, social, professional, fraternal, sporting or athletic nature, or the like, or to the promotion of some other useful object.

(3) Notwithstanding subsection (1) the approval of the Governor acting on the advice of Cabinet is not required for the continuation under this Act of a former Company Act that was registered by licence of the Governor acting on the advice of Cabinet pursuant to section 13 of the former Act.

### **Form of articles**

**329.** The articles of a non-profit company shall be in the prescribed form, and, in addition, shall state—

- (a) the restrictions on the business that the company is to carry on;
- (b) that the company has no authorised share capital and is to be carried on without pecuniary gain to its members, and that any profits or other accretions to the company are to be used in furthering its business;
- (c) if the business of the company is of a social nature, the address in full of the clubhouse or similar building that the company is maintaining; and
- (d) that each first director becomes a member of the company upon its incorporation.

### **Directors *ex officio***

**330. (1)** A non-profit company shall have no fewer than three directors.

(2) The articles or byelaws of a non-profit company may provide for individuals becoming directors by virtue of holding some office outside the company

### **“Incorporated” or “inc” etc.**

**331. (1)** Notwithstanding section 10, the word “**incorporated**” or “**corporation**” or the abbreviation “**inc**” or “**corp**” shall be the last word of the name of each non-profit company; but a non-profit company may use and be legally designated by either the full or the abbreviated form.

(2) This section does not apply to a former Act company without share capital that is continued under this Act; but this section applies to any such company that changes its name by amended articles.

### **Members unlimited**

**332. (1)** Unless the articles or byelaws of a non-profit company otherwise provide, there is no limit on the number of members of the company.

(2) The articles or byelaws of a non-profit company may provide for more than one class of membership; but, if they do so, they shall set forth the designation of, and the terms and conditions attached to, each class of members.

### Admission to membership

333. Subject to the articles or byelaws of a non-profit company, persons may be admitted to membership in the company by resolution of the directors; but the articles or byelaws may provide—

- (a) that the resolution is not effective until confirmed by the members in a general meeting; and
- (b) that members can be admitted by virtue of holding some office outside the company.

### Voting by members

334. (1) Subject to subsection (2), each member of each class of members of a non-profit company has one vote.

(2) The articles of a non-profit company may provide that each member of a specified class has more than one vote, or has no vote.

### Transfer of members

335. (1) Unless the articles of the company otherwise provide, the interest of a member in a non-profit company is not transferable, and lapses and ceases to exist upon his death or when he ceases to be a member by resignation, or otherwise in accordance with the byelaws of the company.

(2) Where the articles of a non-profit company provide that the interest of a member in the company is transferable, the byelaw may not restrict the transfer of that interest.

### By laws

336. (1) The directors of a non-profit company may make byelaws, not being contrary to this Act or to the articles of the company, respecting—

- (a) the admission of persons and unincorporated associations as members and as *ex officio* members, and the qualifications of, and the conditions of membership;
- (b) the fees and dues of members;
- (c) the issue of membership cards and certificates;
- (d) the suspension and termination of membership by the company and by a member;
- (e) where the articles provide that the interest of a member is transferable, the method of transferring membership;

- (f) the qualifications of, and the remuneration of, the directors and the *ex officio* directors, if any;
  - (g) the time for, and manner of, election of directors;
  - (h) the appointment, remuneration, functions, duties and removal of agents, officers and employees of the company, and the security, if any, to be given by them to the company;
  - (i) the time and place, and the notice to be given, for the holding of meetings of the members and of the board of directors, the quorum at meetings of members, the requirements as to proxies, and the procedure in all things at meetings of the members and at meetings of the board of directors; and
  - (j) the conduct in all other particulars of the affairs of the company.
- (2) The directors of a non-profit company may make byelaws respecting—
  - (a) the division of its members into groups, either territorially or on the basis of common interest;
  - (b) the election of some or all of the directors—
    - (i) by the groups on the basis of the number of members in each group;
    - (ii) for the groups in a defined geographical area, by the delegates of the groups meeting together; or
    - (iii) by the groups on the basis of common interest;
  - (c) the election of delegates and alternate delegates to represent each group on the basis of the number of members in each group;
  - (d) the number and qualifications of delegates and the method of their election;
  - (e) the holding of meetings of members or delegates;
  - (f) the powers and authority of delegates at meetings; and
  - (g) the holding of meetings of members or delegates territorially or on the basis of common interest.
- (3) A byelaw passed under subsection (2)(f) may provide that a meeting of delegates for all purposes is a meeting of the members with all the powers of such a meeting.
- (4) A byelaw under subsection (2) is not effective until it is confirmed by at least two-thirds of the votes cast at a general meeting of the members duly called for that purpose.
- (5) A delegate has only one vote and may not vote by proxy.

(6) A byelaw passed under subsection (2) may not prohibit members from attending meetings of delegates and participating in the discussions at the meetings.

### **Dissolution and distribution**

**337. (1)** The articles of incorporation of a non-profit company may provide that, upon dissolution, the remaining property of the company is to be distributed among the members, or among the members of a class or classes of members, or to one designated organisation or more, or to any combination thereof.

(2) Where the articles of incorporation of a non-profit company do not provide for a distribution of its remaining property in accordance with subsection (1), the company shall by special resolution, after payment of all debts and liabilities distribute or dispose of the remaining property to any organisation in Montserrat the business of which is charitable or beneficial to the community.

(3) Where the articles of incorporation do not contain a provision for the distribution of remaining property to the members, the articles may not be amended so to provide.

### *Division B*

### **External Companies**

#### **External companies carrying on business**

**338.** An external company carries on business within Montserrat—

- (a) if business of the company is regularly transacted from an office in Montserrat established or used for the purpose;
- (b) if the company establishes or uses a share transfer or share registration office in Montserrat;
- (c) if the company owns, possesses or uses assets situated in Montserrat for the purpose of carrying on or pursuing its business, if it obtains or seeks to obtain from those assets, directly or indirectly, profit or gain whether realised in Montserrat or not.

#### **Exceptions**

**339.** This Division does not apply to an external company that is exempted from this Division by an order of the Governor acting on the advice of Cabinet published in the *Gazette*.

#### **Prohibition**

**340. (1)** No external company shall begin or carry on business in Montserrat until it is registered under this Act.

(2) Every external company that was carrying on business in Montserrat immediately before the commencement date shall, within twelve months after that date apply to the Registrar for registration under this Act.

(3) An external company whose name appears on the register maintained by the Registrar pursuant to section 494 is presumed to be registered under this Act; and an external company whose name does not appear on that register is presumed not to be registered under this Act.

(4) Until the expiration of twelve months from the commencement date, subsection (1) does not apply to an external company that was carrying on business in Montserrat on that date.

### **Registration required**

**341. (1)** Subject to subsection (2) and to sections 515 and 516 an external company, upon payment of the prescribed fee, is entitled to be registered under this Act for any lawful business.

(2) An application for registration under this Act by an external company may be referred by the Registrar to the Minister, who may order the Registrar to refuse registration.

### **Restrictions on activities**

**342. (1)** In the prescribed circumstances, the Registrar may restrict the powers or activities that an external company can exercise or carry on in Montserrat.

(2) When any powers or activities of an external company are restricted under subsection (1), the company shall not exercise those powers or carry on those activities in Montserrat.

(3) Where any powers or activities of an external company are to be restricted pursuant to subsection (1)—

- (a) the Registrar shall notify the company of what he intends to do;
- (b) the company may appeal to the Minister within thirty days from the date on which the notification from the Registrar was received by the company; and
- (c) the Minister may confirm, vary or overrule the decision of the Registrar.

### **External amalgamated company**

**343.** An external company that has been continued from the amalgamation of two or more external companies shall comply with section 346 as though it were a new registration of an external company, irrespective of the fact that one or more of the external companies that were continued by the amalgamated company had been registered under this Act at the date of the amalgamation or thereafter.

## Registering external companies

**344. (1)** In order to register under this Act, an external company shall file with the Registrar a statement in the prescribed form setting out—

- (a) the name of the company;
- (b) the name and address of each shareholder and the class and number of shares held by each shareholder; (*Inserted by Act 13 of 2013*)
- (c) the jurisdiction within which the company was incorporated;
- (d) the date of its incorporation;
- (e) the manner in which it was incorporated;
- (f) the particulars of its corporate instruments;
- (g) the period, if any, fixed by its corporate instruments for the duration of the company;
- (h) the extent, if any, to which the liability of the shareholders or members of the company is limited;
- (i) the business that the company will carry on in Montserrat;
- (j) the date on which the company intends to commence any of its business in Montserrat;
- (k) the authorised, subscribed and paid-up or stated capital of the company, and the shares that the company is authorised to issue and their nominal or par value, if any;
- (l) the full address of the registered or head office of the company outside Montserrat;
- (m) the full address of the principal office of the company in Montserrat; and
- (n) the full names, addresses and occupations of the directors of the company.

**(2)** The statement under subsection (1) shall be accompanied by—

- (a) a statutory declaration by a director of the company that verifies on behalf of the company the particulars set out in the statement;
- (b) a copy of the corporate instruments of the company;
- (c) a statutory declaration by an attorney-at-law that this section has been complied with;
- (d) the prescribed fees; and
- (e) a power of attorney in accordance with section 346.

(3) The Registrar may accept the declaration referred to in subsection (2)(c) as sufficient evidence of compliance with the requirements of this section.

### **Language**

**345.** When a document that is required to be filed under section 344 is not in the English language, a notarily certified translation of that document shall be provided unless the Registrar otherwise directs.

### **Attorney of company**

**346. (1)** An external company shall file with the Registrar a fully executed power of attorney in the prescribed form that will empower some person named in the power and resident in Montserrat to act as the attorney of the company for the purpose of receiving service of process in all suits and proceedings by or against the company in Montserrat and of receiving all lawful notices.

(2) A power of attorney under subsection (1) shall declare that service of process in respect of suits and proceedings by or against the company and of lawful notices on the attorney will be binding on the company for all purposes.

(3) An external company may, by another power of attorney executed and deposited in accordance with this section—

- (a) appoint another attorney in Montserrat for the purposes set forth in the power; and
- (b) replace the attorney previously appointed pursuant to this section.

### **Failure of power**

**347.** If an attorney named in a power of attorney executed by an external company under section 346 ceases to reside in Montserrat or if the power of attorney becomes invalid or ineffectual for any other reason, the company shall file another power of attorney pursuant to section 346.

### **Capacity of attorney**

**348. (1)** Service of process and notices on an attorney for an external company appointed under a power of attorney registered under section 346 is legal and binding service on the company.

(2) When an attorney for an external company appointed under a power registered under section 346 signs a deed on behalf of the company, the deed is binding on the company in Montserrat if the company has empowered the attorney to execute deeds and he executes it with the attorney's own seal.

(3) A deed that is binding under subsection (2) on an external company has the same effect as if it were under the seal of the external company.

## **Certificate of registration**

**349. (1)** When the Registrar has, in respect of an external company, received the statements and other documents required under this Act together with the prescribed fees, the Registrar shall issue a certificate showing that the company has been registered as an external company under this Act but subject to his discretionary powers under this Division.

**(2)** A certificate of registration issued under this section to an external company is conclusive proof of the registration of the company on the date shown in the certificate and of any other facts that the certificate purports to certify.

## **Effect of registration**

**350.** Subject to this Division and any other laws of Montserrat an external company that is registered under this Act may carry on its business in Montserrat in accordance with its certificate of registration and may exercise its corporate powers within Montserrat.

## **Suspension of registration**

**351. (1)** Subject to such regulations as the Minister may make in that behalf, the Minister may suspend or revoke the registration of any external company for failing to comply with any requirements of this Division, or for any other prescribed cause; and the Minister may, subject to those regulations, remove a suspension or cancel a revocation.

**(2)** The rights of the creditors of an external company are not affected by the suspension or revocation of its registration under this Act.

## **Cancelling registration**

**352. (1)** When an external company ceases to carry on its business in Montserrat, the company shall file a notice to that effect with the Registrar, who shall thereupon cancel the registration of the company under this Act.

**(2)** If an external company ceases to exist and the Registrar is made aware of that circumstance by evidence satisfactory to him, the Registrar may cancel the registration of the company under this Act.

## **Revival of Registration**

**353. (1)** Where the registration of an external company has been cancelled under section 352, the Registrar may revive the registration of the external company under this Act if the company files with him such documents as he may require and pays the prescribed fee.

**(2)** A registration of an external company is revived when the Registrar issues a new certificate of registration to the company.

### **Previous activities**

**354.** Registration or revival of registration under this Act of an external company retroactively authorises all previous acts of the company as though the company had been registered at the time of those acts, except for the purposes of a prosecution for any offence under this Division.

### **Fundamental changes**

**355. (1)** Where, in the case of an external company registered under this Act—

- (a) the name of the company has been changed;
- (b) the corporate instruments of the company have been altered to reflect a fundamental change within the meaning of Division K of Part 1;
- (c) the objects of the company have been altered or its business has been restricted; or
- (d) any change is made among its directors,

the company shall, within thirty days after the change has been made, file with the Registrar duly certified copies of the instruments by which the change has been made or ordered to be made.

**(2)** Upon receipt of the duly certified copies referred to in subsection (1) and the prescribed fee, the Registrar shall enter the change of name in the register, and, with the approval of the Minister, enter a record of such other changes in the register as he considers to be in the public interest.

**(3)** The registration of an external company under this Act ceases to be valid sixty days after a change described in subsection (1) is made or ordered unless within that period the change is filed with the Registrar pursuant to subsection (1).

**(4)** Upon the registration under this section of a change in respect of an external company, the Registrar shall issue to the company a certificate of the change under his hand in a form adapted to the circumstances.

**(5)** A certificate issued under subsection (4) is admissible in evidence as conclusive proof of the change therein set out.

### **Returns**

**356. (1)** An external company shall, not later than the first day of April in each year after the date of its registration, send to the Registrar an annual return in the prescribed form containing the prescribed information made up to the preceding thirty-first day of December and accompanied with such documents as may be prescribed and the prescribed fees.

**(2)** A director or officer of the external company shall certify the contents of any return made under this section.

(3) The Registrar may strike off the register an external company that neglects or refuses to file a return required under this section.

### **Incapacity of company**

**357. (1)** An external company that is not registered under this Act may not maintain any action, suit or other proceeding in any court in Montserrat in respect of any contract made in whole or in part within Montserrat in the course of, or in connection with, the carrying on of any business by the company in Montserrat.

(2) Notwithstanding subsection (1), when an external company described in that subsection becomes registered under this Act or had its registration restored, as the case may be, the company may then maintain an action, suit or other proceeding in respect of the contract described in subsection (1) as though the company had never been disabled under that subsection, whether or not the contract was made or proceeding instituted by the company before the date the company was registered or had its registration restored.

(3) In the case of an external company whose registration has been restored, subsection (2) is subject to the terms of any conditions imposed upon the company, or to the terms of any order of the court in respect of the restoration of the company's registration.

(4) Where an assignment of a debt or any chose in action is made by an external company described in subsection (1) to an individual or to a body corporate having the capacity to maintain any action, suit or other proceeding in a court in Montserrat—

(a) that individual or body corporate; or

(b) any person claiming under the individual or body corporate,

may not maintain, in any court in Montserrat any action, suit or other proceeding that is based on the subject of the assignment unless the external company is registered under this Act during the time the action, suit or other proceeding is being proceeded with.

(5) Subsection (4) does not apply in respect of an external company that is a judgment creditor applying to have a judgment registered in the Supreme Court under the Reciprocal Enforcement of Judgments Act.

### **Resumption of action**

**358.** Where an action, suit or proceeding has been dismissed or otherwise decided against an external company on the ground that an act or transaction of the company was invalid or prohibited by reason of the company's not being registered under this Act, the company may, when it becomes registered under this Act, and upon such terms as to costs as the court may order, maintain a new action, suit or other proceeding as if no judgment had been given or entered therein.

## Other provisions

**359.** Sections 17 to 22, 515 and 516 and Divisions B to E of Part 2 and Division B of Part 5 apply *mutatis mutandis* to external companies.

### *Division C*

## Former Act companies

### Former Act company

**360. (1)** Upon the commencement date—

- (a) all corporate instruments of a former Act company; and
- (b) all cancellations, suspensions, proceedings, acts, registrations and things,

lawfully done under any provision of the former Act are presumed to have been lawfully done under this Act, and continue in effect under this Act as though they had been lawfully done under this Act.

**(2)** For the purposes of this section, “**lawfully done**” means to have been lawfully granted, issued, imposed, taken, done, commenced, filed, or passed, as the circumstances require.

### Effect of corporate instrument

**361. (1)** Notwithstanding any other provision of this Act, but subject to subsection (3), if any provision of a corporate instrument of a former Act company lawfully in force immediately before the commencement date is inconsistent with, repugnant to, or not in compliance with, this Act, that provision is not illegal or invalid only by reason of that inconsistency, repugnancy or non-compliance.

**(2)** Any act, matter or proceeding or thing done or taken by the former Act company or any director, shareholder, member or officer of the company under a provision mentioned in subsection (1) is not illegal or invalid by reason only of the inconsistency, repugnancy or non-compliance mentioned in that subsection, or by reason of being prohibited or not authorised by the law as it is after the commencement date.

**(3)** Section 96 applies to a former Act company immediately upon the commencement date.

### Continuation as company

**362. (1)** Every former Act company shall, within two years after the commencement date, apply to the Registrar for a certificate of continuance under this Act.

**(2)** No fee in excess of \$50 to defray administration costs may be prescribed in respect of an application and certificate of continuance under this Division.

### **Amending instrument**

**363.** Within the period referred to in section 362, any amendments to, or replacement of, the corporate instruments of a former Act company shall be made as nearly as possible in accordance with this Act.

### **Articles of continuance**

**364. (1)** Articles of continuance may, without so stating in the articles, effect any amendment to the corporate instruments of a former Act company if the amendment is an amendment that a company incorporated under this Act can make in its articles.

**(2)** Articles of continuance in the prescribed form shall be sent to the Registrar together with the documents required by sections 68 and 176.

**(3)** A shareholder or member may not dissent under section 226 in respect of an amendment made under subsection (1).

### **Certificate of continuance**

**365. (1)** Upon receipt of an application under this Part, the Registrar may, and, if the applicant complies with all reasonable requirements of the Registrar to have the continued company accord with the requirements of this Act, the Registrar shall issue a certificate of continuance to the former Act company, in accordance with section 503.

**(2)** On the date shown in the certificate of continuance—

- (a)* the former Act company becomes a company to which this Act applies as if it had been incorporated under this Act;
- (b)* the articles of continuance are the articles of incorporation of the continued company; and
- (c)* except for the purposes of section 64(1), the certificate of continuance is the certificate of incorporation of the continued company.

### **Preservation of company**

**366. (1)** When a former Act company is continued as a company under this Act—

- (a)* the property of the former Act company continues to be the property of the company;
- (b)* the company continues to be liable for the obligations of the former Act company;
- (c)* an existing cause of action, claim or liability to prosecute is unaffected;
- (d)* a civil, criminal or administrative action or proceeding pending by or against the former Act company may be continued by or against the company; and

(e) a conviction against, or ruling, order or judgment in favour of or against, the former Act company may be enforced by or against the company.

(2) When the Registrar determines, on the application of a former Act company, that it is not practicable to change a reference to the nominal or par value of shares of a class or series that the former Act company was authorised to issue before it was continued as a company under this Act, the Registrar may, notwithstanding section 25, permit the company to continue to refer in its articles to those shares, whether issued or non-issued as shares having a nominal or par value.

(3) A company shall set out in its articles the maximum number of shares of a class or series referred to in subsection (2); and it may not amend its articles to increase that maximum number of shares or to change the nominal or par value of the shares.

### **Previous shares**

**367. (1)** A share of a former Act company issued before the company was continued under this Act is presumed to have been issued in compliance with this Act and with the provisions of the articles of continuance, irrespective of whether the share is fully paid, and irrespective of any designation, rights, privileges, restrictions or conditions attached to the share, or set out on, or referred to in, the certificate representing the share; and continuance under this Act does not deprive a shareholder of any right or privilege that he claims under an issued share of the company, nor does it relieve him of any liability in respect of an issued share of the company.

(2) For the purposes of this section, “**share**” includes an instrument issued pursuant to section 34(1).

### **Continuance not applied for within prescribed time**

**368. (1)** Subject to this section, a former Act company that does not apply to the Registrar for a certificate of continuance within the time limited therefor by section 362 shall, on the expiration of the time so limited be deemed to be continued under this Act and the model byelaw set out in the Regulations shall apply.

(2) The court may, on the application of a company deemed to be continued pursuant to subsection (1) or of the Registrar, make such order as it thinks fit for the purpose of securing the company’s full compliance with this Act or otherwise in respect of its continuance under this Act.

(3) Where a company makes an application under this section it shall give the Registrar notice thereof, and where the Registrar is the applicant under this section he shall give the company notice thereof and on any application the company and the Registrar are entitled to appear and be heard in person or by an attorney-at-law.

(4) The cost of an application under this section shall, unless the court otherwise orders, be paid by the company.

### Effect of earlier references

**369. (1)** A reference in any corporate instrument of anybody corporate to the former Act or any procedure under the former Act is, in relation to any former Act company continued under this Act, to be construed as a reference to this Act or procedure thereunder that is the equivalent provision or procedure under this Act.

**(2)** Without affecting the operation of the Interpretation Act, when there is no equivalent provision in this Act to the provision or procedure in or under the former Act referred to in the corporate instrument of a body corporate, the provision or proceeding of the former Act is to be applied, and stands un-repealed to the extent necessary to give effect to that reference in the corporate instrument.

## PART 4

### WINDING UP

#### *Division A*

### Preliminary

### Modes of winding up

**370. (1)** The winding up of a company may be either—

- (a) by the court; or
- (b) voluntary.

**(2)** The provisions of this Act with respect to winding up apply, unless the contrary intention appears, to the winding up of a company in either of those modes.

### Liability of members

**371. (1)** Subject to this section, in the event of a company being wound up every present or past member is liable to contribute to the assets of the company to an amount sufficient for payment of its debts and expenses of the winding up, and the adjustment of the rights of the members and past members among themselves.

**(2)** Subsection (1) is subject to the following limitations, namely—

- (a) a past member is not liable to contribute if he has ceased to be a member for a period of one year or upwards before the commencement of the winding up;
- (b) a past member is not liable to contribute unless it appears to the court that the existing members are unable to satisfy the contributions required to be made by them in pursuance of this section;

- (c) no contribution is required from any member or past member exceeding the amount, if any, unpaid on the shares in respect of which he is liable as a present or past member, or, as the case may be, the amount undertaken to be contributed by him to the assets of the company in the event of its being wound up;
- (d) any sum due from the company to a member or past member, in his character of member, by way of dividend or otherwise, shall not be set-off against the amounts for which he is liable to contribute in accordance with this section, but any such sum shall be taken into account for the purposes of final adjustment of the rights of the members and past members amongst themselves.

(3) “**Member**” in relation to a company means an incorporator of the company and any other person who agrees to become a member of the company and whose name is entered in the company’s register of members; and for the purposes of subsections (1) and (2) “**past member**” includes the estate of a deceased member and, where any person dies after becoming liable as a member or past member, the liability is enforceable against his estate.

(4) Except as provided in subsections (1) to (3), a member or past member of a company is not liable as such for any of the debts or liabilities of the company.

(5) In the event of a company being wound up any part of the issue price of a share remaining to be paid shall, with effect from the commencement of the winding up, be treated as an amount unpaid on the share whether or not the due date for the payment has occurred.

### **Saving**

372. Nothing in this Act shall invalidate any provision contained in any policy of insurance or other contract whereby the liability of individual members on the policy or contract is restricted, or whereby the funds of the company are alone made liable in respect of the policy or contract.

### **Definition of contributory**

373. The term “**contributory**” means every person liable to contribute to the assets of a company in the event of it being wound up, and for the purposes of all proceedings for determining, and all proceedings prior to the final determination of, the persons who are to be deemed contributories, includes any person alleged to be a contributory.

### **Nature of liability of contributory**

374. The liability of a contributory creates a debt in the nature of a specialty accruing due from the contributory at the time when his liability commenced, but payable at the times when calls are made for enforcing the liability.

**Contributories in case of death of member**

**375. (1)** If a contributory dies either before or after he has been placed on the list of contributories, his personal representatives are liable in a due course of administration to contribute to the assets of the company in discharge of his liability and shall be contributories accordingly.

**(2)** If the personal representatives make default in paying any money ordered to be paid by them, proceedings may be taken for administering the estate of the deceased contributory, and for compelling payment thereof of the money due.

**Contributories in case of bankruptcy of members**

**376.** If a contributory becomes bankrupt, either before or after he has been placed on the list of contributories—

- (a)* his trustee in bankruptcy shall represent him for all the purposes of the winding up, and shall be a contributory accordingly, and may be called on to admit proof against the estate of the bankrupt, or otherwise to allow to be paid out of his assets in due course of law, any money due from the bankrupt in respect of his liability to contribute to the assets of the company; and
- (b)* there may be proved against the estate of the bankrupt the estimated value of his liability to future calls as well as calls already made.

*Division B***Winding up by the Court****Circumstances in which company may be wound up by court**

**377.** A company may be wound up by the Court if—

- (a)* the company has by special resolution resolved that the company be wound up by the Court;
- (b)* the company does not commence its business within a year from its incorporation, or suspends its business for a whole year;
- (c)* the company is unable to pay its debts;
- (d)* an inspector appointed under Division B of Part 5 has reported that he is of the opinion—
  - (i)* that the company cannot pay its debts and should be wound up; or
  - (ii)* that it is in the interests of the public or of the shareholders or of the creditors that the company should be wound up;  
*(Amended by Act 6 of 2002)*

- (e) the Court is of the opinion that it is just and equitable that the company should be wound up; or (*Amended by Act 6 of 2002*)
- (f) the Court is of the opinion that it is in the public interest for the company to be wound up. (*Inserted by Act 6 of 2002*)

### **Definition of inability to pay debts**

**378. (1)** A company is deemed to be unable to pay its debts if—

- (a) a creditor, by assignment or otherwise, to whom the company is indebted in a sum exceeding \$5,000 then due, has served on the company, by leaving it at the registered office of the company, a demand under his hand or under the hand of his agent lawfully authorised requiring the company to pay the sum so due, and the company has for three weeks thereafter neglected to pay the sum, or to secure or compound for it to the reasonable satisfaction of the creditor;
- (b) execution or other process issued on a judgment decree or order of any court in favour of a creditor of the company is returned unsatisfied in whole or in part; or
- (c) it is proved to the satisfaction of the court that the company is unable to pay its debts as they become due.

**(2)** A company is also deemed unable to pay its debts if it is proved to the satisfaction of the court that the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities.

**(3)** The money sum for the time being specified in subsection (1)(a) is subject to increase or reduction by regulation under section 527.

### **Petition for winding up**

**379. (1)** An application to the court for the winding up of a company shall be by petition presented, subject to the provisions of the section, either by

- (a) the company;
- (b) a creditor, including a contingent or prospective creditor, of the company;
- (c) a contributory;
- (d) the trustee in bankruptcy to, or personal representative of, a creditor or contributory; or
- (e) the Commission,

or any two or more of those parties.

**(2)** Notwithstanding anything in subsection (1)—

- (a) a contributory is not entitled to present a winding up petition unless the shares in respect of which he is a contributory, or

some of them, either were originally allotted to him or have been held by him, and registered in his name, for at least six months during the eighteen months before the commencement of the winding up, or have devolved on him through the death of a former holder;

- (b) the court shall not hear a winding up petition presented by a contingent or prospective creditor until such security for costs has been given as the court thinks reasonable and until a *prima facie* case for winding up has been established to the satisfaction of the court; and
- (c) an application for a company to be wound up under section 377(f) may only be made by the Commission.

(3) Where a company is being wound up voluntarily, a winding up petition may be presented by the Official Receiver as well as by any other person authorised in that behalf under the other provisions of this section, but the court shall not make a winding up order on the petition unless it is satisfied that the voluntary winding up cannot be continued with due regard to the interests of the creditors or contributories.

(4) A contributory is entitled to present a winding up petition notwithstanding that there may not be assets available on the winding up for distribution to contributories.

*(Amended by Act 6 of 2002)*

### **Powers of court on hearing petition**

**380. (1)** On hearing a winding up petition the court may dismiss it, or adjourn the hearing conditionally or unconditionally, or make any interim order, or any other order that it thinks fit, but the court shall not refuse to make a winding up order on the ground only that the assets of the company have been mortgaged to an amount equal to or in excess of those assets, or that the company has no assets.

(2) Where the petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the court, if it is of the opinion—

- (a) that the petitioners are entitled to relief either by winding up the company or by some other means; and
- (b) that in the absence of any other remedy it would be just and equitable that the company should be wound up,

shall make a winding up order, unless it is also of the opinion that some other remedy is available to the petitioners and that they are acting unreasonably in seeking to have the company wound up instead of pursuing that other remedy.

### **Power to stay or restrain proceedings against company**

**381.** At any time after the presentation of a winding up petition, and before a winding up order has been made, the company, or any creditor or contributory,

may, where any action or proceeding is pending against the company, apply to the court to stay or restrain further proceedings, and the court may stay or restrain the proceedings accordingly on such terms as it thinks fit.

### **Avoidance of dispositions of property, etc. after commencement of winding up**

**382.** In a winding up by the court, any disposition of the property of the company, including things in action, and any transfer of shares, or alteration in the status of the members of the company, made after the commencement of the winding up, is, unless the court otherwise orders, void.

### **Avoidance of attachments, etc.**

**383.** Where any company is being wound up by the court, any attachment, sequestration, distress, or execution put in force against the estate or effects of the company after the commencement of the winding up is void.

### **Commencement of winding up by the court**

**384. (1)** Where before the presentation of a petition for the winding up of a company by the court a resolution has been passed by the company for voluntary winding up, the winding up of the company is deemed to have commenced at the time of the passing of the resolution, and unless the court, on proof of fraud or mistake, thinks fit otherwise to direct, all proceedings taken in the voluntary winding up are deemed to have been validly taken.

**(2)** In any other case, the winding up of a company by the court is deemed to commence at the time of the presentation of the petition for winding up.

### **Copy of order to be forwarded to Registrar**

**385. (1)** On the making of a winding up order, a copy of the order shall forthwith be lodged by the company, or otherwise as may be prescribed, with the Registrar, who shall make an entry thereof in his records relating to the company.

**(2)** If default is made in lodging a copy of a winding up order with the Registrar as required by subsection (1), every officer of the company or other person who knowingly authorises or permits the default is guilty of an offence.

### **Actions stayed on winding up order**

**386.** When a winding up order has been made, or a provisional liquidator has been appointed, no action or proceeding shall be proceeded with or commenced against the company except by leave of the court, and subject to such terms as the court may impose.

### Effect of winding up order

**387.** An order for winding up a company shall operate in favour of all the creditors and of all the contributories of the company, as if made on the joint petition of a creditor and of a contributory.

### *Official Receiver*

### Meaning of Official Receiver

**388.** For the purpose of this Act, “**Official Receiver**” means the Official Receiver attached to the court for bankruptcy purposes, and includes any Assistant Official Receiver.

### Statement of company’s affairs

**389. (1)** Where the court has made a winding up order or appointed a provisional liquidator, there shall, unless the court otherwise orders, be made out and submitted to the Official Receiver a statement as to the affairs of the company in the prescribed form, verified by affidavit, and showing the particulars of its assets, debts and liabilities, the names, residences, and occupation of its creditors, the securities held by them respectively, the dates when the securities were respectively given, and such further or other information as may be prescribed or as the Official Receiver may require.

**(2)** The statement shall be submitted and verified by one or more of the persons who are at the relevant date the directors and by the person who is at that date the secretary of the company, or by such of the persons hereinafter in this subsection mentioned as the Official Receiver, subject to the direction of the court, may require to submit and verify the statement, that is to say, persons—

- (a) who are or have been officers, other than employees, of the company;
- (b) who have taken part in the formation of the company at any time within one year before the relevant date;
- (c) who are in the employment of the company, or have been in the employment of the company within that year, and are in the opinion of the Official Receiver capable of giving the information required; and
- (d) who are or have been within that year officers of or in the employment of a company, which is, or within that year was, an officer of the company to which the statement relates.

**(3)** The statement shall be submitted within fourteen days from the relevant date, or within such extended time as the Official Receiver or the court may for special reasons allow.

**(4)** Any person making or concurring in making the statement and affidavit required by this section shall be allowed, and shall be paid by the Official Receiver or provisional liquidator, as the case may be, out of the assets

of the company, such costs and expenses incurred in and about the preparation and making of the statement and affidavit as the Official Receiver considers reasonable, subject to an appeal to the court.

(5) Any person who, without reasonable excuse, makes default in complying with the requirements of this section is guilty of an offence.

(6) Any person stating himself in writing to be a creditor or contributory of the company is entitled by himself or by his agent at all reasonable times, on payment of the prescribed fee, to inspect the statement submitted in pursuance of this section, and to a copy thereof or extract therefrom.

(7) Any person untruthfully so stating himself to be a creditor or contributory is guilty of a contempt of court and shall, on the application of the liquidator or of the Official Receiver, be punishable accordingly.

(8) In this section, “**the relevant date**” means in a case where a provisional liquidator is appointed, the date of his appointment and, in a case where no such appointment is made, the date of the winding up order.

### **Report by Official Receiver**

**390. (1)** In a case where a winding up order is made the Official Receiver shall, as soon as practicable after receipt of the statement to be submitted under section 389, or, in a case where the court orders that no statement shall be submitted, as soon as practicable after the date of the order, submit a preliminary report to the court—

- (a) as to the amount of capital issued, and subscribed, and the estimated amount of assets and liabilities;
- (b) if the company has failed, as to the causes of the failure; and
- (c) whether in his opinion further inquiry is desirable as to any matter relating to the promotion, formation or failure of the company, or the conduct of the business thereof.

(2) The Official Receiver may also, if he thinks fit, make a further report, or further reports, stating the manner in which the company was formed and whether in his opinion any fraud has been committed by any person in its promotion or formation, or by any officer of the company in relation to the company since the formation thereof, and any other matters which in his opinion it is desirable to bring to the notice of the court.

### *Liquidators*

### **Power of Court to appoint liquidators**

**391.** For the purposes of conducting the proceedings in winding up a company and performing such duties in reference thereto as the court may impose, the court may appoint a liquidator or liquidators.

### Appointment and powers of provisional liquidator

**392. (1)** Subject to the provisions of this section, the court may appoint a liquidator provisionally at any time after the presentation of a winding up petition, and either the Official Receiver or any other fit person may be appointed.

**(2)** Where a liquidator is previously appointed by the court, the court may limit and restrict his powers by the order appointing him.

### Appointment, style, etc. of liquidators

**393.** Subject to section 392(2) the following provisions with respect to liquidators have effect on a winding up order being made, namely—

- (a)* the Official Receiver shall by virtue of his office become the provisional liquidator and shall continue to act as such until he or another person becomes liquidator and is capable of acting as such;
- (b)* the Official Receiver shall summon separate meetings of the creditors and contributories of the company for the purposes of determining whether or not an application is to be made to the Court for appointing a liquidator in the place of the Official Receiver;
- (c)* the court may make any appointment and order required to give effect to any such determination, and, if there is a difference between the determinations of the meetings of the creditors and contributories in respect of any such matter, the court shall decide the difference and make such order thereon as the court may think fit;
- (d)* in a case where a liquidator is not appointed by the court, the Official Receiver shall be the liquidator of the company;
- (e)* the Official Receiver shall by virtue of his office be the liquidator during any vacancy; and
- (f)* a liquidator shall be described, where a person other than the Official Receiver is liquidator, by the style of “**the liquidator**” and, where the Official Receiver is liquidator, by the style of “the Official Receiver and liquidator”, of the particular company in respect of which he is appointed, and not by his individual name.

### Provisions where person other than Official Receiver is appointed liquidator

**394. (1)** Where in the winding up of a company by the court a person other than the Official Receiver is appointed liquidator, that person—

- (a) shall not be capable of acting as liquidator until he has notified his appointment to the Registrar and given security in such manner as the court may direct; and
  - (b) shall give the Official Receiver such information and such access to and facilities for inspecting the books and documents of the company and generally such aid as may be requisite for enabling the Official Receiver to perform his duties under this Act.
- (2) If a liquidator contravenes subsection (1)(b) he is guilty of an offence.

### **General provisions as to liquidators**

**395. (1)** A liquidator appointed by the court may resign or, on cause shown be removed by the court.

(2) Where a person other than the Official Receiver is appointed liquidator, he shall receive such salary or remuneration by way of percentage or otherwise as the court may direct and, if more persons than one are appointed liquidators, their remuneration shall be distributed among them in such proportions as the court directs.

(3) A vacancy in the office of a liquidator appointed by the court shall be filled by the court.

(4) If more than one liquidator is appointed by the court, the court shall declare whether any act by this Act required or authorised to be done by the liquidator is to be done by all or any one or more of the persons appointed.

(5) Subject to this Act, the acts of a liquidator are valid notwithstanding any defects that may afterwards be discovered in his appointment or qualification.

### **Custody of company's property**

**396.** Where a winding up order has been made or a provisional liquidator has been appointed, the liquidator, or the provisional liquidator, as the case may be, shall take into his custody, or under his control, all the property and things in action to which the company is or appears to be entitled.

### **Vesting of property of company in liquidator**

**397.** Where a company is being wound up by the court, the court may on the application of the liquidator by order direct that all or any part of the property of whatsoever description belonging to the company or held by trustees on its behalf shall vest in the liquidator by his official name, and thereupon the property to which the order relates shall vest accordingly, and the liquidator may, after giving such indemnity, if any, as the court may direct, bring or defend in his official name any action or other legal proceeding which relates to that property or which it is necessary to bring or defend for the purpose of effectually winding up the company and recovering its assets.

## Powers of liquidator

**398. (1)** The liquidator in a winding up by the court may with the sanction either of the court or of the committee of inspection—

- (a) bring or defend any action or other legal proceeding in the name and on behalf of the company;
- (b) carry on the business of the company, so far as may be necessary, for the beneficial winding up thereof;
- (c) appoint an attorney-at-law or other agent to assist him in the performance of his duties;
- (d) pay any classes of creditors in full if the assets of the company remaining in his hands will suffice to pay in full the debts and liabilities of the company which rank for payment before, or equally with, the debts or claims of the first mentioned creditors;
- (e) make any compromise or arrangement with creditors or persons claiming to be creditors, or having or alleging themselves to have any claim, present or future, certain or contingent, ascertained or sounding only in damages against the company, or whereby the company may be rendered liable;
- (f) compromise any calls and liabilities to calls, debts and liabilities capable or resulting in debts, and all claims, present or future, certain or contingent, ascertained or sounding only in damages, subsisting or supposed to subsist between the company and a contributory, or alleged contributory, or other debtor or person apprehending liability to the company, and all questions in any way relating to or affecting the assets or the winding up of the company, on such terms as are agreed, and take any security for the discharge of any such call, debt, liability or claim, and give a complete discharge in respect thereof.

**(2)** The liquidator in a winding up by the court may—

- (a) sell the real and personal property and things in action of the company by public auction or private contract, with power to transfer the whole thereof to any person or to sell the same in parcels;
- (b) do all acts and execute, in the name and on behalf of the company, all deeds, receipts, and other documents, and for that purpose to use, when necessary, the company's seal;
- (c) prove, rank, and claim in the bankruptcy, insolvency, or sequestration of any contributory, for any balance against his estate, and receive dividends in the bankruptcy, insolvency, or sequestration in respect of that balance as a separate debt due from the bankrupt or insolvent, and rateably with the other separate creditors;

- (d) draw, accept, make and endorse any bill of exchange or promissory note in the name and on behalf of the company, with the same effect with respect to the liability of the company as if the bill or note had been drawn, accepted, made or endorsed by or on behalf of the company in the course of its business;
- (e) raise on the security of the assets of the company any money requisite;
- (f) take out in his official name letters of administration to any deceased contributory, and do in his official name any other act necessary for obtaining payment of any money due from a contributory or his estate which cannot be conveniently done in the name of the company, and in all such cases the money due is, for the purpose of enabling the liquidator to take out the letters of administration or recover the money, deemed to be due to the liquidator himself;
- (g) appoint an agent to do any business which the liquidator is unable to do himself; and
- (h) do all such other things as may be necessary for winding up the affairs of the company and distributing its assets.

(3) The exercise by the liquidator in a winding up by the court of the powers conferred by this section shall be subject to the control of the court, and any creditor or contributory may apply to the court with respect to any exercise or proposed exercise of any of those powers.

### **Exercise and control of liquidator's powers**

**399. (1)** Subject to this Part, the liquidator of a company which is being wound up by the court shall, in the administration of the assets of the company and in the distribution thereof among its creditors, have regard to any directions that may be given by resolution of the creditors or contributories at any general meeting, or by the committee of inspection, and any directions so given by the creditors or contributories shall in case of conflict be deemed to override any directions given by the committee of inspection.

(2) The liquidator may summon general meetings of the creditors or contributories for the purpose of ascertaining their wishes, and he shall summon meetings at such times as the creditors or contributories, by resolution, either at the meeting appointing the liquidator or otherwise, direct, or whenever requested in writing to do so by not less than one-tenth in value of the creditors or contributories.

(3) The liquidator may apply to the court in the prescribed manner for directions in relation to any particular matter arising under the winding up.

(4) Subject to this Part, the liquidator shall use his own discretion in the management of the estate and its distribution among the creditors.

(5) If any person is aggrieved by any act or decision of the liquidator, that person may apply to the court, and the court may confirm, reverse, or modify the act or decision complained of, and make such order as it thinks fit.

### **Books to be kept by liquidator**

**400. (1)** Every liquidator of a company which is being wound up by the court shall keep, in the prescribed manner, proper books in which he shall cause to be made entries or minutes of proceedings at meetings, and of such other matters as may be prescribed, and any creditor or contributory may, subject to the control of the court, personally or by his agent inspect any such books and make copies thereof or extracts therefrom.

(2) If a liquidator fails to keep proper books as required by subsection (1) or refuses to allow any inspection permitted thereby, he is guilty of an offence.

### **Payments of liquidator into bank**

**401. (1)** Every liquidator of a company which is being wound up by the court shall pay the money received by him into such bank as the court may direct.

(2) If any such liquidator at any time retains for more than ten days a sum exceeding \$200, or such other amount as the court in any particular case authorises him to retain, then, unless he explains the retention to the satisfaction of the court, he shall pay interest on the amount so retained in excess at the rate of twenty per centum per annum and shall be liable to disallowance of all or such part of his remuneration as the court may think just, and to be removed from his office by the court, and shall be liable to pay any expenses occasioned by reason of his default.

(3) A liquidator of a company which is being wound up by the court shall not pay any sums received by him as liquidator into his private banking account.

(4) A liquidator who contravenes subsection (3) is guilty of an offence.

### **Audit of liquidator's accounts**

**402. (1)** Every liquidator of a company which is being wound up by the court shall, at such times as may be prescribed but not less than twice in each year during his tenure of office, send to the Registrar an account of his receipts and payments as liquidator.

(2) The account shall be in a prescribed form, shall be made in duplicate, and shall be verified by an affidavit or a statutory declaration in the prescribed form.

(3) The Registrar shall cause the account to be audited by an auditor eligible for appointment as auditor of a company under section 158 and for the purpose of the audit the liquidator shall furnish the auditor with such vouchers and information as the auditor may require, and the auditor may at any time

require the production of and inspect any books or accounts kept by the liquidator.

(4) When the account has been audited, one copy thereof shall be filed and kept by the Registrar and the other copy shall be delivered to the court for filing, and each copy shall be open to the inspection of any creditor or any person interested.

(5) If a liquidator fails to comply with any of the duties imposed on him by this section he is guilty of an offence.

### **Control of Registrar over liquidators**

**403. (1)** The Registrar shall take cognizance of the conduct of liquidators of companies which are being wound up by the court, and, if a liquidator does not faithfully perform his duties and duly observe all the requirements imposed on him by statute, rules, or otherwise with respect to the performance of his duties, or if any complaint is made to the Registrar by any creditor or contributory in regard thereto, the Registrar shall inquire into the matter, and take such action thereon as he may think expedient.

(2) The Registrar may at any time require any liquidator of a company which is being wound up by the court to answer any inquiry in relation to any winding up in which he is engaged and may, if the Registrar thinks fit, apply to the court to examine him or any other person on oath concerning the winding up.

(3) The Registrar may also direct an investigation to be made of the books and vouchers of the liquidator.

### **Release of liquidator**

**404. (1)** When the liquidator of a company which is being wound up by the court has realised all the assets of the company, or so much thereof as can, in his opinion be realised without needlessly protracting the liquidation, and has distributed a final dividend, if any, to the creditors, and adjusted the rights of the contributories among themselves, and made a final return, if any, to the contributories, or has resigned, or has been removed from his office, the Registrar shall, on his application, cause a report on his accounts to be prepared, and, on his complying with all the requirements of the Registrar, shall take into consideration the report, and any objection which may be urged by any creditor or contributory or person interested against the release of the liquidator, and shall either grant or withhold the release accordingly, subject nevertheless to an appeal to the court.

(2) Where the release of a liquidator is withheld, the court may, on application of any creditor or contributory, or person interested, make such order as it thinks just, charging the liquidator with the consequences of any act or default which he may have done or made contrary to his duty.

(3) An order of the Registrar releasing the liquidator shall discharge him from all liability in respect of any act done or default made by him in the administration of the affairs of the company, or otherwise in relation to his

conduct as liquidator, but any such order may be revoked on proof that it was obtained by fraud or by suppression or concealment of any material fact.

### *Committees of Inspection*

#### **Meetings of creditors and contributories to determine whether committee of inspection shall be appointed**

**405. (1)** When a winding up order has been made by the court, it shall be the business of the separate meetings of creditors and contributories summoned for the purpose of determining whether or not an application should be made to the court for appointing a liquidator other than the Official Receiver, to determine further whether or not an application is to be made to the court for the appointment of a committee of inspection to act with the liquidator and who are to be members of the committee if appointed.

**(2)** The court may make any appointment and order required to give effect to any such determination, and if there is a difference between the determination of the meetings of the creditors and contributories the court shall decide the difference and make such order as the court thinks fit.

#### **Constitution and proceedings of committee of inspection**

**406. (1)** A committee of inspection appointed in pursuance of this Act shall consist of creditors and contributories of the company or persons holding general powers of attorney from creditors or contributories in such proportions as is agreed on by the meetings of the creditors and contributories, or as, in the case of a difference, may be determined by the court.

**(2)** The committee shall meet at such time as they from time to time appoint, and, failing such appointment, at least once a month and the liquidator or any member of the committee may also call a meeting of the committee as and when he thinks necessary.

**(3)** The committee may act by a majority of their members present at a meeting, but shall not act unless a majority of the committee is present.

**(4)** A member of the committee may resign by notice in writing signed by him and delivered to the liquidator.

**(5)** If a member of the committee becomes bankrupt, or compounds or arranges with his creditors, or is absent from five consecutive meetings of the committee without the leave of those members who together with himself represent the creditors or contributories, as the case may be, his office shall thereupon become vacant.

**(6)** A member of the committee may be removed by an ordinary resolution at a meeting of creditors, if he represents creditors, or of contributories, if he represents contributories of which seven days' notice has been given, stating the object of the meeting.

**(7)** On a vacancy occurring in the committee the liquidator shall forthwith summon a meeting of creditors or of contributories, as the case may

require, to fill the vacancy, and the meeting may, by resolution, re-appoint the same or appoint another creditor or contributory to fill the vacancy; but if the liquidator, having regard to the position in the winding up, is of the opinion that it is unnecessary for the vacancy to be filled he may apply to the court and the court may make an order that the vacancy shall not be filled, or shall not be filled except in such circumstances as may be specified in the order.

(8) The continuing members of the committee, if not less than two, may act notwithstanding any vacancy in the committee.

### **Powers of court where no committee of inspection**

**407.** Where in the case of a winding up there is no committee of inspection, the court may on the application of the liquidator, do any act or thing or give any direction or permission which is by this Act authorised or required to be done or given by the committee.

#### *General Powers of Court*

### **Power to stay winding up, etc.**

**408. (1)** The court may at any time after an order for winding up, on the application either of the liquidator, or the Official Receiver, or any creditor or contributory, and on proof to the satisfaction of the court that all proceedings in relation to the winding up ought to be stayed, make an order staying the proceedings, either altogether or for a limited time, on such terms and conditions as the court thinks fit.

(2) The court may, at any time after an order for winding up, on the application either of the liquidator or a creditor, and after having regard to the wishes of the creditors and contributories, make an order directing that the winding up, ordered by the court, shall be conducted as a creditors' voluntary winding up; and, if the court does so the winding up shall be so conducted.

(3) On any application under subsection (1) the court may, before making an order, require the Official Receiver to furnish to the court a report with respect to any facts or matters which are in his opinion relevant to the application.

(4) A copy of every order made under this section shall forthwith be lodged by the company, or otherwise as may be prescribed, with the Registrar, who shall make an entry of the order in his records relating to the company.

(5) If default is made in lodging a copy of an order made under this section with the Registrar as required by subsection (4), every officer of the company or other person who knowingly authorises or permits the default is guilty of an offence.

### **Settlement of list of contributories and application of assets**

**409. (1)** As soon as may be after making a winding up order, the court shall settle a list of contributories, and may rectify the register of members in all cases where rectification is required in pursuance of this Act, and shall cause

the assets of the company to be collected and applied in discharge of its liabilities.

(2) Notwithstanding subsection (1), where it appears to the court that it will not be necessary to make calls on or adjust the rights of contributories, the court may dispense with the settlement of a list of contributories.

(3) In settling the list of contributories, the court shall distinguish between persons who are contributories in their own right and persons who are contributories as being representatives of or liable for the debts of others.

(4) The list of contributories when settled shall be *prima facie* evidence of the liabilities of the persons named therein as contributories.

### **Delivery of property to liquidator**

**410.** The court may, at any time after making a winding up order, require any contributory for the time being on the list of contributories, and any trustee, receiver, banker, agent or officer of the company to pay, deliver, convey, surrender or transfer forthwith, or within such time as the court directs, to the liquidator any assets or books and papers in his hands to which the company is *prima facie* entitled.

### **Payment of debts due by contributory to company and extent to which set-off allowed**

**411. (1)** The court may, at any time after making a winding up order, make an order directing any contributory for the time being on the list of contributories to pay, in the manner directed by the order, any money due from him or from the estate of the person whom he represents to the company, exclusive of any money payable by him or the estate by virtue of any call in pursuance of this Act.

(2) In the case of any company, when all the creditors are paid in full, any money due on account whatever to a contributory from the company may be allowed to him by way of set-off against any subsequent call.

### **Power of court to make calls**

**412. (1)** The court may, at any time after making a winding up order, and either before or after it has ascertained the sufficiency of the assets of the company, make calls on all or any of the contributories for the time being settled on the list of the contributories to the extent of their liability, for payment of any money which the court considers necessary to satisfy the debts and liabilities of the company, and the costs, charges, and expenses of winding up, and for the adjustment of the rights of the contributories, among themselves, and make an order for payment of any calls so made.

(2) In making a call the court may take into consideration the probability that some of the contributories may partly or wholly fail to pay the call.

### **Payment into bank of moneys due to company**

**413. (1)** The court may order any contributory, purchaser or other person from whom money is due to the company to pay the amount due into a bank to the account of the liquidator instead of to the liquidator, and any such order may be enforced in the same manner as if it had directed payment to the liquidator.

**(2)** All moneys and securities paid or delivered into such bank in the event of a winding up by the court shall be subject in all respects to the orders of the court.

### **Order on contributory is conclusive evidence**

**414.** An order made by the court on a contributory is, subject to any right of appeal, conclusive evidence that the money, if any, thereby appearing to be due or ordered to be paid is due, and all other pertinent matters stated in the order shall be taken to be truly stated as against all persons and in all proceedings.

### **Appointment of special manager**

**415. (1)** Where in any proceedings the Official Receiver becomes the liquidator of a company, whether provisionally or otherwise, he may, if satisfied that the nature of the estate or business of the company, or the interests of the creditors or contributories generally, require the appointment of a special manager of the estate or business of the company other than himself, apply to the court, and the court may on the application appoint a special manager of the estate or business to act during such time as the court directs, with such powers, including any of the powers of a receiver or manager, as are entrusted to him by the court.

**(2)** The special manager shall give such security and account in such manner as the court directs.

**(3)** The special manager shall receive such remuneration as may be fixed by the court.

### **Power to exclude creditors not proving in time**

**416.** The court may fix a time or times within which creditors are to prove their debts or claims or after which they will be excluded from the benefit of any distribution made before those debts are proved.

### **Adjustment of rights of contributories**

**417.** The court shall adjust the rights of the contributories among themselves, and distribute any surplus among the persons entitled thereto.

### **Inspection of books by creditors or contributories**

**418. (1)** The court may, at any time after making a winding up order, make such order for inspection of the books and papers of the company by creditors

and contributories as the court thinks just, and any books and papers in the possession of the company may be inspected by creditors and contributories accordingly, but not further or otherwise.

(2) Nothing in this section shall be taken as excluding or restricting any statutory rights of a Government Department or a person under the authority of a Government Department or the Minister.

### **Power to order costs of winding up to be paid out of assets**

419. The court may, in the event of the assets being insufficient to satisfy the liabilities, make an order as to the payment out of the assets of the costs, charges, and expenses incurred in the winding up in such order of priority as the court thinks fit.

### **Power to summon persons suspected of having property of company**

420. (1) The court may, at any time after the appointment of a provisional liquidator or the making of a winding up order, summon before it any officer of the company or person known or suspected to have in his possession any property of the company, or supposed to be indebted to the company, or any person whom the court determines capable of giving information concerning the promotion, formation, trade, dealings, affairs, or property of the company.

(2) The court may examine him on oath concerning the matters mentioned in subsection (1), either by word of mouth or on written interrogatories, and may reduce his answers to writing and require him to sign them, and any writing so signed may be used in evidence in any legal proceedings against him.

(3) The court may require him to produce any books and papers in his custody or power relating to the company, but where he claims any lien on books or papers produced by him, the production shall be without prejudice to that lien, and the court shall have jurisdiction in the winding up to determine all questions relating to that lien.

(4) If any person so summoned, after being tendered a reasonable sum for his expenses, refuses to come before the court at the time appointed, not having a lawful impediment (made known to the court at the time of its sitting, and allowed by it), the court may cause him to be apprehended and brought before the court for examination.

### **Power to order public examination of promoters, directors, etc.**

421. (1) Where an order has been made for winding up a company by the court, and the Official Receiver has made a further report under this Act stating that in his opinion a fraud or improper conduct has been committed, or engaged in, by any person in the promotion or formation of the company, or by any officer of the company in relation to the company since its formation, the court may, after consideration of the report, direct that the person or officer or any other person who was previously an officer of the company, including any banker, attorney-at-law or auditor, or who is known or suspected to have in his

possession any property of the company or is supposed to be indebted to the company or any person who the court determines capable of giving information concerning the promotion, formation, trade dealings, affairs or property of the company, shall attend before the court on a day appointed by the court for that purpose, and be publicly examined as to the promotion or formation or the conduct of the business of the company, or in the case of an officer or former officer as to his conduct and dealings as officer thereof.

(2) The Official Receiver shall take part in the examination, and for that purpose may, if specially authorised by the court in that behalf, employ an attorney-at-law.

(3) The liquidator, where the Official Receiver is not the liquidator, and any creditor or contributory, may also take part in the examination either personally or by attorney-at-law.

(4) The court may put such questions to the person examined as the court thinks fit.

(5) The person examined shall be examined on oath and is not excused from answering any questions put to him on the ground that the answer might tend to incriminate him but, where he claims before answering the question, that the answer might tend to incriminate him, neither the question nor the answer is admissible in evidence against him in criminal proceedings other than proceedings under subsection (10) or in relation to a charge of perjury in respect of the answer.

(6) A person ordered to be examined shall at his own cost, before his examination, be furnished with a copy of the Official Receiver's report, and may at his own cost employ an attorney-at-law who shall be at liberty to put to him such questions as the court may deem just for the purpose of enabling him to explain or qualify any answers given by him.

(7) When a person directed to attend before the court under subsection (1) applies to the court to be exculpated from any charges made or suggested against him, the Official Receiver shall appear on the hearing of the application and call the attention of the court to any matters which appear to the Official Receiver to be relevant, and if the court, after hearing any evidence given or witnesses called by the Official Receiver, grants the application, the court may allow the applicant such costs as in its discretion it may think fit.

(8) Notes of the examination shall be taken down in writing and shall be read over to or by, and signed by, the person examined, and may thereafter be used in evidence against him, and shall be open to the inspection of any creditor or contributory at all reasonable times.

(9) The court may, if it thinks fit, adjourn the examination from time to time.

(10) Any person being examined under this section who makes a statement that is false or misleading in a material particular is guilty of an offence.

(11) For the purposes of this section, conduct is improper if it is of such a nature as to render a person unfit to be concerned in the management of a company.

### **Power to arrest absconding contributory**

422. The court, at any time either before or after making a winding up order, on proof of probable cause for believing that a contributory is about to quit Montserrat or otherwise to abscond or to remove or conceal any of his property for the purpose of evading payment of calls, or of avoiding examination respecting the affairs of the company, may cause the contributory to be arrested, and his books and papers and movable personal property to be seized, and him and them to be safely kept until such time as the court may order.

### **Powers of court cumulative**

423. Any powers by this Act conferred on the court shall be in addition to and not in restriction of any existing powers of instituting proceedings against any contributory or debtor of the company, or the estate of any contributory or debtor, for the recovery of any call or other sums.

### **Delegation to liquidator of certain powers of court**

424. Provision may be made by rules made under section 486 for enabling or requiring all or any of the powers and duties conferred and imposed on the court by this Act in respect of the following matters—

- (a) the holding and conducting of meetings to ascertain the wishes of creditors and contributories;
- (b) the settling of lists of contributories and the rectifying of the register of members where required, and the collecting and applying of the assets;
- (c) the paying, delivering, conveyance, surrender or transfer of any money, property, books or papers to the liquidator;
- (d) the making of calls and the adjusting of the rights of contributories; and
- (e) the fixing of the time within which debts and claims shall be proved,

to be exercised or performed by the liquidator as an officer of the court, and subject to the control of the court but the liquidator shall not, without the special leave of the court, rectify the register of members, and shall not make any call without either the special leave of the court or the sanction of the committee of inspection.

### **Dissolution of company**

425. (1) When the affairs of a company have been completely wound up, the court, if the liquidator makes an application in that behalf, shall make an order

that the company be dissolved from the date of the order, and the company shall be dissolved accordingly.

(2) A copy of the order shall within fourteen days from the date thereof be lodged by the liquidator with the Registrar who shall enter in his records a minute of the dissolution of the company.

(3) If the liquidator makes default in complying with the requirements of this section, he is guilty of an offence.

### **Power to enforce orders and appeals from orders**

**426. (1)** Orders made by the court under this Act may be enforced in the same manner as orders made in any action pending therein.

(2) Subject to rules of court, an appeal from any order or decision made or given in the winding up of a company by the court under this Act shall lie in the same manner and subject to the same conditions as an appeal from any order or decision of the court.

## *Division C*

### **Voluntary Winding Up**

#### **Winding up resolutions**

**427. (1)** A company shall be wound up voluntarily if—

- (a) a general meeting so resolves by special resolution; or
- (b) a general meeting so resolves by an ordinary resolution which states that the company is unable to pay its debts.

(2) In this Act, “**a resolution for voluntary winding up**” means a resolution passed under subsection (1).

#### **Notice of resolution to wind up voluntarily**

**428. (1)** When a company has passed a resolution for voluntary winding up, it shall, within fourteen days after the passing of the resolution, give notice of the resolution by advertisement in the *Gazette* and in writing to the Registrar.

(2) If default is made in complying with this section, the company and every officer of the company in default is guilty of an offence.

#### **Commencement of voluntary winding up**

**429.** A voluntary winding up is deemed to commence at the time of passing of the resolution for voluntary winding up.

**Effect of voluntary winding up on business and status of company**

**430.** In case of a voluntary winding up, the company shall, from the commencement of the winding up cease to carry on its business except so far as is in the opinion of the liquidator required for the beneficial winding up thereof but the corporate state and corporate powers of the company shall, notwithstanding anything to the contrary in its articles of incorporation, continue until it is dissolved.

**Avoidance of transfers, etc. after commencement of voluntary winding up**

**431.** Any transfer of shares not being a transfer made to or with the sanction of the liquidator, and any alteration in the status of the members of the company, made after the commencement of a voluntary winding up, is void.

**Statutory declaration of solvency in case of proposal of winding up voluntarily**

**432. (1)** Where it is proposed to wind up a company voluntarily, a director or, in the case of a company having more than two directors, the majority of the directors, may, at a meeting of the directors make a statutory declaration to the effect that they have made a full enquiry into the affairs of the company, and that, having so done, they have formed the opinion that the company will be able to pay its debts in full within such period not exceeding twelve months from the commencement of the winding up as may be specified in the declaration.

**(2)** A declaration made under subsection (1) shall have no effect for the purposes of this Act unless—

- (a)** it is made within the five weeks immediately preceding the date of the passing of the resolution for winding up the company and is lodged with the Registrar for registration before that date; and
- (b)** it embodies a statement of the company's assets and liabilities as at the latest practicable date before the making of the declaration.

**(3)** Any director of a company who makes a declaration under this section without having reasonable grounds for the opinion that the company will be able to pay its debts in full within the period specified in the declaration is guilty of an offence.

**(4)** If the company is wound up in pursuance of a resolution passed within the period of five weeks after the making of the declaration, but its debts are not paid or provided for in full within the period stated in the declaration, it shall be presumed until the contrary is shown that the director did not have reasonable grounds for his opinion.

**(5)** A winding up in the case of which a declaration has been made and delivered in accordance with this section is in this Act referred to as “a member's voluntary winding up”, and a winding up in the case of which a

declaration has not been so made and delivered is in this Act referred to as “**a creditors’ voluntary winding up**”.

*Provisions Applicable only to Members’ Voluntary Winding Up*

**Power of company to appoint and fix remuneration of liquidators**

**433. (1)** The company in general meeting shall appoint one, or more than one, liquidator for the purpose or winding up the affairs and distributing the assets of the company, and may fix the remuneration to be paid to him or them.

**(2)** Subject to subsections (3) and (4), the company may by special resolution remove a liquidator and appoint another liquidator, but the removal or appointment does not have effect—

- (a)* until after the expiration of the period of fourteen days after the date on which the resolution is passed; or
- (b)* if, within that period an application is made to the court under subsection (4), unless the Court dismisses the application or the application is withdrawn.

**(3)** In addition to the other requirements of this Act with respect to the giving of notice of meetings, the company shall give to all creditors and contributories of the company notice of any meeting at which a resolution under subsection (2) will be proposed, giving in the notice particulars of the proposals.

**(4)** A creditor or contributory of the company may, within the period of fourteen days after the date on which a resolution under subsection (2) is passed, apply to the Court for an order cancelling the resolution and the Court may, if it is satisfied that it is fair and reasonable to do so, allow the application, but if not so satisfied shall dismiss the application.

**(5)** On the appointment of a liquidator all the powers of the directors shall cease, except so far as the company in general meeting or the liquidator, sanctions the continuance thereof.

**Power to fill vacancy in office of liquidator**

**434. (1)** If a vacancy occurs by death, resignation or otherwise in the office of liquidator appointed by the company, the company in general meeting may, subject to any arrangement with its creditors, fill the vacancy.

**(2)** For that purpose a general meeting may be convened by any contributory or, if there were more liquidators than one, by the continuing liquidators.

**(3)** The meeting shall be held in the manner provided by this Act or by the byelaws or in such manner as may, on application by any contributory or by the continuing liquidators, be determined by the Court.

### **Power of liquidator to accept shares, etc., as consideration for sale of property of company**

**435. (1)** Where a company is proposed to be, or is in the course of being, wound up altogether voluntarily, and the whole or part of its business or property is proposed to be transferred or sold to a corporation, (in this section called “**the transferee company**”) the liquidator of the first-mentioned company (in this section called “**the transferor company**”) may, with the sanction of a special resolution of that company, conferring either a general authority on the liquidator or an authority in respect of any particular arrangement, receive in compensation for the transfer or sale, shares, policies, or other like interests in the transferee company, for distribution among the members of the transferor company, or may enter into any other arrangement whereby the members of the transferor company may, in *lieu* of receiving cash, shares, policies, or other like interests, or in addition thereto, participate in the profits of or receive any other benefit from the transferee company.

**(2)** Any sale or arrangement in pursuance of this section shall be binding on the members of the transferor company, and where the whole or part of the compensation or benefit accruing to the members of the transferor company in respect of any such sale or arrangement consists of fully paid shares in the transferee company each such member is deemed to have agreed with the transferee company for the acceptance of the fully paid shares to which he is entitled under the distribution referred to in subsection (1).

**(3)** If any member of the transferor company who did not vote in favour of the special resolution expresses his dissent therefrom in writing addressed to the liquidator and left at the registered office of the company within seven days after the passing of the resolution, he may require the liquidator either to abstain from carrying the resolution into effect or to purchase his interest at a price to be determined by agreement or by arbitration in manner provided by the Arbitration Act.

**(4)** If the liquidator elects to purchase the member’s interest, the purchase money shall be paid before the company is dissolved, and be raised by the liquidator in such manner as may be determined by special resolution.

**(5)** A special resolution shall not be invalid for the purposes of this section by reason that it is passed before or concurrently with a resolution for voluntary winding up or for appointing liquidators, but, if an order is made within a year for winding up the company by the Court, the special resolution is not valid unless sanctioned by the Court.

### **Duty of liquidator to call creditors’ meeting in case of insolvency**

**436. (1)** If, in the case of a winding up commenced after the commencement of this Act, the liquidator is at any time of the opinion that the company will not be able to pay its debts in full within the period stated in the declaration under section 432, he shall forthwith summon a meeting of the creditors, and shall lay before the meeting a statement of the assets and liabilities of the company.

(2) Unless the meeting of creditors resolve that the winding up shall continue as a members' voluntary winding up, the winding up shall as from the date when the liquidator calls the meeting of creditors become a creditors' voluntary winding up, and the meeting of creditors shall have the same powers as a meeting of creditors held under section 442.

(3) If the liquidator fails to comply with subsection (1) he is guilty of an offence.

### **Duty of liquidator to call general meeting at end of each year**

**437. (1)** Subject to section 439, in the event of the winding up continuing for more than one year, the liquidator shall summon a general meeting of the company at the end of the first year from the commencement of the winding up and of each succeeding year, or at the first convenient date within three months (or such longer period as the court may allow) from the end of the year, and shall lay before the meeting an account of his acts and dealings and of the conduct of the winding up during the preceding year.

(2) If the liquidator fails to comply with subsection (1) he is guilty of an offence.

### **Final meeting and dissolution after a member's voluntary winding up**

**438. (1)** Subject to section 439, as soon as the affairs of the company are fully wound up, the liquidator shall make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and shall cause the account to be audited and when that has been done shall call a general meeting of the company for the purpose of laying before it the audited account and giving any necessary explanation thereof.

(2) The meeting shall be called by advertisement in the *Gazette* and in one daily newspaper printed and circulating in Montserrat, specifying the time, place and object thereof, and published one month at least before the meeting.

(3) Within one week after the meeting, the liquidator shall lodge with the Registrar a copy of the audited account, and shall make a return to him of the holding of the meeting and of its date, and if the copy is not sent or the return is not made in accordance with this subsection the liquidator is guilty of an offence.

(4) Notwithstanding anything in subsection (3), if a quorum is not present at the meeting, the liquidator shall, in *lieu* of the return referred to in subsection (3), make a return that the meeting was duly summoned and that no quorum was present at the meeting, and upon such a return being made the provisions of this subsection as to the making of the return are deemed to have been complied with.

(5) The Registrar on receiving the account and either of the returns mentioned in subsection (3) or (4) shall forthwith register them, and on the expiration of three months from the registration of the return the company shall be deemed to be dissolved but the Court may, on application of the

liquidator or of any other person who appears to the Court to be interested, make an order deferring the date at which the dissolution of the company is to take effect for such time as the Court thinks fit.

(6) The person on whose application an order of the Court under this section is made shall, within seven days after the making of the order, lodge with the Registrar a copy of the order for registration, and if that person fails to do so he is guilty of an offence.

(7) If the liquidator fails to call a general meeting of the company as required by this section, he is guilty of an offence.

### **Alternative provisions as to annual and final meetings in case of insolvency**

439. Where section 436 has effect, sections 446 and 447 shall apply to the winding up to the exclusion of sections 437 and 438 as if the winding up were a creditors' voluntary winding up and not a members' voluntary winding up, but the liquidator shall not be required to summon a meeting of creditors under section 446 at the end of the first year from the commencement of the winding up, unless the meeting held under section 436 is held more than three months before the end of that year.

#### *Provisions applicable to a Creditors' voluntary winding-up*

### **Meeting of creditors**

440. (1) The company shall cause a meeting of the creditors of the company to be summoned for the day, or the day next following the day, on which there is to be held the meeting at which the resolution for voluntary winding up is to be proposed, and shall cause the notices of the meeting of creditors to be sent by post to the creditors simultaneously with the sending of the notices of the meeting of the company.

(2) The company shall cause notice of the meeting of the creditors to be advertised once in the *Gazette* and once at least in one daily newspaper printed and circulating in Montserrat.

(3) The directors of the company shall—

(a) cause a full statement of the position of the company's affairs together with a list of the creditors of the company and the estimated amount of their claims to be laid before the meeting of creditors; and

(b) appoint one of their number to preside at the meeting.

(4) The director appointed to preside at the meeting of creditors shall attend and preside at the meeting.

(5) If the meeting of the company at which the resolution for voluntary winding up is to be proposed is adjourned and the resolution is passed at an adjourned meeting, any resolution passed at the meeting of the creditors held

in pursuance of subsection (1) has effect as if it had been passed immediately after the passing of the resolution for winding up the company.

**(6)** If default is made—

- (a) by the company in complying with subsection (1) or (2);
- (b) by the directors of the company in complying with subsection (3); or
- (c) by any director of the company in complying with subsection (4),

the company or, as the case may be, each of the directors is guilty of an offence, and, in the case of default by the company, every officer of the company who is in default is guilty of an offence.

### **Appointment of liquidator**

**441. (1)** The creditors and the company at their respective meetings mentioned in section 440 may nominate a person to be liquidator for the purpose of winding up the affairs and distributing the assets of the company, and if the creditors and the company nominate different persons, the person nominated by the creditors shall be liquidator, and if no person is nominated by the creditors the person, if any, nominated by the company shall be liquidator.

**(2)** Notwithstanding subsection (1), when different persons are nominated any director, member, or creditor of the company may, within seven days after the date on which the nomination was made by the creditors, apply to the Court for an order either directing that the person nominated as liquidator by the company shall be liquidator instead of or jointly with the person nominated by the creditors, or appointing some other person to be liquidator instead of the person appointed by the creditors.

### **Appointment of committee of inspection**

**442. (1)** The creditors at the meeting to be held in pursuance of section 440 or at any subsequent meeting, may, if they think fit, appoint a committee of inspection consisting of not more than five persons, and if such a committee is appointed the company may, either at the meeting at which the resolution for voluntary winding up is passed or at any time subsequently in general meeting, appoint such number of persons as they think fit to act as members of the committee not exceeding five in number.

**(2)** Notwithstanding subsection (1), the creditors may, if they think fit, resolve that all or any of the persons so appointed by the company ought not to be members of the committee of inspection, and, if the creditors so resolve, the persons mentioned in the resolution shall not, unless the Court otherwise directs, be qualified to act as members of the committee, and on any application to the Court under this provision the Court may, if it thinks fit, appoint other persons to act as such members in place of the persons mentioned in the resolution.

(3) Subject to the provisions of this section and to rules made under section 486, section 406 (except subsection (1)) applies with respect to a committee of inspection appointed under this section as they apply with respect to a committee of inspection appointed in a winding up by the Court.

### **Fixing of liquidators' remuneration and cesser of directors' powers**

**443. (1)** The committee of inspection, or if there is no such committee, the creditors, may fix the remuneration to be paid to the liquidator or liquidators.

(2) On the appointment of a liquidator, all the powers of the directors shall cease except so far as the committee of inspection, or there is no such committee, the creditors, sanction the continuance thereof.

### **Power to fill vacancy in office of liquidator**

**444.** If a vacancy occurs, by death, resignation or otherwise, in the office of a liquidator, other than a liquidator appointed by, or by the direction of, the Court, the creditors may fill the vacancy.

### **Application of section 435 to a creditors' winding up**

**445.** Section 435 applies in the case of a creditors' voluntary winding up as in the case of the members' voluntary winding up, with the modification that the powers of the liquidator under that section shall not be exercised except with the sanction either of the Court or of the committee of inspection.

### **Duty of liquidator to call meetings of company and of creditors at end of each year**

**446. (1)** In the event of the winding up continuing for more than one year, the liquidator shall summon a general meeting of the company and a meeting of creditors at the end of the first year from the commencement of the winding up, and of each succeeding year or at the first convenient date within three months (or such longer period as the court may allow) from the end of the year, and shall lay before the meeting an account of his acts and dealings and of the conduct of the winding up during the preceding year.

(2) If the liquidator fails to comply with subsection (1) he is guilty of an offence.

### **Final meeting and dissolution after a creditor's voluntary winding up**

**447. (1)** As soon as the affairs of the company are fully wound up, the liquidator shall make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company and a meeting of the creditors, for the purpose of laying the account before the meetings, and giving any explanation thereof.

(2) Each such meeting shall be called by advertisement in the *Gazette* and in one daily newspaper printed and circulating in Montserrat specifying

the time, place and object thereof, and published one month at least before the meeting.

(3) Within one week after the date of the meetings, or, if the meetings are not held on the same date, after the date of the later meeting, the liquidator shall send to the Registrar a copy of the account, and shall make a return to him of the holding of the meetings and of their dates, and if the copy is not sent or the return is not made in accordance with this subsection the liquidator is guilty of an offence.

(4) Notwithstanding anything in subsection (3), if a quorum is not present at either such meeting, the liquidator shall, in *lieu* of the return referred to in subsection (3), make a return that the meeting was duly summoned and that no quorum was present at the meeting, and upon such a return being made the provisions of this subsection as to the making of the return are, in respect of that meeting, deemed to have been complied with.

(5) The Registrar on receiving the account and in respect of each such meeting either of the returns mentioned in subsection (3) or (4) shall forthwith register them, and on the expiration of three months from the registration thereof the company is deemed to be dissolved, but the Court may, on the application of the liquidator or of any other person who appears to the Court to be interested, make an order deferring the date at which the dissolution of the company is to take effect for such time as the Court thinks fit.

(6) The person on whose application an order of the Court under this section is made, shall, within seven days after the making of the order, lodge with the Registrar a copy of the order for registration, and if that person fails to do so he is guilty of an offence.

(7) If the liquidator fails to call a general meeting of the company or a meeting of the creditors as required by this section, he is guilty of an offence.

*Provisions applicable to every voluntary winding up*

**Distribution of property of company**

**448.** Subject to the provisions of this Act as to preferential payments, the property of a company shall, on its winding up, be applied in satisfaction of its liabilities equally, and subject to that application, shall, unless the articles of the company otherwise provide, be distributed among the members according to their rights and interests in the company.

**Powers and duties of liquidator in voluntary winding up**

**449. (1)** The liquidator may—

- (a) in the case of a members' voluntary winding up, with the sanction of a special resolution of the company and, in the case of a creditors' voluntary winding up, with the sanction of either the court or the committee of inspection, exercise any of the powers given by section 398(1) (d), (e) and (f) to a liquidator in a winding up by the Court;

- (b) exercise any of the other powers by this Act given to the liquidator in a winding up by the Court;
- (c) exercise the power of the Court under this Act of settling a list of contributories, and the list of contributories shall be *prima facie* evidence of the liability of the persons named therein to be contributories;
- (d) exercise the power of the Court of making calls; and
- (e) summon general meetings of the company for the purpose of obtaining the sanction of the company by special resolution or for any other purpose he may think fit.

(2) The liquidator shall pay the debts of the company and shall adjust the rights of the contributories among themselves.

(3) When several liquidators are appointed, any power given by this Act may be exercised by such one or more of them as may be determined at the time of their appointment, or, in default of such determination, by any number not less than two.

(4) Unless the committee of inspection determines, or, as the case may be, the members otherwise determine, section 402 applies in the case of a liquidator in a voluntary winding up as it applies in the case of a liquidator of a company being wound up by the Court.

### **Power of court to appoint and remove liquidator in voluntary winding up**

**450. (1)** If from any cause whatever there is no liquidator acting, the court may appoint a liquidator.

(2) The court may, on cause shown, remove a liquidator and appoint another liquidator.

### **Notice by liquidator of his appointment**

**451. (1)** The liquidator shall, within twenty one days after his appointment, publish in the *Gazette* and in one daily newspaper printed and circulating in Montserrat, and deliver to the Registrar for registration a notice of his appointment in the prescribed form.

(2) If the liquidator fails to comply with the requirements of subsection (1) he is guilty of an offence.

### **Arrangement when binding on creditors**

**452. (1)** Any arrangement entered into between a company about to be, or in the course of being, wound up and its creditors shall, subject to the right of appeal under this section, be binding on the company if sanctioned by a special resolution, and on the creditors if acceded to by three-fourths in number and value of the creditors.

(2) Any creditor or contributory may, within three weeks from the completion of the arrangement appeal to the court against it and the court may thereupon, as it thinks just, amend, vary, or confirm the arrangement.

### **Power to apply to court to have questions determined or powers exercised**

**453. (1)** The liquidator or any contributory or creditor may apply to the court to determine any question arising in the winding up of a company, or to exercise as respects the enforcing of calls, or any other matter, all or any of the powers which the court might exercise if the company were being wound up by the court.

(2) The court, if satisfied that the determination of the question or the required exercise of the power will be just and beneficial, may accede wholly or partially to the application on such terms and conditions as it thinks fit, or may make such other order on the application as it thinks fit.

(3) A copy of an order made by virtue of this section staying the proceedings in the winding up shall forthwith be lodged by the company, or otherwise as may be prescribed, with the Registrar, who shall enter a minute of the order in his records relating to the company.

### **Costs of voluntary winding up**

**454.** All costs, charges and expenses properly incurred in the winding up, including the remuneration of the liquidator, shall be payable out of the assets of the company in priority to all other claims.

### **Saving for rights of creditors and contributories**

**455.** The winding up of a company shall not bar the right of any creditor or contributory to have it wound up by the court, but in the case of an application by a contributory the court must be satisfied that the rights of the contributories will be prejudiced by a voluntary winding up.

#### *Division D*

### **Provisions applicable to every Mode of Winding up**

#### *Proof and ranking of Claims*

### **Debts of all descriptions to be proved**

**456. (1)** In every winding up, subject in the case of insolvent companies to the application in accordance with this Act of the law of bankruptcy, all debts payable on a contingency, and all claims against the company, present or future, certain or contingent, ascertained or sounding only in damages, shall be admissible to proof against the company, a just estimate being made, so far as possible, of the value of such debts or claims as are subject to any contingency or sound only in damages or for some other reason do not bear a certain value.

(2) Subject to section 457, in the winding up of an insolvent company the same rules shall prevail and be observed with regard to the respective rights of secured and unsecured creditors and to debts provable and to the valuation of annuities and future and contingent liabilities as are in force for the time being under the law of bankruptcy with respect to the estates of persons adjudged bankrupt, and all persons who in any such case would be entitled to prove for and receive dividends out of the assets of the company may come in under the winding up, and make such claims against the company as they respectively are entitled to by virtue of this section.

### **Preferential payments**

**457. (1)** In a winding up of a company there shall be paid in priority to all other debts—

- (a) all rates, charges, taxes, assessments or impositions, whether imposed or made by the Government or by any public authority under any Act, and having become due and payable within twelve months next before the relevant date;
- (b) all wages or salary (whether or not earned wholly or in part by way of commission or for time or piece work) of any employee, not being a director, in respect of services rendered to the company during four months next before the relevant date; or
- (c) all severance benefits, not exceeding the equivalent of forty five days basic wages or salary, due or accruing to an employee, not being a director, whether retrenched by an employer, a receiver, a liquidator or some other person.

(2) Where any payment on account of wages, salary or severance benefits has been made to any employee of a company out of money advanced by some person for that purpose, that person shall in a winding up have a right of priority in respect of the money so advanced and paid up to the amount by which the sum in respect of which that employee would have been entitled to priority in the winding up has been diminished by reason of the payment having been made.

(3) The debts and claims to which priority is given by subsection (1) shall—

- (a) rank equally among themselves and be paid in full, unless the assets are insufficient to meet them, in which case they shall abate in equal proportions; and
- (b) so far as the assets of the company available for payment of general creditors are insufficient to meet them, have priority over the claims of holders of debentures under any floating charge created by the company, and paid accordingly out of any property comprised in or subject to that charge.

(4) Subject to the retention of such sums as are necessary for the costs and expenses of the winding up, the debts and claims to which priority is given

by subsection (1) shall be discharged forthwith so far as the assets are sufficient to meet them.

(5) In the event of a landlord or other person distraining or having distrained on any goods or effects of the company within three months next before the date of a winding up order, the debts to which priority is given by subsection (1) shall be a first charge on the goods or effects so distrained on, or the proceeds of the sale thereof, but in respect of any money paid under any such charge, the landlord or other person shall have the same rights of priority as the person to whom the payment is made.

(6) In this section, “**the relevant date**” means—

- (a) in the case of a company ordered to be wound up compulsorily which had not previously commenced to be wound up voluntarily, the date of the winding up order; and
- (b) in any other case, the date commencement of the winding up.

*Effect of winding-up on Antecedent and other transactions*

**Fraudulent preference**

**458. (1)** Any conveyance, mortgage, delivery of goods, payment, execution, or other act relating to property which would, if made or done by or against an individual, be deemed in his bankruptcy a fraudulent preference, or a fraudulent conveyance, assignment, transfer, sale or disposition, shall, if made or done by or against a company, be deemed in the event of its being wound up, a fraudulent preference of its creditors, or a fraudulent conveyance, assignment, transfer, sale or disposition, as the case may be, and be invalid accordingly.

(2) For the purposes of this section, the commencement of the winding up is deemed to correspond with the presentation of the bankruptcy petition in the case of an individual.

(3) Any conveyance or assignment by a company of all its property to trustees for the benefit of all its creditors is void.

**Liabilities and rights of certain fraudulently preferred persons**

**459. (1)** Where, in the case of a company wound up in Montserrat, anything made or done after the commencement of this Act is void under section 458 as a fraudulent preference of a person interested in property mortgaged or charged to secure the company’s debt, then (without prejudice to any rights or liabilities arising apart from this provision) the person preferred is subject to the same liabilities, and has the same rights, as if he had undertaken to be personally liable as surety for the debt to the extent of the charge on the property or the value of his interest, whichever is the less.

(2) The value of the interest of a person referred to in subsection (1) shall be determined as at the date of the transaction constituting the fraudulent preference, and shall be determined as if the interest were free of all

incumbrances other than those to which the charge for the company's debt was then subject.

(3) On any application made to the court with respect to any payment on the ground that the payment was a fraudulent preference of a surety or guarantor, the court shall have jurisdiction to determine any questions with respect to whom the payment was made and the surety or guarantor and to grant relief in respect thereof, notwithstanding that it is not necessary so to do for the purposes of the winding up, and for that purpose may give leave to bring in the surety or guarantor as a third party as in the case of an action for the recovery of the sum paid.

(4) Subsection (3) applies, with the necessary modifications, in relation to transactions other than the payment of money as it applies in relation to payments.

### **Effect of floating charge**

**460.** Where a company is being wound up, a floating charge on the undertaking or property of the company created within twelve months of the commencement of the winding up is, unless it is proved that the company immediately after the creation of the charge was solvent, invalid, except to the amount of any cash paid to the company at the time of or subsequently to the creation of, and in consideration for, the charge, together with interest on that amount at the rate of six per centum per annum or such of her rate as may for the time being be prescribed by regulation under section 527.

### **Disclaimer of onerous property**

**461. (1)** Where any part of the property of a company which is being wound up consists of land of any tenure burdened with onerous covenants, of shares or stock in corporations, or unprofitable contracts, or of any other property that is unsaleable, or not readily saleable, by reason of its binding the possessor thereof to the performance of any onerous act, or to the payment of any sum of money, the liquidator of the company, notwithstanding that he has endeavoured to sell or has taken possession of the property, or exercised any act of ownership in relation thereto, may, with the leave of the court and subject to the provisions of this section, by writing signed by him, at any time within twelve months after the commencement of the winding up or such extended period as may be allowed by the court, disclaim the property; but where any such property has not come to the knowledge of the liquidator within one month after the commencement of the winding up, the power under this section of disclaiming the property may be exercised at any time within twelve months after he has become aware thereof or such extended period as may be allowed by the court.

(2) The disclaimer shall operate to determine, as from the date of disclaimer, the rights, interest, and liabilities of the company, and the property of the company, in or in respect of the property disclaimed, but shall not, except so far as is necessary for the purpose of releasing the company and the

property of the company from liability, affect the rights or liabilities of any other person.

(3) The court, before or on granting leave to disclaim, may require such notices to be given to persons interested, and impose such terms as a condition of granting leave, and make such other order in the matter as the court thinks just.

(4) The liquidator shall not be entitled to disclaim any property under this section in any case where an application in writing has been made to him by any person interested in the property requiring him to decide whether he will or will not disclaim, and the liquidator has not, within a period of twenty eight days after the receipt of the application or such further period as may be allowed by the court, given notice to the applicant that he intends to apply to the court for leave to disclaim, and, in the case of a contract, if the liquidator, after such an application, does not within the said period or further period disclaim the contract, the company shall be deemed to have adopted it.

(5) The court, may, on the application of any person who is, as against the liquidator, entitled to the benefit or subject to the burden of a contract made with a company, make an order rescinding the contract on such terms as to payment by or to either party of damages for the non-performance of the contract, or otherwise as the court thinks just, and any damages payable under the order to any such person may be proved by him as a debt in the winding up.

(6) The court may, on an application by any person who either claims any interest in any disclaimed property or is under any liability not discharged by this Act in respect of any disclaimed property and on hearing any such person as it thinks fit, make an order for the vesting of the property in or the delivery of the property to any persons entitled thereto, or to whom it may seem just that the property should be delivered by way of compensation for such liability, or a trustee for him, and on such terms as the court thinks just, and on any such vesting order being made, the property comprised therein shall vest accordingly in the person therein named in that behalf without any conveyance or assignment for the purpose.

(7) Notwithstanding anything in subsection (6), where the property disclaimed is of a leasehold nature, the court shall not make a vesting order in favour of any person claiming under the company, whether as under-lessee or as mortgagee by demise, except upon terms of making that person—

- (a) subject to the same liabilities and obligations as those to which the company was subject under the lease in respect of the property at the commencement of the winding up; or
- (b) if the court thinks fit, subject only to the same liabilities and obligations as if the lease had been assigned to that person at that date,

and in either event, if the case so requires, as if the lease had comprised only the property comprised in the vesting order, and any mortgagee or under-lessee declining to accept a vesting order upon such terms shall be excluded from all

interest in and security upon the property, and, if there is no person claiming under the company who is willing to accept an order upon such terms, the court may vest the estate and interest of the company in the property in any person liable personally or in a representative character, and either alone or jointly with the company to perform the lessee's covenants in the lease, freed and discharged from all estates, incumbrances and interests created therein by the company.

(8) Any person injured by the operation of a disclaimer under this section is deemed to be a creditor of the company to the amount of the injury, and may accordingly prove the amount as a debt in the winding up.

### Interpretation

**462.** In sections 463 and 464—

“**bailiff**” includes any officer charged with the execution of a writ or other process;

“**goods**” includes all chattels personal.

### Restriction of rights of creditor as to execution or attachment

**463. (1)** Where a creditor has issued execution against the goods or lands of a company or has attached any debt due to the company, and the company is subsequently wound up, he shall not be entitled to retain the benefit of the execution or attachment against the liquidator in the winding up of the company unless he has completed the execution or attachment before the commencement of the winding up but—

- (a) where any creditor has had notice of a meeting having been called at which a resolution for voluntary winding up is to be proposed, the date on which the creditor so had notice shall for the purposes of the foregoing provision be substituted for the date of the commencement of the winding up;
- (b) a person who purchases in good faith under a sale by a bailiff any goods of a company on which an execution has been levied shall in all cases acquire a good title to them against the liquidator; and
- (c) the rights conferred by this subsection on the liquidator may be set aside by the court in favour of the creditor to such extent and subject to such terms as the court may think fit.

**(2)** For the purposes of this section—

- (a) an execution against goods shall be taken to be completed by seizure and sale;
- (b) an attachment of a debt is deemed to be completed by receipt of the debt; and
- (c) an execution against land is deemed to be completed from the date of the order for sale or by seizure as the case may be, and,

in the case of an equitable interest, by the appointment of a receiver.

### **Duties of bailiff as to goods taken in execution**

**464. (1)** Subject to subsection (3), where any goods of a company are taken in execution and, before the sale thereof or the completion of the execution by the receipt or recovery of the full amount of the levy, notice is served on the bailiff that a provisional liquidator has been appointed or that a winding up order has been made or that a resolution for voluntary winding up has been passed, the bailiff shall, on being so required, deliver the goods and any money seized or received in part satisfaction of the execution to the liquidator, but the costs of the execution shall be a first charge on the goods or money so delivered and the liquidator may sell the goods, or a sufficient part thereof, for the purpose of satisfying that charge.

**(2)** Subject to subsection (3), where under an execution in respect of a judgment for a sum exceeding \$100 the goods of a company are sold or money is paid in order to avoid sale, the bailiff shall deduct the costs of the execution from the proceeds of the sale or the money paid and retain the balance for fourteen days, and if within that time notice is served on him of a petition for the winding up of the company having been presented or of a meeting having been called at which there is to be proposed a resolution for the voluntary winding up of the company and an order is made or a resolution is passed, as the case may be, for the winding up of the company, the bailiff shall pay the balance to the liquidator, who shall be entitled to retain it as against the execution creditor.

**(3)** The rights conferred by this section on the liquidator may be set aside by the court in favour of the creditor to such extent and subject to such terms as the court thinks fit.

### *Offences*

### **Offences by officers of companies in liquidation**

**465. (1)** Any person who, being a past or present officer of a company which at the time of the commission of the alleged offence is being wound up, whether by the court or voluntarily, or is subsequently ordered to be wound up by the court or subsequently passes a resolution for voluntary winding up—

- (a)* does not to the best of his knowledge and belief fully and truly discover to the liquidator all the property, real and personal, of the company, and how and to whom and for what consideration and when the company disposed of any part thereof, except such part as has been disposed of in the ordinary way of the business of the company;
- (b)* does not deliver up to the liquidator, or as he directs, all such part of the real and personal property of the company as is in his custody or under his control, and which he is required by law to deliver up;

- (c) does not deliver up to the liquidator, or as he directs, all books and papers in his custody or under his control belonging to the company and which he is required by law to deliver up;
- (d) within twelve months next before the commencement of the winding up or at any time thereafter conceals any part of the property of the company to the value of \$500 or upwards, or conceals any debt due to or from the company;
- (e) within twelve months next before the commencement of the winding up or at any time thereafter fraudulently removes any part of the property of the company to the value of \$500 or upwards;
- (f) makes any material omission in any statement relating to the affairs of the company;
- (g) knowing or believing that a false debt has been proved by any person under the winding up, fails for the period of one month to inform the liquidator thereof;
- (h) after the commencement of the winding up prevents the production of any book or paper affecting or relating to the property or affairs of the company;
- (i) within twelve months next before the commencement of the winding up or at any time thereafter, conceals, destroys, mutilates or falsifies, or is privy to the concealment, destruction, mutilation, or falsification of, any book or paper affecting or relating to the property or affairs of the company;
- (j) within twelve months next before the commencement of the winding up or at any time thereafter makes or is privy to the making of any false entry in any book or paper affecting or relating to the property or affairs of the company;
- (k) within twelve months next before the commencement of the winding up or at any time thereafter fraudulently parts with, alters or makes any omission in, or is privy to the fraudulent parting with, altering or making any omission in, any document affecting or relating to the property or affairs of the company;
- (l) after the commencement of the winding up or at any meeting of the creditors of the company within twelve months next before the commencement of the winding up attempts to account for any part of the property of the company by fictitious losses or expenses;
- (m) has within twelve months next before the commencement of the winding up or at any time thereafter, by any false representation or other fraud, obtained any property for or on behalf of the company on credit which the company does not subsequently pay for;

- (n) within twelve months next before the commencement of the winding up or at any time thereafter, under the false pretence that the company is carrying on its business, obtains on credit, for or on behalf of the company, any property which the company does not subsequently pay for;
- (o) within twelve months next before the commencement of the winding up or at any time thereafter pawns, pledges or disposes of any property of the company which has been obtained on credit and has not been paid for, unless such pawning, pledging or disposing is in the ordinary way of the business of the company; or
- (p) is guilty of any false representation or other fraud for the purpose of obtaining the consent of the creditors of the company or any of them to an agreement with reference to the affairs of the company or to the winding up,

is guilty of an offence.

(2) It is a sufficient defence in proceedings for an offence under subsection (1)(a), (b), (c), (d), (f), (n), or (o) if the accused proves that he had no intent to defraud, and in proceedings for an offence under subsection (1)(h), (i) or (j) if he proves that he had no intent to conceal the state of affairs of the company or to defeat the law.

(3) Where any person pawns, pledges or disposes of any property in circumstances which amount to an offence under subsection (1)(o), every person who takes in pawn or pledge or otherwise receives the property knowing it to be pawned, pledged or disposed of in those circumstances is guilty of an offence.

(4) For the purposes of this section, “**officer**” includes any person in accordance with whose directions or instructions the directors of a company have been accustomed to act.

### **Penalty for falsification of books**

**466.** Any officer or contributory of a company being wound up who destroys, mutilates, alters or falsifies any books, papers, or securities, or makes or is privy to the making of any false or fraudulent entry in any register, book of account or document belonging to the company with intent to defraud or deceive any person, is guilty of an offence.

### **Frauds by officers of companies which have gone into liquidation**

**467.** Any person who, being at the time of the commission of the alleged offence an officer of a company which is subsequently ordered to be wound up by the court or subsequently passes a resolution for voluntary winding up—

- (a) has by false pretences or by means of any other fraud induced any person to give credit to the company;

- (b) with intent to defraud creditors of the company, has made or caused to be made any gift or transfer of or charge on, or has caused or connived at the levying of any execution against, the property of the company; or
- (c) with intent to defraud creditors of the company, has concealed or removed any part of the property of the company since, or within two months before, the date of any unsatisfied judgment or order for payment of money obtained against the company,

is guilty of an offence.

### **Liability where proper accounts not kept**

**468. (1)** If where a company is wound up it is shown that proper books of account were not kept by the company throughout the period of two years immediately preceding the commencement of the winding up, or the period between the incorporation of the company and the commencement of the winding up, whichever is the shorter, every officer of the company who was knowingly a party to the default of the company, unless he shows that he acted honestly and that in the circumstances in which the business of the company was carried on the fault was excusable, is guilty of an offence.

**(2)** For the purposes of this section, proper books of account are deemed not to have been kept in the case of any company if there have not been kept such books or accounts as are necessary to exhibit and explain the transactions and financial position of the trade or business of the company, including books containing entries from day to day in sufficient detail of all cash received and cash paid, and, where the trade or business has involved dealing in goods, statements of the annual stock-takings and (except in the case of goods sold by way of ordinary retail trade) of all goods sold and purchased, showing the goods and the buyers and sellers thereof in sufficient detail to enable those goods and those buyers and sellers to be identified.

### **Fraudulent trading**

**469. (1)** If in the course of the winding up of a company it appears that any business of the company has been carried on—

- (a) with intent to defraud creditors of the company or the creditors of any other person or for any fraudulent purpose;
- (b) with reckless disregard of the company's obligation to pay its debts and liabilities; or
- (c) with reckless disregard of the insufficiency of the company's assets to satisfy its debts and liabilities,

the court, on the application of the Official Receiver or the liquidator or any creditor or contributory of the company may, if it thinks proper to do so, declare that any of the officers whether past or present, of the company or any other persons who were knowingly parties to the carrying on of the business in that manner are personally responsible, without any limitation of liability, for

all or any of the debts or other liabilities of the company, as far as the court may direct.

(2) Where the court makes any declaration referred to in subsection (1) it may give such further directions as it thinks proper for the purpose of giving effect to that declaration, and in particular may make any provision for making the liability of a person under the declaration a charge on any debt or obligation due from the company to him, or on any mortgage or charge or any interest in any mortgage or charge, on any assets of the company held by or vested in him, or any company or persons on his behalf or any person claiming as assignee from or through the person liable to any person acting on his behalf, and may from time to time make such further order as may be necessary for the purpose of enforcing any charge imposed under this subsection.

(3) For the purposes of subsection (2), “**assignee**” includes any person to whom or in whose favour, by the directions of the person liable, the debt, obligation, mortgage or charge was created, issued or transferred or the interest created, but does not include an assignee for valuable consideration (not including consideration by way of marriage) given in good faith and without notice of any of the matters on the ground of which the declaration is made.

(4) Where any business of a company is carried on with such intent or for such purpose as is mentioned in subsection (1), every person who was knowingly a party to the carrying on of the business in that manner is guilty of an offence.

(5) The section has effect notwithstanding that the person concerned may be criminally liable in respect of the matters on the ground of which the declaration is to be made, and where the declaration under subsection (1) is made in the case of a winding up, the declaration is deemed to be a final judgment within the meaning of section 4(1)(h) of the Bankruptcy Act.

### **Power of court to assess damages against delinquent directors, etc.**

**470. (1)** If in the course of winding up a company it appears that any person who has taken part in the formation or promotion of the company, or any past or present officer or liquidator of the company, has misapplied or retained or become liable or accountable for any money or property of the company or been guilty of any misfeasance or breach of trust in relation to the company, the court may, on the application of the Official Receiver or of the liquidator, or of any creditor or contributory, inquire into the conduct of the promoter, liquidator or officer, and compel him to repay or restore the money or property or any part thereof respectively with interest at such rate as the court thinks just, or to contribute such sum to the assets of the company by way of compensation in respect of the misapplication, retainer, misfeasance or breach of trust as the court thinks just.

(2) This section has effect notwithstanding that the offence is one for which the offender may be criminally liable.

(3) Where in the case of a winding up an order for payment of money is made under this section, the order is deemed to be a final judgment within the meaning of section 4(1)(h) of the Bankruptcy Act.

### **Prosecution of delinquent officers and members of a company**

**471. (1)** If it appears to the court in the course of a winding up by the court, that any past or present officer, or any member, of the company has been guilty of an offence in relation to the company for which he is criminally liable the court may, either on the application of any person interested in the winding up or on its own motion, direct the liquidator to refer the matter to the Director of Public Prosecutions.

(2) If it appears to the liquidator in the course of a voluntary winding up that any past or present officer, or any member, of a company has been guilty of any offence in relation to the company for which he is criminally liable, he shall forthwith report the matter to the Director of Public Prosecutions and shall furnish to the Director such information and give to him such access to and facilities for inspecting and taking copies of any documents, being information or documents in the possession or under the control of the liquidator and relating to the matter in question, as the Director may require.

(3) If it appears to the court in the course of a voluntary winding up that any past or present officer, or any member, of the company has been guilty of any offence in relation to the company for which he is criminally liable, and that no report with respect to the matter has been made by the liquidator to the Director of Public Prosecutions under subsection (2), the court may, on the application of any person interested in the winding up or of its own motion, direct the liquidator to make such a report, and on a report being made accordingly the section has effect as though the report had been made in pursuance of subsection (2).

(4) If, where any matter is reported or referred to the Director of Public Prosecutions under this section, he considers that the case is one in which a prosecution ought to be instituted, the liquidator and every officer and agent of the company past and present (other than the defendant in the proceedings) shall give him all assistance in connection with the prosecution which he is reasonably able to give.

(5) For the purpose of subsection (4), “**agent**”, in relation to a company, is deemed to include any banker or attorney-at-law of the company and any person employed by the company as auditor, whether that person is or is not an officer of the company.

(6) If any person fails or neglects to give assistance in manner required by subsection (4), the court may, on the application of the Director of Public Prosecutions, direct that person to comply with the requirements of that subsection, and where any such application is made with respect to a liquidator the court may, unless it appears that the failure or neglect to comply was due to the liquidator not having in his hands sufficient assets of the company to enable him so to do, direct that the costs of the application shall be borne by the liquidator personally.

*Supplementary provisions as to winding-up*

**Disqualification for appointment as liquidator**

**472.** A corporation or an un-discharged bankrupt is not qualified for appointment as liquidator of a company, whether in a winding up by the court or in a voluntary winding up, and—

- (a) any appointment made in contravention of this provision is void; and
- (b) any corporation which or an un-discharged bankrupt who, acts as liquidator of a company is guilty of an offence.

**Notification that a company is in liquidation**

**473.** Where a company is being wound up, whether by the court or voluntarily, every invoice, order for goods or business letter issued by or on behalf of the company or a liquidator of the company, or a receiver or manager of the property of the company, being a document on or in which the name of the company appears, shall contain a statement that the company is being wound up.

**Failure to comply with section 473**

**474.** If default is made in complying with section 473, the company and every officer of the company and every liquidator of the company and every receiver or manager, who knowingly authorises or permits the default, is guilty of an offence.

**Exemption of certain documents from stamp duty on winding up of companies**

**475. (1)** In the case of a winding up by the court, or of a creditors' voluntary winding up, of a company—

- (a) every assurance relating solely to freehold or leasehold property, or to any mortgage, charge or other incumbrance on, or any estate, right or interest in, any real or personal property, which forms part of the assets of the company and which, after the execution of the assurance, either at law or in equity, is or remains part of the assets of the company; and
- (b) every power of attorney, proxy, writ, order, certificate, affidavit, bond or other instrument or writing relating solely to the property of any company which is being so wound up or to any proceeding under any such winding up,

is exempt from duties chargeable under the enactment relating to stamp duties.

**(2)** In subsection (1), “**assurance**” includes deed, conveyance, assignment, transfer and surrender.

### Books of company to be evidence

476. Where a company is being wound up, all books and papers of the company and of the liquidators shall, as between the contributories of the company, be *prima facie* evidence of the truth of all matters purporting to be recorded therein.

### Disposal of books and papers of companies

477. (1) When a company has been wound up and is about to be dissolved, the books and papers of the company and of the liquidators may be disposed of as follows, namely—

- (a) in the case of a winding up by the court in such manner as the court directs;
- (b) in the case of a members' voluntary winding up, in such way as a general meeting of the company by ordinary resolution directs, and in the case of a creditors' voluntary winding up, in such manner as the committee of inspection or, if there is no such committee, as a meeting of the creditors of the company, by resolution directs.

(2) After five years from the dissolution of the company no responsibility rests on the company, the liquidators or any person to whom the custody of the books and papers has been committed, by reason of any book or paper not being forthcoming to any person claiming to be interested therein.

(3) Provision may be made by rules made under section 486 for enabling the court to prevent, for such period (not exceeding five years from the dissolution of the company) as the court thinks proper, the destruction of the books and papers of a company which has been wound up, and for enabling any creditor or contributory of the company to make representations to the court.

(4) If any person acts in contravention of any rules made under section 486 for the purposes of this section or of any direction of the court thereunder, he is guilty of an offence.

### Information as to pending liquidations

478. (1) If where a company is being wound up the winding up is not concluded within one year after its commencement, the liquidator shall, at such intervals as may be prescribed, until the winding up is concluded, send to the Registrar a statement in the prescribed form and containing the prescribed particulars with respect to the proceedings in the winding up and the position of the liquidator.

(2) Any person stating himself in writing to be a creditor or contributory of the company shall be entitled, by himself or by his agent, at all reasonable times, on payment of the prescribed fee, to inspect the statement, and to receive a copy thereof or extract therefrom.

(3) If a liquidator fails to comply with this section, he is guilty of an offence and any person untruthfully stating himself as provided in subsection (2) to be a creditor or contributory is guilty of a contempt of court, and is, on the application of the liquidator or of the Official Receiver, punishable accordingly.

### **Unclaimed assets**

**479. (1)** If it appears either from any statement sent to the Registrar under section 478 or otherwise that a liquidator has in his hands or under his control any money representing unclaimed or undistributed assets of the company which have remained unclaimed or undistributed for six months after the date of their receipt or any money held by the company in trust in respect of dividends or other sums due to any person as a member of the company, the liquidator shall forthwith pay that money into court, and shall be entitled to the prescribed certificate of receipt for the money so paid, and that certificate shall be an effectual discharge to him in respect thereof.

(2) Any person claiming to be entitled to any money paid into court in pursuance of this section may apply to the court for payment thereof, and the court may, on a certificate by the liquidator that the person claiming is entitled, make an order for the payment to that person of the sum due.

### *Supplementary powers of Court*

### **Meetings to ascertain wishes of creditors or contributories**

**480.** The court may, as to all matters relating to the winding up of a company, have regard to the wishes of the creditors or contributories of the company, as proved to it by any sufficient evidence, and may, if it thinks fit, for the purpose of ascertaining those wishes, direct meetings of the creditors or contributories to be called, held and conducted in such manner as the court directs, and may appoint a person to act as chairman of any such meeting and to report the result thereof to the court.

### **Affidavits, etc.**

**481. (1)** Any affidavit required to be sworn under the provisions or for the purposes of this Part may be sworn in Montserrat or elsewhere before any court, judge, magistrate, or person lawfully authorised to take and receive affidavits.

(2) All courts, judges, magistrates, justices, commissioners and persons acting judicially shall take judicial notice of the seal or stamp or signature, as the case may be, of any such court, judge, magistrate or person attached, appended, or subscribed to any such affidavit, or to any other document to be used for the purposes of this Part.

*Provisions as to Dissolution***Power of court to declare dissolution of company void**

**482. (1)** Where a company has been dissolved (otherwise than pursuant to section 483) the court may at any time within two years of the date of the dissolution, on an application being made for the purpose by the liquidator of the company or by any other person who appears to the court to be interested, make an order, upon such terms as the court thinks fit, declaring the dissolution to have been void, and thereupon such proceedings may be taken as might have been taken if the company had not been dissolved.

**(2)** The person on whose application the order was made shall, within seven days after the making of the order, or such further time as the court allows, lodge with the Registrar a copy of the order, and if that person fails so to do he is guilty of an offence.

**Registrar may strike defunct company off register**

**483. (1)** Where the Registrar has reasonable cause to believe that a company is not carrying on business or in operation, he may send to the company by post a letter inquiring whether the company is carrying on business or in operation.

**(2)** If the Registrar does not within one month of sending the letter receive any answer thereto, he shall within fourteen days after the expiration of the month send to the company by post a registered letter referring to the first letter, and stating that no answer thereto has been received, and that if an answer is not received to the second letter within one month from the date thereof, a notice will be published in the *Gazette* with a view to striking the name of the company off the register.

**(3)** If the Registrar either receives an answer to the effect that the company is not carrying on business or in operation, or does not within one month after sending the second letter receive any answer, he may publish in the *Gazette*, and send to the company by post, a notice that at the expiration of three months from the date of that notice the name of the company mentioned therein will, unless cause is shown to the contrary, be struck off the register and the company will be dissolved.

**(4)** If, in any case where a company is being wound up, the Registrar has reasonable cause to believe either that no liquidator is acting, or that the affairs of the company are fully wound up, and the returns required to be made by the liquidator have not been made for a period of six consecutive months, the Registrar shall publish in the *Gazette* and send to the company or the liquidator, if any, a like notice as is provided in subsection (3).

**(5)** At the expiration of the time mentioned in the notice the Registrar may, unless cause to the contrary is previously shown by the company, strike its name off the register, and shall publish notice thereof in the *Gazette*, and on the publication in the *Gazette* of this notice the company shall be dissolved, but—

- (a) the liability, if any, of every director, managing officer, and member of the company continues and may be enforced as if the company had not been dissolved; and
  - (b) nothing in this subsection affects the power of the court to wind up a company the name of which has been struck off the register.
- (6) If the company or any member or creditor thereof feels aggrieved by the company having been struck off the register, the court on an application made by the company or member or creditor before the expiration of twenty years from the publication in the *Gazette* of the notice may, if satisfied that the company was at the time of the striking off carrying on business or in operation or otherwise that it is just that the company should be restored to the register, order the name of the company to be restored to the register, and upon a copy of the order being delivered to the Registrar for registration the company is deemed to have continued in existence as if its name had not been struck off; and the court may by the order give such directions and make such provisions as seem just for placing the company and all other persons in the same position as nearly as may be as if the name of the company had not been struck off.

(7) A notice to be sent under this section to a liquidator may be addressed to the liquidator at his last known place of business, and a letter or notice to be sent under this section to a company may be addressed to the company at its registered office, or, if no office has been registered, to the care of some director or other officer of the company or if there is no director or other officer of the company whose name and address are known to the Registrar, may be sent to each of the persons who subscribed the articles of incorporation, addressed to him at the address mentioned in the articles of incorporation.

### **Outstanding assets of defunct company to vest in Official Receiver**

**484. (1)** Where, after a company has been dissolved, there remains any outstanding property, real or personal, including things in action and whether within or outside Montserrat which was vested in the company or to which it was entitled, or over which it had a disposing power at the time it was dissolved, but which has not been realised or otherwise disposed of or dealt with by the company or its liquidator, such property shall, for the purposes of this section and section 485 and notwithstanding any enactment or rule of law to the contrary, by the operation of this section be and become vested in the Official Receiver for all the estate and interest therein legal or equitable of the company or its liquidator at the date the company was dissolved, together with all claims, rights and remedies which the company or its liquidator then had in respect thereof.

**(2)** Where any claim, right or remedy of the liquidator may under this Act be made, exercised or availed of only with the approval or concurrence of the court or some other person, the Official Receiver may for the purposes of

this section make, exercise or avail itself of that claim, right or remedy without such approval or concurrence.

(3) Property vested in the Official Receiver by operation of this section is liable and subject to all charges, claims and liabilities imposed thereon or affecting such property by reason of any statutory provision as to rates, taxes, charges or any other matter or thing to which such property would have been liable or subject had such property continued in the possession, ownership or occupation of the company; but there shall not be imposed on the Official Receiver or the Crown any duty, obligation or liability whatsoever to do or suffer any act or thing required by any such statutory provision to be done or suffered by the owner or occupier other than the satisfaction or payment of any such charges, claims, or liabilities out of the assets of the company so far as they are in the opinion of the Official Receiver properly available for and applicable to such payment.

### Disposal of moneys

**485. (1)** Upon proof to the satisfaction of the Official Receiver that there is vested in the Official Receiver by operation of section 484 or of an enactment of a proclaimed state containing provisions similar to the provisions of section 491, any estate or interest in property, whether solely or together with any other person, of a beneficial nature and not merely held in trust, the Official Receiver may get in, sell or otherwise dispose of or deal with the estate or interest or any part thereof as he sees fit.

(2) The Official Receiver may sell or otherwise dispose of or deal with any such property either solely or in concurrence with any other person in such manner for such consideration, by public auction, public tender or private contract upon such terms and conditions as the Official Receiver thinks fit, with power to rescind any contract and resell or otherwise dispose of or deal with any such property as he thinks expedient, and may make, execute and give such contracts, instruments and documents as he thinks necessary.

(3) The Official Receiver shall be remunerated by such commission, whether by way of percentage or otherwise as is prescribed in respect of the exercise of powers conferred by subsection (1).

(4) The moneys received by the Official Receiver in the exercise of any of the powers conferred on him by this section shall be applied in defraying all costs, expenses, commission and fees incidental thereto and thereafter to any payment authorised by section 484 or this section and the surplus, if any, shall be paid into such account as is prescribed, and the same shall, subject to the rules made under section 486, be dealt with according to orders of the court.

(5) Any claim, suit, or action for or in respect of any moneys paid into the prescribed account shall be presented, made, or instituted within twenty years next after the dissolution of the company, after the expiration of which period of time all moneys then or at any time thereafter standing to the credit of the prescribed account shall, if there be no such claim, suit, or action pending, or any order of the court to the contrary, be paid into the Consolidated Fund.

*Rules*

**Rules**

**486.** Rules for carrying this Part into effect as far as relates to procedure, winding up and fees and costs in connection therewith, may be made in like manner as rules may be made under and for the purposes of the Judicature Act.

*Division E*

**Winding up of Unregistered Companies**

**“Unregistered company”**

**487. (1)** For the purposes of this Division, **“unregistered company”** includes—

- (a) an external company;
- (b) any partnership, whether limited or not, or association consisting of more than seven members; or
- (c) anybody corporate not incorporated or continued under this Act, and any unincorporated body,

but does not include—

- (d) a company incorporated or continued under this Act; or
- (e) any society or association established under any enactment designated by the Attorney General by order published in the *Gazette*.

**(2)** The provisions of this Division are in addition to and not in restriction of any provisions contained in this Act with respect to the winding up of companies by the court and the court or liquidator may exercise any powers or do any act in the case of unregistered companies which might be exercised or done by it or him in the winding up of companies.

**(3)** The Attorney General may, from time to time, make an order for the purposes of subsection (1)(e).

**Winding up of unregistered companies**

**488. (1)** Subject to this Division, any unregistered company may be wound up under this Part, which Part shall apply to an unregistered company with the following adaptations—

- (a) the principal place of business of the company in Montserrat is for all the purposes of the winding up the registered office of the company;
- (b) no such company shall be wound up voluntarily;
- (c) the circumstances in which the company may be wound up are—

- (i) if the company is dissolved or has ceased to have a place of business in Montserrat or has a place of business only for the purpose of winding up its affairs or has ceased to carry on business;
- (ii) if the company is unable to pay its debts;
- (iii) if the court is of the opinion that it is just and equitable that the company should be wound up;
- (iv) in the case of an external company, in such a case as is referred to in section 377(d); or
- (v) if, on the application of the Commission, the court is of the opinion that it is in the public interest for the company to be wound up.

(2) An unregistered company is deemed to be unable to pay its debts if—

- (a) a creditor to whom the company is indebted in a sum exceeding \$5,000 then due has served on the company, by leaving at its principal place of business or by delivering to the secretary or some director, manager or principal officer of the company, or on a person authorised by an external company to accept service of process, or by otherwise serving in such manner as the court approves or directs, a written demand requiring the company to pay the sum so due and the company has for three weeks after the service of the demand neglected to pay the sum or to secure or compound for it to the satisfaction of the creditor;
- (b) any action or other proceeding has been instituted against any member for debt or demand due or claimed to be due from the company or from him in his character of member, and, notice in writing of the institution of the action or proceeding having been served on the company by leaving it at its principal place of business or by delivering it to the secretary or some director, manager or principal officer of the company, or on a person authorised by an external company to accept service of process, or by otherwise serving it in such manner as the court approves or directs, the company has not within three weeks after service of the notice paid, secured or compounded for the debt or demand or procured the action or proceeding to be stayed or indemnified the defendant to his reasonable satisfaction against the action or proceeding and against all costs, damages and expenses to be incurred by him by reason thereof;
- (c) execution or other process issued on a judgment, decree or order obtained in any court in favour of a creditor against a company or any member thereof as such or any person authorised to be sued as nominal defendant on behalf of the company is returned unsatisfied;

- (d) it is otherwise proved to the satisfaction of the court that the company is unable to pay its debts as they fall due.
- (3) An unregistered company is also deemed unable to pay its debts if it is proved to the satisfaction of the court that the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities.
- (4) A company incorporated outside Montserrat may be wound up as an unregistered company under this Division notwithstanding that it is being wound up or has been dissolved or had otherwise ceased to exist as a company under or by virtue of the laws of the place under which it was incorporated.
- (5) The money sum for the time being specified in subsection (2) is subject to increase or reduction by regulation under section 527; but no increase in the sum so specified affects any case in which the winding up petition was presented before the coming into force of the increase.

*(Amended by Act 6 of 2002)*

### **Contributories in winding up of unregistered company**

**489. (1)** On an unregistered company being wound up every person is a contributory—

- (a) who is liable to pay or contribute to the payment of—
- (i) any debt or liability of the company;
  - (ii) any sum for the adjustment of the rights of the members among themselves; or
  - (iii) the costs and expenses of winding up; or
- (b) where the company has been dissolved in the place in which it is formed or incorporated, who immediately before the dissolution was so liable, and every contributory is liable to contribute to the assets of the company all sums due from him in respect of any such liability.

(2) On the death or bankruptcy of any contributory the provisions of this Act with respect to the personal representatives of deceased contributories and the trustees of bankrupt contributories respectively apply.

### **Power of court to stay or restrain proceedings**

**490. (1)** The provisions of this Act with respect to staying and restraining actions and proceedings against a company at any time after the presentation of a petition for winding up and before the making of a winding up order shall, in the case of an unregistered company where the application to stay or restrain is by a creditor, extend to actions and proceedings against any contributory of the company.

(2) Where an order has been made for winding up an unregistered company no action or proceeding shall be proceeded with or commenced

against any contributory of the company in respect of any debt of the company except by leave of the court and subject to such terms as the court imposes.

(3) The cost of an application under this section shall, unless the court otherwise orders, be paid by the Company.

### **Outstanding assets of defunct unregistered company**

491. (1) Where an unregistered company, the place of incorporation or origin of which is in a proclaimed State, has been dissolved and there remains in Montserrat any outstanding property which was vested in the company or to which it was entitled or over which it had a disposing power at the time it was dissolved, but which was not got in, realised, or otherwise disposed of or dealt with, by the company or its liquidator before the dissolution, the property shall, by the operation of this section be and become vested for all the estate and interest therein legal or equitable of the company or its liquidator at the date the company was dissolved, in such person as is entitled thereto according to the law of the place of incorporation or origin of the company.

(2) Where the place of origin of an unregistered company is Montserrat, sections 484 and 485 apply with such adaptations as may be necessary in respect of that company.

(3) Where it appears to the Minister that an enactment in force in any Member State of the Caribbean Community contains provisions similar to the provisions of this section, he may, by order published in the *Gazette*, declare that State to be a proclaimed State for the purposes of this section.

## **PART 5**

### **ADMINISTRATION AND GENERAL**

#### *Division A*

### **Functions of the Registrar**

#### *Registrar of Companies*

### **Responsibility**

492. (1) The Registrar of Companies is, under the general supervision of the Minister, responsible for the administration of this Act.

(2) A seal may be prescribed by the Minister for use by the Registrar in the performance of his duties.

### **Service upon the Registrar**

493. A document may be served upon the Registrar by leaving it at the office of the Registrar or by sending it by telex, or telefax or by prepaid post or cable addressed to the Registrar at his office.

*Register of Companies*

**Register of Companies**

**494.** The Registrar shall maintain a Register of Companies in which to keep the name of every body corporate—

- (a) that is—
  - (i) incorporated under this Act;
  - (ii) continued as a company under this Act;
  - (iii) registered under this Act; or
  - (iv) restored to the register pursuant to this Act;
- and
- (b) that has not been subsequently struck off that register.

**Inspection of register**

**495. (1)** A person who has paid the prescribed fee is entitled, during normal business hours, to examine, and to make copies of or extracts from, a document required by this Act or the regulations, to be sent to the Registrar, except a report sent to him under section 519(2).

**(2)** The Registrar shall upon request and payment of the prescribed fee, furnish any person with a copy or certified copy of any document received by the Registrar under this Act, except a report received by him pursuant to section 519(2).

**(3)** If the records maintained by the Registrar are prepared and maintained in other than a written form—

- (a) the Registrar shall furnish any copy required to be furnished under this Act in an intelligible written form; and
- (b) a report reproduced from those records, if it is certified by the Registrar, is admissible in evidence to the same extent as the original written records would be.

*Notices and Documents*

**Notice to directors etc.**

**496. (1)** A notice or document required by this Act, the regulations, articles or the byelaws to be sent to a shareholder or director of a company may be sent by telex or telefax or by prepaid post or cable, addressed to, or may be delivered personally to—

- (a) the shareholder at his latest address as shown in the records of the company or its transfer agent; and

(b) the director at his latest address as shown in the records of the company or in the latest notice filed under section 68 or 76.

(2) A director named in a notice sent by a company to the Registrar under section 68 or 76 and filed by the Registrar is, for the purposes of this Act, a director of the company referred to in the notice.

### **Presumption of receipt**

497. A notice or document sent in accordance with section 496 to a shareholder or director of a company is, for the purpose of this Act, presumed to be received by him at the time it would be delivered in the ordinary course of mail.

### **Undelivered documents**

498. If a company sends a notice or document to a shareholder in accordance with section 496 and the notice or document is returned on three consecutive occasions because the shareholder cannot be found, the company need not send any further notices or documents to the shareholder until he informs the company in writing of his new address.

### **Notice waiver**

499. Where a notice or document is required to be sent pursuant to this Act, the sending of the notice or document may be waived, or the time for the notice or document may be waived or abridged at any time with the consent in writing of the person entitled to the notice or document.

### **Certificate by company**

500. A certificate issued on behalf of a company stating any fact that is set out in the articles, the byelaws, any unanimous shareholder agreement, the minutes of the meetings of the directors, a committee of directors or the shareholders, or in a trust deed or other contract to which the company is a party, may be signed by a director, an officer or a transfer agent of the company.

### **Evidentiary value**

501. When introduced as evidence in any civil, criminal or administrative action or proceeding—

- (a) a fact stated in a certificate referred to in section 500;
- (b) a certified extract from a register of members or debenture holders of a company; or
- (c) a certified copy of minutes or extracts from minutes of a meeting of shareholders, directors or a committee of directors of a company,

is, in the absence of evidence to the contrary, proof of the fact so certified without proof of the signature or official character of the person appearing to have signed the certificate.

### **Copies**

**502.** Where a notice or document is required by this Act to be sent to the Registrar, he may accept a photostatic or photographic copy of the notice or document or a copy by telefax or other device.

### **Filed articles**

**503. (1)** Where this Act requires that articles relating to a company be sent to the Registrar, unless otherwise specifically provided—

- (a) two copies, in this section called “duplicate originals”, of the articles shall be signed by a director or an officer of the company, or, in the case of articles of incorporation, by the incorporator; and
- (b) upon receiving duplicate originals of any articles that conform to law, and any other required documents and the prescribed fees, the Registrar shall—
  - (i) endorse on each of the duplicate originals the word “registered” and the date of the registration;
  - (ii) issue in duplicate the appropriate certificate and attach to each certificate one of the duplicate originals of the articles;
  - (iii) file a copy of the certificate and attached articles; and
  - (iv) send to the company or its representative the original certificate and attached articles.

**(2)** A certificate referred to in subsection (1) and issued by the Registrar may be dated as of the day he receives the articles, or court order pursuant to which the certificate is issued, or as of any later day specified by the court or person who signed the articles.

**(3)** A signature required on a certificate referred to in subsection (1) may be printed or otherwise mechanically reproduced on the certificate.

### **Alteration of documents**

**504.** The Registrar may alter a notice or document, other than an affidavit or statutory declaration, if so authorised by the person who sent him the notice or document, or by the representative of that person.

### **Correction of documents**

**505. (1)** If a certificate that contains an error is issued to a company by the Registrar, the directors or shareholders of the company shall, upon the request of the Registrar, pass the resolutions and send to the Registrar the documents required to comply with this Act, and take such other steps as the Registrar

may reasonably require; and the Registrar may demand the surrender of the certificate and issue a corrected certificate.

(2) A certificate corrected under subsection (1) shall bear the date of the certificate it replaces.

### **Proof of documents**

**506. (1)** The Registrar may require that a document or a fact stated in a document required or sent to him pursuant to this Act be verified in accordance with subsection (2).

(2) A document or fact required by this Act or by the Registrar to be verified may be verified by affidavit or affirmation.

(3) The Registrar may require of a body corporate the authentication of a document, and the authentication may be signed by the secretary, or any director or authorised person or by the attorney-at-law for the body corporate.

### **Retention of documents**

**507.** The Registrar need not produce any document of a prescribed class after six years from the date he received it.

### **Registrar's certificate**

**508. (1)** The Registrar may furnish any person with a certificate stating—

- (a) that a body corporate has or has not sent to the Registrar a document required to be sent to him pursuant to this Act;
- (b) that a name, whether that of a company or not, is or is not on the register; or
- (c) that a name, whether that of a company or not, was or was not on the register on a stated date.

(2) Where this Act requires or authorises the Registrar to issue a certificate or to certify any fact, the certificate or the certification shall be signed by the Registrar or by his deputy.

(3) A certificate or certification mentioned in subsection (2) that is introduced as evidence in any civil, criminal or administrative action or proceeding, is sufficient proof of the facts so certified, without proof of the signature or official character of the person appearing to have signed it.

### **Refusal power**

**509. (1)** The Registrar may refuse to receive, file or register a document submitted to him, if he is of the opinion that the document—

- (a) contains matter contrary to the law;
- (b) by reason of any omission or error in description, has not been duly completed;

- (c) does not comply with the requirements of this Act;
- (d) contains an error, alteration or erasure;
- (e) is not sufficiently legible; or
- (f) is not sufficiently permanent for his records.

(2) The Registrar may request that a document refused under subsection (1) be amended or completed and re-submitted, or that a new document be submitted in its place.

(3) If a document that is submitted to the Registrar is accompanied with a statutory declaration by an attorney-at-law that the document contains no matter contrary to law and has been duly completed in accordance with the requirements of this Act, the Registrar may accept the declaration as sufficient proof of the facts therein declared.

### Filing form

**510.** Every document sent to the Registrar shall be in typed or printed form.

### *Removal from Register*

### Striking off register

**511. (1)** The Registrar may strike off the Register a company or other body corporate, if—

- (a) the company or other body corporate fails to send any return, notice, document or prescribed fee to the Registrar as required pursuant to this Act;
- (b) the company is dissolved;
- (c) the company or other body corporate is amalgamated with one or more other companies or bodies corporate;
- (d) the company does not carry out an undertaking given under section 515(a)(i); or
- (e) the registration of the body corporate is revoked pursuant to this Act.

(2) Where the Registrar is of the opinion that a company or other body corporate is in default under subsection (1)(a), he shall send it a notice advising it of the default and stating that, unless the default is remedied within thirty days after the date of the notice, the company or other body corporate will be struck off the register.

(3) Section 513 applies *mutatis mutandis* to the notice mentioned in subsection (2).

(4) After the expiration of the time mentioned in the notice, the Registrar may strike the company or other body corporate off the register and publish a notice thereof in the *Gazette*.

(5) Where a company or other body corporate is struck off the register, the Registrar may, upon receipt of an application in the prescribed form and upon payment of the prescribed fee, restore it to the register and issue a certificate in a form adapted to the circumstances.

### **Liability continues**

512. Where a body corporate is struck off the register, the liability of the body corporate and of every director, officer or shareholder of the body corporate continues and may be enforced as if it had not been struck off the register.

### *Service*

### **Service on company**

513. A notice or document may be served on a company—

- (a) by leaving it at, or sending it by telex or telefax or by prepaid post or cable addressed to, the registered office of the company; or
- (b) by personally serving any director, officer, receiver, receiver-manager or liquidator of the company.

### *Company Names*

### **Reservation of name**

514. The Registrar may, upon request and upon payment of the prescribed fee, reserve for ninety days a name for an intended company or for a company about to change its name.

### **Prohibited name**

515. The name of a company—

- (a) shall not be the same as or similar to the name or business name of any other person or of any association, partnership or firm, if the use of that name would be likely to confuse or mislead, unless the person, association, partnership or firm consents in writing to the use of that name in whole or in part, and—
  - (i) if required by the Registrar in the case of any person, undertakes to dissolve or change his or its name to a dissimilar name within six months after the filing of the articles by which the name is acquired; or
  - (ii) if required by the Registrar in the case of an association, partnership or firm, undertakes to cease to carry on its business or activities, or undertakes to change its name to a dissimilar name, within six months after the filing of the articles by which the name is acquired;

- (b) shall not be identical to the name of a body corporate incorporated under the laws of Montserrat before the commencement date;
- (c) shall not suggest or imply a connection with the Crown or the Government or of any Ministry, department, branch, bureau, service, agency or activity of the Government, unless consent in writing to the proposed name is duly obtained from the appropriate Minister;
- (d) shall not suggest or imply a connection with a political party or a leader of a political party;
- (e) shall not suggest or imply a connection with a university or a professional association recognised by the laws of Montserrat unless the university or professional association concerned consents in writing to the use of the proposed name; and
- (f) shall not be a name that is prohibited by the regulations.

### **Refusal of articles**

**516.** The Registrar may refuse to accept articles of incorporation or continuation for a company or to register articles amending the name of a company if—

- (a) the name is not distinctive because—
  - (i) it is too general;
  - (ii) it is descriptive only of the quality, function or other characteristic of the goods or services in which the company deals or intends to deal; or
  - (iii) primarily it is only a geographic name used alone unless the applicant establishes that the name has through use acquired and continues to have a secondary meaning;
- (b) the name is defectively inaccurate in describing—
  - (i) the business, goods or services in association with which it is proposed to be used;
  - (ii) the conditions under which the goods or services will be produced or supplied;
  - (iii) the persons to be employed in the production or supply of those goods or services; or
  - (iv) the place of origin of those goods and services;
- (c) it is likely to be confusing with that of a company that was dissolved;
- (d) it contains the word or words “**credit union**”, “**co-operative**”, or “**co-op**” when it connotes a co-operative venture; or

- (e) it is, in the opinion of the Registrar, for any reason, objectionable.

### **Amalgamated company**

**517.** If two or more companies amalgamate, the amalgamated company may have—

- (a) the name of one of the amalgamating companies;
- (b) a distinctive combination that is not confusing of the amalgamating companies; or
- (c) a distinctive new name that is not confusing.

### *Division B*

## **Investigation of Companies**

### *Investigation*

### **Investigation order**

**518. (1)** A shareholder or debenture holder of a company, or the Registrar, may apply, *ex parte* or upon such notice as the court may require, to the court for an order directing that an investigation be made of the company and any of its affiliated companies.

**(2)** If, upon an application under subsection (1) in respect of a company, it appears to the court that—

- (a) the business of the company or any of its affiliates is or has been carried on with intent to defraud any person;
- (b) the business or affairs of the company or any of its affiliates are or have been carried on in a manner, or the powers of the directors are or have been exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards, the interest of a shareholder or debenture holder;
- (c) the company or any of its affiliates was formed for a fraudulent or unlawful purpose, or is to be dissolved for a fraudulent or unlawful purpose;
- (d) persons concerned with the formation, business or affairs of the company or any of its affiliates have in connection therewith acted fraudulently or dishonestly, or
- (e) in any case it is in the public interest that an investigation of the company be made,

the court may order that an investigation be made of the company and any of its affiliated companies.

(3) If a shareholder or debenture holder makes an application under subsection (1) he shall give the Registrar reasonable notice thereof; and the Registrar is entitled to appear and be heard in person or by an attorney-at-law.

(4) An *ex parte* application under this section shall be heard *in camera*.

(5) No person shall publish anything relating to an *ex parte* proceeding except with the authorisation of the court or the written consent of the company that is being, or to be, investigated.

### Court powers

**519. (1)** In connection with an investigation under this Division in respect of a company, the court may make any order it thinks fit, including—

- (a) an order to investigate;
- (b) an order appointing an inspector, who may be the Registrar, and fixing the remuneration of the inspector and replacing the inspector;
- (c) an order determining the notice to be given to any interested person, or dispensing with notice to any person;
- (d) an order authorising an inspector to enter any premises in which the court is satisfied there might be relevant information, and to examine anything, and to make copies of any documents or records, found on the premises;
- (e) an order requiring any person to produce documents or records to the inspector;
- (f) an order authorising an inspector to conduct a hearing, administer oaths and examine any person upon oath, and prescribing rules for the conduct of the hearing;
- (g) an order requiring any person to attend a hearing conducted by an inspector and to give evidence upon oath;
- (h) an order giving directions to an inspector or any interested person on any matter arising in the investigation;
- (i) an order requiring an inspector to make an interim or final report to the court;
- (j) an order determining whether a report of an inspector should be published, and, if so, ordering the Registrar to publish the report in whole or in part, or to send copies to any person the court designates;
- (k) an order requiring an inspector to discontinue an investigation; or
- (l) an order requiring the company to pay the costs of the investigation.

(2) An inspector shall send to the Registrar a copy of every report made by the inspector under this Division.

### **Inspector's powers**

**520. (1)** An inspector under this Division has the powers set out in the order appointing him.

(2) An inspector shall upon request produce to an interested person a copy of any order made under section 519(1).

### ***In camera* hearing**

**521. (1)** An interested person may apply to the court for an order that a hearing conducted by an inspector under this Division be heard *in camera* and for directions on any matter arising in the investigation.

(2) A person whose conduct is being investigated or who is being examined at a hearing conducted by an inspector under this Division may appear and be heard in person or by an attorney-at-law.

### **Incriminating evidence**

**522.** No person is excused from attending and giving evidence and producing documents and records to an inspector under this Division by reason only that the evidence tends to incriminate that person or subject him to any proceeding or penalty; but the evidence may not be used or received against him in any proceeding thereafter instituted against him, other than a prosecution for perjury in giving the evidence.

### **Privilege absolute**

**523.** An oral or written statement or report made by an inspector or any other person in an investigation under this Division has absolute privilege.

## *Inquiries*

### **Ownership interest**

**524. (1)** If the Registrar is satisfied that, for the purposes of Division F of Part 2 or Division E of Part 2, there is reason to enquire into the ownership or control of a share or debenture of a company or any of its affiliates, the Registrar may require any person that he reasonably believes has or has had interest in the share or debenture, or acts or has acted on behalf of a person with such an interest, to furnish to the Registrar, or to any person the Registrar appoints—

- (a) information that the person has or can reasonably be expected to obtain as to present and past interests in the share or debenture; and

- (b) the names and addresses of the persons so interested and of any person who acts or has acted in relation to the share or debenture on behalf of the persons so interested.
- (2) For the purposes of subsection (1), a person has an interest in a share or debenture, if—
  - (a) he has a right to vote or to acquire or dispose of the share or debenture or any interest therein;
  - (b) his consent is necessary for the exercise of the rights or privileges of any other person interested in the share or debenture; or
  - (c) any other person interested in the share or debenture can be required, or is accustomed, to exercise rights or privileges attached to the share or debenture in accordance with his instructions.

### **Client privileges**

**525.** Nothing in this Division affects the privileges that exist in respect of an attorney-at-law and his client.

### **Inquiries**

**526.** The Registrar may make of any person any inquiries that relate to compliance with this Act by any persons.

## *Division C*

### **Regulations**

#### **Regulations**

**527. (1)** The Governor acting on the advice of Cabinet may make such regulations as are required for the better administration of this Act, and, in particular, the Minister may make regulations—

- (a) prescribing any matter required or authorised by this Act to be prescribed;
- (b) requiring the payment of a fee in respect of the filing, examination or copying of any documents or in respect of any action that the Registrar is required or authorised to take under this Act, and prescribing the amount thereof;
- (c) prescribing the format and contents of returns, notices or other documents required to be sent to the Registrar or to be issued by him;
- (d) prescribing the rules with respect to exemptions permitted by this Act;
- (e) respecting the names of companies or classes thereof;

- (f) respecting the authorised capital of companies;
- (g) respecting the preferences, rights, conditions, restrictions, limitations or prohibitions attaching to shares or classes or series of shares of companies;
- (h) respecting the designation of classes of shares; and
- (i) respecting any other matter required for the efficient administration of this Act.

*(Amended by Act 9 of 2011)*

(2) Regulations made under this section are subject to negative resolution.

### *Division D*

## **Offences and Penalties**

### **Name offence**

**528.** A company that contravenes section 10 is guilty of an offence and liable on summary conviction to a fine of \$5,000.

### **Abuse of corporate status**

**529.** Each of the individuals who carries on business under a name part of which is “limited”, “**incorporated**” or “**corporation**” or the abbreviations “**ltd**”, “**inc**” or “**corp**” is guilty of an offence and liable on summary conviction to a fine of \$5,000.

### **Reports**

**530. (1)** A person who makes or assists in making a report, return, notice or other document—

- (a) that is required by this Act or the regulations to be sent to the Registrar or to any other person; and
- (b) that—
  - (i) contains an untrue statement of a material fact; or
  - (ii) omits to state a material fact required in the report, return, notice or other document, or necessary to make a statement contained therein not misleading in the light of the circumstances in which it was made,

is guilty of an offence and liable on summary conviction to a fine of \$5,000 or to imprisonment for a term of three years, or to both.

(2) A person is not guilty of an offence under subsection (1) if the making of the untrue statement or the omission of the material fact was unknown to him and with the exercise of reasonable diligence could not have been known to him.

**(3)** When an offence under subsection (1) is committed by a body corporate and a director or officer of that body corporate knowingly authorised, permitted or acquiesced in the commission of the offence, the director or officer is also guilty of the offence and liable on summary conviction to a fine of \$5,000 or to imprisonment for a term of three years, or to both.

### **Specific offences**

**531. (1)** A person is guilty of an offence and liable on summary conviction to a fine of \$5,000 and to imprisonment for a term of three years, or to both—

- (a) who without reasonable cause contravenes section 189;
- (b) who without reasonable cause contravenes section 193;
- (c) who wilfully contravenes section 304, 311, or 313;
- (d) who without reasonable cause contravenes section 269(5);
- (e) who wilfully contravenes section 141 or 142;
- (f) who without reasonable cause fails to comply with a requirement of the Registrar under section 524 to report to the Registrar any information or any names or addresses of persons sought by the Registrar under that section;
- (g) who, being a proxy holder or alternate proxy holder, fails without reasonable cause to comply with the directions of a shareholder under section 144(1);
- (h) who, being a registrant within the meaning of this Act, knowingly contravenes section 146;
- (i) who, being an auditor or former auditor of a company, contravenes section 169(1) without reasonable cause; or
- (j) who, being a director or officer of a company knowingly contravenes section 173.

**(2)** Where the person who is guilty of an offence under subsection (1) is a body corporate, then, whether the body corporate has been prosecuted or convicted, any director or officer of the body corporate who knowingly authorised, permitted or acquiesced in the act or omission that constituted the offence is also guilty of an offence and liable on summary conviction to a fine of \$5,000 or to imprisonment for a term of three years, or to both.

### **Company offences**

**532. (1)** A company is guilty of an offence and liable on summary conviction to a fine of \$5,000, if—

- (a) the company contravenes section 17(1), 315, 316, 317 or 319;
- (b) the management of the company without reasonable cause fails to comply with section 140(1); or

(c) the company without reasonable cause contravenes section 153 or 155.

(2) When a company is guilty of an offence under this section, any director or officer of the company who knowingly authorised, acquiesced in or permitted the contravention is also guilty of an offence and liable on summary conviction to a fine of \$5,000 or to imprisonment for a term of three years, or to both.

### **General offence**

**533.** Every person who is guilty of an offence under this Act or the regulations is if no punishment is elsewhere in this Act provided for that offence, liable on summary conviction to a fine of \$5,000.

### **Defence re prospectuses**

**534.** In a prosecution for an offence under this Act arising out of an untrue statement or wilful non-disclosure in a prospectus, it is a defence for the person charged to prove that the statement or non-disclosure was immaterial, or that he had reasonable grounds to believe, and did, up to the time of the issue of the prospectus, believe that the statement was true or non-disclosure was immaterial.

### **Order to comply**

**535.** When a person is convicted of an offence under this Act or the regulations, the court, or a court of summary jurisdiction in which proceedings in respect of the offence are taken, may, in addition to any punishment it may impose, order that person to comply with the provision of this Act or the regulations for the contravention of which he has been convicted.

### **Limitation**

**536.** A prosecution for an offence under this Act or the regulations may be instituted at any time within two years from the time when the subject-matter of the prosecution arose.

### **Civil remedies unaffected**

**537.** No civil remedy for any act or omission is affected by reason that the act or omission is an offence under this Act.

*Division E*

**Construction and Interpretation of Act**

*Corporate Relationships*

**Affiliated corporations**

**538.** For the purposes of this Act—

- (a) one body corporate is affiliated with another body corporate if one of them is the subsidiary of the other, or both are subsidiaries of the same body corporate, or each of them is controlled by the same person; and
- (b) if two bodies corporate are affiliated with the same body corporate at the same time, they are affiliated with each other.

**“Control”**

**539.** For the purposes of this Act, a body corporate is controlled by a person if any shares of the body corporate carrying voting rights sufficient to elect a majority of the directors of the body corporate are, except by way of security only, held, directly or indirectly, by or on behalf of that person.

**“Holding” and “subsidiary”**

**540.** For the purposes of this Act—

- (a) a body corporate is the holding body corporate of another if that other body corporate is its subsidiary; and
- (b) a body corporate is a subsidiary of another body corporate if it is controlled by that other body corporate.

*Public Distribution of Corporate Securities*

**“Distribution” to public**

**541. (1)** For the purposes of this Act—

- (a) a share or debenture of a body corporate is part of a distribution to the public, when, in respect of the share or debenture—
  - (i) there has been, under the laws of Montserrat or any other jurisdiction, a filing of a prospectus, statement in *lieu* of prospectus, registration statement, stock exchange take-over bid circular or similar instrument; or
  - (ii) the share or debenture is listed for trading on any stock exchange wherever situated; and
- (b) a share or debenture of a body corporate is deemed to be part of a distribution to the public where the share or debenture has

been issued and a filing referred to in paragraph (a)(i) would be required if the share or debenture were being issued currently.

(2) For the purposes of this Act, the shares or debentures of a company that are issued upon a conversion of other shares or debentures of a company, or in exchange for other shares or debentures, are part of a distribution to the public if any of those others were part of a distribution to the public.

(3) For the purposes of this Act—

- (a) a statement is included in a prospectus or in a statement in *lieu* of a prospectus if it is included in any report or memorandum appearing on the face thereof or by reference incorporated therein or issued therewith;
- (b) a statement included in a prospectus or statement in *lieu* of prospectus is deemed to be untrue if it is misleading in the form and context in which it is included; and
- (c) a reference to an offer or offering of shares or debentures for subscription or purchase is deemed to include an offer of shares or debentures by way of barter or otherwise.

### “Offer” to the public

542. (1) Any reference in this Act to offering shares or debentures to the public includes, unless the contrary intention appears, a reference to offering them to any section of the public, whether selected as clients of the person issuing the prospectus or in any other manner; and references in this Act or in the articles of a company to invitations to the public to subscribe for shares or debentures shall, unless the contrary intention appears, be similarly construed.

(2) Subsection (1) does not require that any offer or invitation be treated as being made to the public if the offer or invitation can properly be regarded, in all the circumstances, as not being calculated to result, directly or indirectly, in the shares or debentures becoming available for subscription or purchase by persons other than those receiving the offer or invitation, or otherwise as being a domestic concern of the persons making and receiving the offer or invitation.

(3) A provision in the articles or byelaws of a company that prohibits invitations to the public to subscribe for shares or debentures does not prohibit the making of an invitation to the shareholders, debenture holders or employees of the company.

### *Corporate and other expressions*

#### Definition of technical words

543. (1) In this Act, unless the context otherwise requires—

“affairs” means, in relation to any company or other body corporate, the relationship among the company or body corporate, its affiliates and the

shareholders, directors and officers thereof, but does not include any businesses carried on by the companies or other bodies corporate;

**“affiliate”** means an affiliated company or affiliated body corporate within the meaning of section 538;

**“articles”** means, unless qualified—

- (a) the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of continuation, articles of re-organisation, articles of dissolution, and articles of revival; and
- (b) any statute, letters patent, memorandum of association, certificate of incorporation, or other corporate instrument evidencing the existence of a body corporate continued as a company under this Act;

**“associate”** when used to indicate a relationship with any person means—

- (a) a company or body corporate of which that person beneficially owns or controls, directly or indirectly, shares or debentures convertible into shares, that carry more than 20% of the voting rights—
  - (i) under all circumstances;
  - (ii) by reason of the occurrence of an event that has occurred and is continuing; or
  - (iii) by reason of a currently exercisable option or right to purchase those shares or those convertible debentures;
- (b) a partner of that person acting on behalf of the partnership of which they are partners;
- (c) a trust or estate in which that person has a substantial beneficial interest or in respect of which he serves as a trustee or in a similar capacity;
- (d) a spouse of that person within the meaning of subsections (2) and (3);
- (e) a child, a step-child or an adopted child of that person; and
- (f) a relative of that person or of his spouse if that relative has the same residence as that person;

**“auditor”** includes a partnership of auditors;

**“beneficial interest”** or **“beneficial ownership”** includes ownership through a trustee, legal representative, agent or other intermediary;

**“body corporate”** includes a company within the meaning of this section or other body corporate wherever or however incorporated, other than a corporation sole;

**“commencement date”** means the date on which this Act comes into operation;

**“Commission”** means the Financial Services Commission established under the Financial Services Commission Act; *(Inserted by Act 6 of 2002)*

**“company”** means a body corporate that is incorporated or continued under this Act;

**“corporate instruments”** includes any statute, letters patent, memorandum of association, articles of association, certificate of incorporation, certificate of continuance, byelaws, regulations or other instrument by which a body corporate is incorporated or continued or that governs or regulates the affairs of a body corporate;

**“court”** means the High Court;

**“debenture”** includes debenture stock and any bond or other instrument evidencing an obligation or guarantee, whether secured or not;

**“director”**, in relation to a body corporate, means a person occupying therein the position of a director by whatever title he is called;

**“external company”** means any firm or other body of persons, whether incorporated or unincorporated, that is formed under the laws of a country other than Montserrat;

**“former Act”** means the Companies Act;

**“former Act company”** means a company incorporated or registered under the former Act or any Act replaced by that Act;

**“incorporator”** means, in relation to a company, a person who signs the articles of incorporation of the company;

**“legal representative”**, in relation to a company, shareholder, debenture holder or other person, means a person who stands in place of and represents the company, shareholder, debenture holder or person, and without limiting the generality of the foregoing, includes, as the circumstances require, a trustee, executor, administrator, assignee, or receiver of the company, shareholder, debenture holder or person;

**“liability”** includes, in relation to a company, any debt of the company that arises under—

- (a) section 49;
- (b) section 234 (2); or
- (c) section 241(3)(f) or (g);

**“Minister”** means the Minister responsible for trade.

**“officer”**, in relation to a body corporate, means—

- (a) the chairman, deputy chairman, president or vice-president of the board of directors;

- (b) the managing director, general manager, comptroller, secretary or treasurer; or
  - (c) any other person who performs for the body corporate functions similar to those normally performed by the holder of any office specified in paragraph (a) or (b) and who is appointed by the board of directors to perform such functions;
- “ordinary resolution”** means a resolution passed by a majority of the votes cast by the shareholders who voted in respect of that resolution;
- “public company”** means a company any of whose issued shares or debentures are or were part of a distribution to the public within the meaning of section 541;
- “record”** includes any register, book or other record that is required to be kept by a company or other body corporate;
- “redeemable share”** means a share issued by a company—
  - (a) that the company can purchase or redeem upon demand of the company; or
  - (b) that the company is required by its articles to purchase or redeem at a specified time or upon the demand of a shareholder;
- “Registrar”** refers to the Registrar of Companies under this Act;
- “security interest”** means any interest in or charge upon any property of a company, by way of mortgage, bond, lien, pledge or other means, that is created or taken to secure the payment of an obligation of the company;
- “send”** includes deliver;
- “series”**, in relation to shares, means a division of a class of shares;
- “share”** includes stock;
- “shareholder”**, in relation to a company, includes—
  - (a) a member of a company described in Division A of Part 3, except where inconsistent with a provision of that Division;
  - (b) the personal representative of a deceased shareholder;
  - (c) the trustee in bankruptcy of a bankrupt shareholder; and
  - (d) a person in whose favour a transfer of shares has been executed but whose name has not been entered in the register of members, or, if two or more transfers of those shares have been executed, the person in whose favour the most recent transfer has been made;
- “special resolution”** means a resolution of which at least twenty one days’ notice is given which is—
  - (a) passed by a majority of not less than 75% of the votes cast by the shareholders who voted in respect of the resolution; or

(b) signed by all the shareholders entitled to vote on the resolution.

**“stock exchange”** means any market where shares or bonds are traded;

**“unanimous shareholder agreement”** means an agreement described in section 134.

(2) For the purposes of this Act reference to a spouse includes a single woman who was living together with a single man as his wife for a period of not less than five years and a single man who was living together with a single woman for a like period.

(3) For the purposes of subsection (2) a reference to a single woman or a single man includes a reference to a widow or widower or to a woman or man who is divorced.

### *Division F*

## **Incidental and Consequential Matters**

### **Repeal**

**544. (1)** The former Act is repealed.

(2) Notwithstanding subsection (1) the provisions of the former Act continue to apply so far as is necessary to enable a former Act company lawfully to function until it is continued under this Act or wound up.

### **References to Companies Act**

**545. (1)** In this section and section 546—

(a) **“enactment”** means an Act or regulation or any provision of an Act or regulation; and

(b) **“regulation”** includes an order, regulation, order in council, order prescribing regulations, rule, rule of court, form, tariff of costs or fees, letters patent, commission, warrant, and any instrument issued, made or established—

(i) in the execution of a power conferred by or under an Act other than the former Act; or

(ii) by or under the authority of the Governor acting on the advice of Cabinet.

(2) A reference in an un-repealed enactment to the former Act is, as regards a transaction, matter or things subsequent to the commencement date to be construed and applied, unless the context otherwise requires, as a reference to the provisions of this Act that relate to the same subject-matter as the provisions of the former Act; but if there are no provisions in this Act that relate to the same subject-matter, the former Act is to be construed and applied as un-repealed so far as is necessary to do so to maintain or give effect to the un-repealed provision.

## **Transitional**

**546. (1)** Where in any enactment the expression “**registered under the Companies Act**” occurs, the expression, unless the context otherwise requires, refers to incorporation, continuation or registration under this Act in respect of all transactions, matters or things subsequent to the commencement date.

**(2)** Where in any enactment the expression “**memorandum of association**” or “**articles of association**” occur, those expressions, unless the context otherwise requires, refer respectively to articles of incorporation and byelaws within the meaning of this Act.

**(3)** Where in any enactment a reference is made to winding up under, or to the winding up provisions of, the former Act, then, unless the context otherwise requires, it refers, in respect of all transactions, matters or things subsequent to the commencement date, to winding up or dissolution under this Act.

## **Repeal effect**

**547. (1)** Notwithstanding section 544(1), if on the commencement date any proceedings under the former Act are pending in respect of the winding up of anybody under that Act, those proceedings may be continued under that Act as if this Act had not been enacted.

**(2)** When, on the commencement date an amalgamation agreement entered under the former Act and approved by the court under that Act is in the course of being filed with the Registrar General or is in his hands, the amalgamation may be continued and effected under that Act as if this Act had not been enacted, unless the parties to the amalgamation withdraw the amalgamation agreement by notice in writing.

## **Security for costs**

**548.** Where a company is plaintiff in any action or other legal proceeding any judge having jurisdiction in the matter may, if it appears by credible testimony that there is reason to believe that the company will be unable to pay the costs of the defendant if successful in his defence, require sufficient security to be given for those costs and may stay all proceedings until the security is given.

## **Power of court to grant relief in certain cases**

**549. (1)** If in any proceeding for negligence, default, breach of duty or breach of trust against a person to whom this section applies it appears to the court hearing the case that that person is or may be liable in respect of the negligence, default, breach of duty or breach of trust, but that he has acted honestly and reasonably, and that, having regard to all the circumstances of the case, including those connected with his appointment, he ought fairly to be excused for the negligence, default, breach of duty or breach of trust, that court may relieve him, either wholly or partly, from his liability on such terms as the court may think fit.

(2) Where any person to whom this section applies has reason to apprehend that any claim will or might be made against him in respect of any negligence, default, breach of duty or breach of trust, he may apply to the court for relief, and the court on any such application shall have the same power to relieve him as under this section it would have had if it had been a court before which proceedings against that person for negligence, default, breach of duty or breach of trust had been brought.

(3) Where any case to which subsection (1) applies is being tried by a judge with a jury, the judge, after hearing the evidence, may, if he is satisfied that the defendant ought in pursuance of that subsection to be relieved either in whole or in part from the liability sought to be enforced against him, withdraw the case in whole or in part from the jury and forthwith direct judgment to be entered for the defendant on such terms as to costs or otherwise as the judge may think proper.

(4) The persons to whom this section applies are the following—

- (a) directors, managers or officers of a company;
- (b) persons employed by a company as auditors.

### **Saving for privileged communications**

**550.** Where proceedings are instituted under this Act against any person, nothing in this Act shall be taken to require any person who has acted as attorney-at-law for the defendant to disclose any privileged communication made to him in that capacity.

### **Appointment of Registrar**

**551.** The Governor acting on the advice of Cabinet shall appoint a Registrar of Companies.

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**COMPANIES REGULATIONS – SECTION 527**

*(S.R.O.s 71/1999, 3/2003, 13/2014 and Acts 9 of 2011 and 13 of 2013)*

**Commencement**

*[4 January 2000]*

**Short Title**

1. These Regulations may be cited as the Companies Regulations.

**PART 1**

**PROSPECTUS**

2. To comply with the requirements of the Act a prospectus must, in addition to the matters specified in section 305 of the Act—subject to Part 3 of the First Schedule, state the matters specified in Part 1 of that Schedule and set out the reports specified in Part 2 of that Schedule.

3. To comply with the requirements of the Act a statement in *lieu* of prospectus lodged by or on behalf of a company must, in addition to the matters specified in section 321 of the Act subject to Part 3 of the Second Schedule, be in the form and state the matters specified in Part 1 of that Schedule and set out the reports specified in Part 2 of that Schedule.

**PART 2**

**NAMES**

4. (1) The name of a company must not be comprised entirely of general words but such general words must be prefixed by a distinctive word or initials unless the name has become established by a long and continuous prior use, but the Registrar may consider the name as a whole and not only its separate elements before disapproving a name.

(2) The Registrar may refuse incorporation or registration of a company the name of which contains—

(a) subject to subregulation (3), the word “**Montserrat**” or “**Alliouaguana**”; or

(b) a word or phrase that is obscene or connotes an undertaking that is scandalous, obscene or immoral.

(3) Despite subsection (2), the Governor acting on the advice of Cabinet may approve the use of the word “**Montserrat**” or “**Alliouaguana**” in the name of a company.”

*(Amended by Act 13 of 2013)*

5. A corporate name that may be confused with the name of a body corporate must not for that reason alone be prohibited if—

- (a) the request for that corporate name relates to a proposed company that is the successor to the business of the body corporate and the body corporate has ceased or will cease to carry on business.
- (b) the body corporate undertakes in writing to dissolve or to change its name within six months or such longer period as the Registrar may approve;
- (c) the corporate name sets out in numerals the year of incorporation in parenthesis immediately before the word **“limited”**, **“incorporated”**, or **“corporation”** or the abbreviation thereof, or before such other word as the Registrar may approve.

### PART 3

#### SHARE DESIGNATIONS

6. (1) A share must not be designated as a common share if—
- (a) it is a redeemable share;
  - (b) it does not participate in the remaining property of the company upon a dissolution.
- (2) A share must not be designated as a preference share unless it has at least one preference over shares of another class.

### PART 4

#### PROXIES AND CIRCULARS

7. A form of proxy must not confer authority to vote in respect of the appointment of an auditor or the election of a director unless a *bona fide* proposed nominee for the appointment or election is named in the form of proxy, a management proxy circular, a dissident’s proxy circular or a proposal under section 214 of the Act.

8. A management proxy circular that is sent to the Registrar must be accompanied by a statement signed by a director or officer that a copy of the circular has been sent to each director, each shareholder entitled to notice of the meeting to which the circular relates and to the auditor of the company.

### PART 5

#### FINANCIAL DISCLOSURE

9. The financial statements referred to in section 149 of the Act and the auditor’s report referred to in section 171 of the Act must, except as otherwise provided by this Part, be prepared in accordance with standards approved by the Institute of Chartered Accountants of the Caribbean or any other recognised supervisory body recognised as such by Order made by the Governor acting on the advice of Cabinet under section 158 of the Act. (*Amended by Act 9 of 2011*)

10. (1) The financial statements referred to in section 149 of the Act must contain at least—

- (a) a balance sheet;
- (b) a statement of retained earnings;
- (c) a statement of income; and
- (d) a statement of changes in financial position.

(2) Financial statements need not be designated by the names set out in paragraph (1)(a) to (d).

## PART 6

### EXEMPTION FROM PUBLIC DISCLOSURE OF FINANCIAL STATEMENT

**11.** In this Part “**disclosing company**” means a company referred to in section 150 of the Act.

**12.** Disclosure of information may be detrimental to a disclosing company within the meaning of section 150 of the Act, in addition to any other reason, where the disclosing company would be at a disadvantage—

- (a) in its dealings with suppliers, customers or others; or
- (b) because it deals in only one line of products or services and—
  - (i) its competitors are not required to make similar disclosure; or
  - (ii) its competitors deal in several lines of products or services and disclose information in a form that prevents identification of financial information in respect of any particular product or service.

**13. (1)** The Registrar may, on such reasonable conditions as he thinks fit, exempt a disclosing company from the application of 154(1) of the Act if—

- (a) the disclosing company is a subsidiary of a holding body corporate incorporated—
  - (i) under the laws of Montserrat;
  - (ii) outside Montserrat and the business of the disclosing company is not economically significant in Montserrat having regard to its products or services or its share of any market;
- (b) it sends to the Registrar for public disclosure a summary of its financial statements that are the subject of the application showing the amounts set out therein with respect to—
  - (i) current assets;
  - (ii) fixed assets;
  - (iii) other assets;
  - (iv) total assets;
  - (v) current liabilities;
  - (vi) long term liabilities;

- (vii) total liabilities;
  - (viii) shareholders' equity;
  - (ix) investments in affiliated bodies corporate;
  - (x) loans and advances from affiliated bodies corporate; and
  - (xi) percentage of change of gross revenue from the immediately preceding financial period; and
- (c) it sends to the Registrar for public disclosure consolidated financial statements for all of its affiliates that carry on business in Montserrat.

(2) The Registrar may, on such reasonable conditions as he thinks fit, exempt a disclosing company from the application of section 154(1) of the Act when the company is affiliated with another body corporate by reason only that some or all of its shares are held by another person—

- (a) in trust; or
- (b) subject to an agreement or arrangement under which, upon the fulfillment of a condition or the happening of an event that it is reasonable to expect will be fulfilled or will happen, the affiliation with the other body corporate will terminate.

(3) the Registrar, may on such conditions as he thinks fit, exempt a disclosing company from the application of section 154(1) of the Act where the company (hereinafter referred to as the “**controlled company**”) would be affiliated with another body corporate by reason of being controlled by the other body corporate or by reason of both bodies corporate being controlled by the same person (which body corporate or person so controlling the controlled company is hereinafter referred to as the “**controller**”) and—

- (a) the controlled company is a party to an agreement or arrangement under which, upon the fulfillment of a condition or the happening of an event that it is reasonable to expect will be fulfilled or will happen, the controlled company will—
  - (i) cease to be controlled by the controller; and
  - (ii) become controlled by a person with whom the controller deals at arms length; and
- (b) the principal reason for the control of the controlled company by the controller is to secure the interest of the controller in respect of—
  - (i) any loan made by the controller, the whole or part of which is outstanding; or
  - (ii) any shares issued by the controlled company that are held by the controller and that are, under the agreement or arrangement, to be redeemed by the controlled company or purchased by a person referred to in sub-paragraph (a)(ii).

**PART 7**

**APPLICATIONS FOR EXEMPTION**

**14.** This Part applies to every application for exemption under section 143, or section 154(3) or authorisation to omit under section 150 of the Act.

**15.** An application for an exemption or authorisation must be made to the Registrar in Form 28 in the Third Schedule.

**16. (1)** An application for an exemption under section 143 of the Act must be made before the date of the notice referred to in section 140(1) of the Act.

**(2)** An application for an authorisation to omit under section 150 or exemption under section 154(3) of the Act must be made at least sixty days before the documents in respect of which the authorisation or exemption requested are to be sent to the Registrar.

**(3)** Notwithstanding paragraph (1) or (2) the Registrar may, on such reasonable conditions as he thinks fit, extend the time for making an application for an authorisation or exemption.

**17.** The Registrar must, within thirty days after receipt of an application for an authorisation or exemption, grant the request or send to the applicant written notice of his refusal together with reasons therefor.

**18.** The Registrar may request that an applicant for an authorisation or exemption furnish him with further information or that any other person furnish him with information in writing that is relevant to the application.

**19.** The Registrar must furnish the applicant for an authorisation or exemption with a copy of any information received from any other person under regulation 18 and must allow the applicant a reasonable opportunity to respond in writing.

**20.** Where an applicant for an authorisation or exemption or a person from whom the Registrar has requested information under regulation 18 does not provide the information within a time specified by the Registrar, the Registrar may deal with the application without regard to the information.

**21.** If the Registrar does not grant an authorisation or exemption or send written notice of his refusal within the time specified in regulation 17, the applicant may exercise his rights under section 247 of the Act as if the Registrar has refused the exemption.

**PART 8**

**FORMS**

**22. (1)** Except as may be otherwise authorised herein, the forms in the Third Schedule are prescribed as the forms of documents to be sent to the Registrar or to be issued by him under the Act.

**(2)** A prescribed form other than the annual return, need not be in the prescribed form obtained from the Registrar but where the form is not obtained from the Registrar the form used must conform as closely as possible to the format of the prescribed form.

(3) The forms which are to be used in relation to the continuance of a company pursuant to Division D, Part 3 of the Act are to follow the forms prescribed in the Third Schedule for continuation of former Act companies with suitable modifications and adaptations.

(4) The documents prescribed by this regulation must be—

- (a) on good quality paper;
- (b) printed or typewritten; and
- (c) legible and suitable for microfilming or photocopying.

23. Where possible each individual item in a document must be set out in one or more sections, numbered in sequence, and each item must be preceded by an appropriate heading.

24. (1) Numbers in a document must be numerical and not in words.

(2) Information in a document must, where practical, be set out in tabular form.

25. (1) If an item of information required to be disclosed in a form does not apply, it must be so indicated by the phrase “**not applicable**” or by the abbreviation “N/A”.

(2) If information is set out in response to one item in a document, it may be referred to in response to any other item in that document by a cross reference.

26. (1) Where—

- (a) any provision required to be set out in a form furnished by the Registrar is too long to be set out in the space provided in the form: or
- (b) an agreement or other document is to be incorporated by reference in and to be part of the form,

the person completing the form may, subject to paragraph (2), incorporate the provision, agreement or other document in the form by setting out in the space provided in the form the following sentence:

**“The annexed Schedule, (or as the case may be) is incorporated in this form”** and by annexing the provision, agreement or other document to the form as that Schedule.

(2) A separate Schedule is required in respect of each item that is incorporated in a form by reference pursuant to paragraph (1).

PART 9

FEES

**27. (1)** Subject to this regulation, the fees payable under the Act are as follows:

		\$
(a)	For registration of a company having a share capital divided into shares .....	300
	For the registration of a company with a nominal capital not exceeding \$10,000 .....	300
	For the registration of a company whose nominal capital exceeds \$10,000, the fee of \$200 with the following additional fees regulated according to the amount of nominal capital, that is to say—	
	(i) For every additional \$5,000 of nominal capital or part of the nominal capital up to \$50,000 .....	25
	(ii) For every additional \$5,000 or part of \$5,000 after \$50,000.....	10
	For the registration of any increase of capital made after the first registration of the Company, the same fees per \$5,000 or part of \$5,000 as would be payable if the increased capital had formed part of the original capital at the time of registration	
(b)	For the registration of a company not having capital divided into shares	
	For the registration of a company with a membership exceeding 20 as stated in the articles of association .....	300
	For the registration of a company with a membership exceeding 20 but not exceeding 100 as stated in the articles of association .....	400
	For the registration of a company with a membership exceeding 100 but not stated to be unlimited in the articles of association, a fee of \$400 with an additional \$50 for every 50 members or less, after the first 100 .....	1,000
	For the registration of a Company with unlimited membership, as stated in the articles of association.....	25

	For the registration of an increase in the number of members made after the registration of the company in respect of every 50 members or less of such increase .....	50
	For certificate of incorporation .....	300
(c)	For restoring name of company to register .....	100
	For certificate of revival of restoration .....	150
(d)	For the registration of amendment of articles .....	150
	For certificate of amendment of articles .....	50
(e)	For certificate of restated articles of incorporation	50
(f)	For certificate of amalgamation of two companies	500
	– each additional company .....	100
(g)	For certificate of continuance under section 365; and for certificate of continuance under section 368 .....	100
(h)	To accompany a prospectus or statement in <i>lieu</i> of prospectus sent to the Registrar .....	200
(i)	For an exemption under section 143 .....	100
(j)	For an exemption under section 150 or 154 .....	100
(k)	For an uncertified copy of a document or part of a document, in addition to the fee for a search under subparagraph (m) (per page) .....	2
(l)	For certification of any document .....	50
(m)	For certificate or certification for which a fee is not provided .....	50
(n)	For search in person .....	20
	For search by Registry .....	50
(o)	For reservation of a name under section 514 .....	50
(p)	Filing a document unrelated to anything for which a fee is provided above .....	50
(q)	For annual return .....	200
	Late fee per day in default .....	25

(r)	For registration of intent to dissolve or revocation of intent to dissolve .....	100
(s)	For registration of articles of dissolution .....	100
(t)	For certificate of good standing .....	100
(u)	For filing notice of registered office .....	75
(v)	For filing notice of directors or notice of change of directors .....	75

(2) The fees payable in respect of a non-profit company shall, in *lieu* of the fees payable under paragraph 1(a) to (p), be 20% of the fees payable under paragraph 1(a) to (p).

(3) The Registrar may waive—

- (a) a fee payable under paragraph (1)(c) or (o); or
- (b) a late fee accruing for default in filing annual returns.

(4) If a fee is paid in respect of any application for exemption and the application is registered, withdrawn or abandoned, no part of the fee is returnable.

*(Substituted by S.R.O. 13/2014)*

## PART 10

### NON-PROFIT COMPANIES

**28. (1)** A non-profit company is exempted from sections 149 to 156 of the Act but the company must within fifteen days after its annual meeting, send to the Registrar a copy of its annual financial statement showing—

- (a) the assets and liabilities of the company in the form of a balance sheet; and
- (b) the revenue and expenditure of the company since the date of incorporation or the date of the previous financial statement.

(2) The annual financial statement mentioned in paragraph (1) must be accompanied by the report of the auditor of the company and must be approved by the directors of the company and the approval must be evidenced by the signature of one or more directors.

## PART 11

### BY-LAWS

**29.** The By-laws set out in the Fourth and Fifth Schedules may, with suitable modification and adaptation, be used as the general By-laws of a company and a non-profit company respectively.

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**FIRST SCHEDULE***(Section 305)***MATTERS TO BE SPECIFIED IN PROSPECTUS AND  
REPORTS TO BE SET OUT THEREIN****PART 1****MATTERS TO BE SPECIFIED**

1. The number of founders or management or deferred shares, if any, and the nature and extent of the interest of the holders in the property and profits of the company.
2. The number of shares, if any, fixed by the articles as the qualification of a director, and any provision in the articles as to the remuneration of the directors.
3. The names, descriptions and addresses of the directors or proposed directors.
4. Where shares are offered to the public for subscription, particulars as to—
  - (a) the minimum amount which, in the opinion of the directors, must be raised by the issue of those shares in order to provide the sums, or, if any part thereof is to be defrayed in any other manner, the balance of the sums, required to be provided in respect of the following matters—
    - (i) the cost of any property acquired or to be acquired which is to be defrayed in whole or in part out of the proceeds of the issue;
    - (ii) any preliminary expenses payable by the company, and any commission so payable to any person in consideration of his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for, any shares in the company;
    - (iii) the repayment of any moneys borrowed by the company in respect of any of the foregoing matters;
    - (iv) working capital; and
  - (b) the amounts to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the issue and the sources out of which those amounts are to be provided.
5. The time of the opening of the subscription lists.
6. The amount payable on application and allotment of each share, and, in the case of a second or subsequent offer of shares, the amount offered for subscription on each previous allotment made within two preceding years, the amount actually allotted, and the amount paid on the shares so allotted.
7. The number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the following particulars of the options, that is to say—

- (a) the period during which it is exercisable;
  - (b) the price to be paid for shares or debentures subscribed for under it;
  - (c) the consideration (if any) given or to be given for it or for the right to it;
  - (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures.
- 8.** The number and amount of shares and debentures which within the two preceding years have been issued, or agreed to be issued, as fully or partly paid or otherwise than in cash, and in the latter case the extent to which they are so paid and in either case the consideration for which those shares or debentures have been issued or are proposed or intended to be issued.
- 9.** **(1)** As respects any property to which this paragraph applies—
  - (a) the names and addresses of the vendors;
  - (b) the amount payable in cash, shares or debentures to the vendor and, where there is more than one separate vendor, or the company is a sub-purchaser, the amount so payable to each vendor;
  - (c) short particulars of any transaction relating to the property completed within the two preceding years in which any vendor of the property to the company or any person who is, or was at the time of the transaction, a promoter or a director or proposed director of the company had any interest direct or indirect.**(2)** The property to which this paragraph applies is property purchased or acquired by the company or proposed to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription other than property—
  - (a) the contract for the purchase or acquisition whereof was entered into in the ordinary course of the company's business the contract not being made in contemplation of the issue nor the issue in consequence of the contract; or
  - (b) as respects which amount of the purchase money is not material.
- 10.** The amount, if any, paid or payable as purchase money in cash, shares or debentures for property to which paragraph 9 applies, specifying the amount, if any, payable for goodwill.
- 11.** The amount, if any, paid within the two preceding years, or payable, as commission (but not including commission to sub-underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of the company, or the rate of any such commission.
- 12.** The amount or estimated amount of preliminary expenses.
- 13.** Any amount or benefit paid or given within two preceding years or intended to be paid or given to any promoter, and the consideration for the payment or the giving of the benefit.

14. The dates of, parties to, and general nature of every material contract, not being a contract entered into in the ordinary course of the business carried on or intended to be carried on by the company or a contract entered into more than two years before the date of issue of the prospectus, and a reasonable time and place at which any such material contract or a copy thereof may be inspected.

15. The names and addresses of the auditors, if any, of the company.

16. Full particulars of the nature and extent of the interest, if any, of every director in the promotion of, or in the property proposed to be acquired by, the company, or, where the interest of such a director consists in being a partner in a firm, the nature and extent of the interests of the firm, with a statement of all sums paid or agreed to be paid to him or to the firm in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the company.

17. If the prospectus invites the public to subscribe for shares in the company and the share capital of the company is divided into different classes of shares, the right of voting at meetings of the company conferred by, and the rights in respect of capital and dividends attached to the several classes of shares respectively.

18. In the case of a company which has been carrying on business, or of a business which has been carried on for less than three years, the length of time during which the business of the company or the business to be acquired, as the case may be, had been carried on.

## PART 2

### REPORTS TO BE SET OUT

19. (1) A report by the auditors of the company with respect to—

- (a) profits and losses and assets and liabilities, in accordance with subparagraph (2) or (3) as the case requires;
- (b) the rates of the dividends, if any, paid by the company in respect of each class of shares in the company in respect of each of the three financial years immediately preceding the issue of the prospectus, giving particulars of each such class of shares on which dividends have been paid in respect of any class of shares in respect of any of those,

and if no accounts have been made up in respect of any part of the period of three years ending on the date three months before the issue of the prospectus, containing a statement of the fact.

(2) If the company has no subsidiaries, the report must—

- (a) so far as regards to the statement of income, deal with the profits and losses of the company in respect of each of the three financial years immediately preceding the issue of the prospectus; and
- (b) so far as regards the balance sheet, deal with the assets and liabilities of the company at the closing date of the immediately preceding financial year.

**(3)** If the company has subsidiaries, the report must—

(a) so far as regards the statement of income, deal separately with the company's profits and losses as provided by subparagraph (2) and in addition, include—

(i) a consolidated statement of income of the company and its subsidiaries; or

(ii) individual statements of income of each subsidiary, or

instead of dealing separately with the company's profits and losses, deal as a whole with the profits and losses of the company and, so far as they concern shareholders, with the combined profits and losses of its subsidiaries; and

(b) so far as regards the balance sheet deal separately with the company's assets and liabilities as provided by subparagraph (2) and, in addition, include—

(i) a consolidated balance sheet of the company and its subsidiaries; or

(ii) individual balance sheets of each subsidiary and must indicate as respects the assets and liabilities of the subsidiaries the allowance to be made for persons other than shareholders.

**20.** If the proceeds, or any part of the proceeds, of the issue of the shares or debentures are or is to be applied directly or indirectly in the purchase of any business, a report made by accountants (who must be named in the prospectus) upon—

(a) the statements of income of the business in respect of each of the 3 financial years immediately preceding the issue of the prospectus; and

(b) the balance sheet of the business at the closing date of the immediately preceding financial year.

**21. (1)** If—

(a) the proceeds, or any part of the proceeds, of the issue of the shares or debentures are or is to be applied directly or indirectly in any manner resulting in the acquisition by the company of shares in any other body corporate; and

(b) by reason of that acquisition or anything to be done in consequence thereof or in connection therewith that body corporate will become a subsidiary of the company,

a report made by accountants (who must be named in the prospectus) upon—

(i) the statement of income of the other body corporate in respect of each of the three financial years immediately preceding the issue of the prospectus; and

(ii) the balance sheet of the other body corporate at the last date to which the accounts of the body corporate were made up.

**(2)** The said report must—

- (a) indicate how the profits or losses of the other body corporate dealt with by the report would, in respect of the shares to be acquired, have concerned shareholders and what allowance would have fallen to be made in relation to assets and liabilities so dealt with, for holders of other shares, if the company has at all material times held the shares to be acquired; and
- (b) where the other body corporate has subsidiaries deal with the profits or losses and the assets and liabilities of the body corporate and its subsidiaries in the manner provided by sub-paragraph (3) of paragraph 19 in relation to the company and its subsidiaries.

### PART 3

#### PROVISIONS APPLYING TO PARTS 1 AND 2 OF THIS SCHEDULE

**22.** Every person shall for the purpose of this Schedule, be deemed to be a vendor who has entered into contract, absolute or conditional, for the sale or purchase, or for any option of purchase, of any property to be acquired by the company, in any case where—

- (a) the purchase money is not fully paid at the date of the issue of the prospectus;
- (b) the purchase money is to be paid or satisfied wholly or in part out of the proceeds of the issue offered for subscription by the prospectus;
- (c) the contract depends for its validity of fulfillment on the result of that issue.

**23.** Where any property to be acquired by the company is to be taken on lease, this Schedule shall have effect as if the expression “**vendor**” included the lessor, and the expression “**purchase money**” included the consideration for the lease, and the expression “**sub-purchaser**” included a sub-lessee.

**24.** References in paragraph 7 to subscribing for shares or debentures shall include acquiring them from a person to whom they have been allotted or agreed to be allotted with a view to his offering them for sale.

**25.** For the purposes of paragraph 9 where the vendors or any of them are a firm, the members of the firm shall be treated as separate vendors.

**26.** If in the case of a company which has been carrying on business, or of a business which has been carried on, for less than three years, the accounts of the company or business have only been made up in respect of two years or one year. Part 2 shall have effect as if references to two years or one year, as the case may be, were substituted for references to three years.

**27.** The expression “**financial year**” in Part 2 means the year in respect of which the accounts of the company or business, as the case may be, are made up, and where by reason of any alteration of the date at which the financial year of the company or business terminates the accounts of the company or business have been made up for a period greater or less than a year, that greater or less period shall for the purpose of the said Part be deemed to be a financial year.

**28.** Any report by accountants required by Part 2 must be made by accountants qualified under the Act for appointment as auditors of a company.

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**SECOND SCHEDULE**

*(Section 321)*

**FORM OF STATEMENT IN *LIEU* OF PROSPECTUS TO BE DELIVERED TO REGISTRAR  
BY A COMPANY WHICH DOES NOT ISSUE A PROSPECTUS OR WHICH DOES NOT GO  
TO ALLOTMENT ON A PROSPECTUS ISSUED, AND REPORTS TO BE SET OUT  
THEREIN**

**Part 1**

**Form of Statement and Particulars to be contained therein**

The Companies Act

**STATEMENT IN *LIEU* OF PROSPECTUS DELIVERED FOR REGISTRATION BY**

*(Name of Company)*

---

Pursuant to section 321 of the Companies Act

Delivered for registration by the classes and any maximum number of shares that the company is authorised to issue.

Amount (if any) of above capital which consists of redeemable preference shares.

The earliest date on which the company has power to redeem these shares.

Names, descriptions and addresses of directors or proposed directors.

If the share capital of the company is divided into different classes of shares, the right of voting at meetings for the company conferred by, and the rights in respect of capital and dividends attached to, the several classes of shares respectively.

Number and amount of shares and debentures agreed to be issued as fully or partly paid otherwise than in cash.

The consideration for the intended issue of those shares and debentures.

Number, description and amount of any shares or debentures which any person has or is entitled to be given an option to subscribe for, or to acquire from a person to whom they have been allotted or agreed to be allotted with

a view to his offering them for sale.

Period during which option is exercisable.

Price to be paid for shares or debentures subscribed for or acquired under option.

Consideration for option or right to option.

Persons to whom option or right to option was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures.

Names and addresses of vendor of property purchased or acquired, or proposed to be purchased or acquired by the company except where the contract for its purchase or acquisition was entered into in the ordinary course of the business intended to be carried on by the company or the amount of the purchase money is not material.

Amount (in cash, shares or debentures) payable to each separate vendor.

Amount (if any) paid or payable (in cash or shares or debentures) for any such property, specifying amount (if any) paid or payable for goodwill.

Short particulars of any transaction relating to such property which was completed within the 2 preceding years and in which any vendor to the company or any person who is, or was at the time thereof, a promoter, director or proposed director of the company has any interest direct or indirect.

Amount (if any paid or payable as commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures in the company; or

Rate ..... of ..... the  
Commission .....

The number of shares, if any, which persons have agreed for a commission to subscribe absolutely.

Estimated amount of preliminary expenses.

By whom those expenses have been paid or are payable.

Amount paid or intended to be paid to any promoter.

Consideration ..... for ..... the  
payment .....

Any other benefit given or intended to be given to any promoter.

Consideration for giving of benefit.

Dates of, parties to, and general nature of every material contract (other than

contracts entered into in the ordinary course of the business intended to be carried on by the company or entered into more than two years before the delivery of this statement).

Time and place at which the contracts or copies thereof may be inspected.

Names and addresses of the auditors of the company (if any).

Full particulars of the nature and extent of the interest of every director in the promotion of or in the property proposed to be acquired by the company, or where the interests of such a director consists in being a partner in a firm, the nature and extent of the interest of the firm, with a statement of all sums paid or agreed to be paid to him or to the firm in cash or shares, or otherwise, by any person either to induce him to become, or to qualify him as, a director or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the company.

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(Signatures of the persons above-named as directors or proposed directors, or of their agents authorised in writing).

.....  
.....  
.....

Date .....

## PART 2

## REPORTS TO BE SET OUT

1. Where it is proposed to acquire a business, a report made by accountants (who must be named in the statement) upon—

- (a) the profits or losses of the business in respect of each of the three financial years immediately preceding the delivery of the statement to the Registrar; and
- (b) the assets and liabilities of the business at the last date to which the accounts of the business were made up.

2. (1) Where it is proposed to acquire shares in a body corporate which by reason of the acquisition or anything to be done in consequence thereof or in connection therewith will become a subsidiary of the company, a report made by accountants (who must be named in the statement) with respect to the profits and losses and assets and liabilities of the other body corporate in accordance with sub-paragraph (2) or (3) as the case requires, indicating how the profits or losses of the body corporate dealt with by the report would, in respect of the shares to be acquired, have concerned shareholders, and what allowance would have fallen to be made, in relation to assets and liabilities so dealt with, for holders of other shares, if the company had at all times held the shares to be acquired.

(2) If the other body corporate has no subsidiaries, the report referred to in sub-paragraph (1) must—

- (a) so far as regards the statement of income, deal with the profits or losses of the body corporate in respect of each of the three financial years immediately preceding the delivery of the statement to the Registrar; and
- (b) so far as regards the balance sheet, deal with the assets and liabilities of the body corporate at the closing date of the immediately preceding financial year.

(3) If the other body corporate has subsidiaries, the report referred to in sub-paragraph (1) must—

- (a) so far as regards the statement of income deal separately with the other body corporate's profits and losses as provided by sub-paragraph (2), and in addition include—
  - (i) a consolidated statement of income of the body corporate and its subsidiaries; or
  - (ii) individual statements of income of each subsidiary, or, instead of dealing separately with the other body corporate's profits and losses, deal as a whole with the profits and losses of the other body corporate and, so far as they concern shareholders of the other body corporate, with the combined profits and losses of its subsidiaries; and

- (b) so far as regards the balance sheet, deal separately with the other body corporate's assets and liabilities as provided by sub-paragraph (2) and, in addition, include—
- (i) a consolidated balance sheet of the company and its subsidiaries;  
or
  - (ii) individual balance sheets of each subsidiary,
- and must indicate as respects the assets and liabilities of the subsidiary the allowance to be made for persons other than shareholders of the body corporate.

### PART 3

#### PROVISIONS APPLYING TO PARTS I AND II OF THIS SCHEDULE

3. In this Schedule the expression “**vendor**” includes a vendor as defined in Part 3 of the First Schedule, and the expression “**financial year**” has the meaning assigned to it in that Part of the Schedule.
4. If in the case of a business which has been carried on, or of a body corporate which has been carrying on business, for less than three years, the accounts of the business, or body corporate have only been made up in respect of two years or one year, Part 2 shall have effect as if references to two years or one year, as the case may be, were substituted for references to three years.
5. Any report by accountants required by Part 2 must be made by accountants qualified under the Act for appointment as auditors of a company.
-

**THIRD SCHEDULE***(Regulation 22)***Forms 1 to 28****as contained hereinafter**

1. Articles of Incorporation
2. Articles of Incorporation Non-Profit Company
3. Certificate of Incorporation
4. Notice of Address or Notice of Change of Address of Registered Office
5. Articles of Amendment
6. Certificate of Amendment
7. Memorandum of Satisfaction
8. Registration of Enforcement of Security
9. Notice of Directors or Notice of Change of Directors
10. Form of Proxy
11. Management Proxy Circular
12. Dissident Proxy Circular
13. Restated Articles of Incorporation
14. Certificate of Incorporation with Restated Articles
15. Articles of Amalgamation
16. Certificate of Amalgamation
17. Articles of Continuance
18. Articles of Continuance Non-Profit Company
19. Certificate of Continuance
20. Articles of Re-organization/Arrangement
21. External Company Application for Registration
22. Certificate of Registration of External Company
23. Power of Attorney
24. External Company Annual Return
25. Company Annual Return
26. Application to Restore Name to the Register
27. Request for Name Search and Name Reservation
28. Application for Exemption

**FORM 1**

*(Section 5)*

**COMPANIES ACT OF MONTSERRAT**

**ARTICLES OF INCORPORATION**

1.	Name of Company	Company No.
2.	The classes and any maximum number of shares that the Company is authorised to issue	
3.	Restriction if any on share transfers	
4.	Number (or minimum and maximum number) of Directors	
5.	Restrictions if any on business the Company may carry on	
6.	Other provisions if any	
7.	Incorporators	Date

Name	Address	Signature

## COMPANIES ACT OF MONTSERRAT

## ARTICLES OF INCORPORATION

## FORM 1

## INSTRUCTIONS

*Format:*

Documents required to be sent to the Registrar pursuant to the Act must conform with Regulations 22 to 26 of the Regulations under the Act. Where any provision required to be set out is too long to be set out in the space provided in the form, the form may incorporate the provisions by annexing a schedule in the manner described in regulation 26 of the Regulations.

*Item 1:*

Set out a proposed corporate name that complies with sections 515 to 516 of the Act and with regulation 4 of the Regulations.

*Item 2:*

Set out the details required by section 5(1)(b) of the Act. All shares must be without nominal or par value and must comply with Division C of Part 1 of the Act.

*Item 3:*

If restrictions are to be placed on the right to transfer shares of the company, set out a statement to this effect and the nature of such restrictions.

*Item 4:*

State the number of directors. If cumulative voting is permitted, the number of directors must be invariable, otherwise it is permissible to specify a minimum and maximum number of directors.

*Item 5:*

If restrictions are to be placed on the business the company may carry on, set out the restrictions.

*Item 6:*

Any provision that is to form part of the Articles may be set out if the provision is permitted by the Act or regulations to be set out in the by-laws of the company or in a unanimous shareholder agreement including any pre-emptive rights or cumulative voting provisions.

*Item 7:*

Each incorporator must state his name, residential address and affix his signature. If an incorporator is a company, the address shall be that of the company, and the articles shall be signed by a person authorised by the company.

*Other documents:*

The Articles must be accompanied by— (a) Notice of Registered Office (Form 4); (b) Notice of Directors (Form 9); and (c) Request for Name Search and Name Reservation (Form 27) as completed by the Registrar unless name is reserved.

Completed documents in duplicate and the prescribed fee are to be deposited at the office of the Registrar.

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**FORM 2***(Sections 5 and 329)***COMPANIES ACT OF MONTserrat****ARTICLES OF INCORPORATION****NON-PROFIT COMPANY**

- 
1. Name of Company \_\_\_\_\_ Company No. \_\_\_\_\_
- 
2. The Company has no authorised share capital, is to be carried on without pecuniary gain to its members, and any profits or other accretions to the assets of the Company are to be used in furthering its undertaking:
- 
3. Restrictions on the undertaking that the Company may carry on:
- 
4. Number (or minimum and maximum number) of Directors:
- 
5. The address of the principal office or premises of the Company is:
- 
6. Other provisions, if any, e.g.
- (a) The interest of each member in the Company shall be transferable and shall not cease on death.
- (b) The members of the Company may at any time resolve to wind up the Company whereupon the assets of the Company, after payment of all debts and liabilities of the Company, shall be distributed in accordance with such provisions as are contained in Part 4 of the Companies Act as shall be applicable.
- 
7. The first Directors, each of whom shall become a member of the Company, are:

Date:.....

Name	Address	Signature

COMPANIES ACT OF MONTSERRAT

NON-PROFIT COMPANY

ARTICLES OF INCORPORATION

**FORM 2**

**INSTRUCTIONS**

*Format:*

Documents required to be sent to the Registrar pursuant to the Act must conform with regulations 22 to 26 of the Regulations under the Act. Where any provision required to be set out is too long to be set out in the space provided in the form, the form may incorporate the provisions by annexing a schedule in the manner described in regulation 26 of the Regulations.

*Item 1:*

Set out a proposed corporate name that complies with sections 515 to 516 of the Act and with regulation 4 of the Regulations.

*Item 2:*

These details are required by section 329(b) of the Act.

*Item 3:*

If restrictions are to be placed on the undertaking the company may carry on, set out the restrictions.

*Item 4:*

Where the undertaking of the company is of a social nature there must be stated the full address of the principal office or building that the company is maintaining.

*Item 5:*

Any provision that is to form part of the Articles may be set out if the provision is permitted by the Act or Regulations to be set out in the by-laws of the company.

*Item 6:*

State name and addresses of first Directors.

*Other documents:*

The Articles must be accompanied by—

- (a) Notice of Registered Office (Form 4)
- (b) Notice of Directors (Form 9); and
- (c) Request for Name Search and Name Reservation (Form 27) unless name is reserved.

Section 328(1) provides that no articles may be accepted for filing without the prior approval of the Governor acting on the advice of Cabinet. Accordingly the Articles must also be accompanied by written evidence of such approval.

Completed documents in duplicate and the prescribed fee are to be deposited at the office of the Registrar.

*Note:*

Form 2 should also be used for Restated Articles of Incorporation of a non-profit Company. When so used it should be headed accordingly and conclude with the following paragraph—

**“The foregoing restated Articles of Incorporation correctly set out without substantive change the corresponding provisions of the Articles of Incorporation as amended and supersede the original Articles of Incorporation.”**

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**FORM 3**

\_\_\_\_\_  
Company No.

COMPANIES ACT OF MONTSERRAT

**CERTIFICATE OF INCORPORATION**

\_\_\_\_\_  
Name of Company

I hereby certify that the above-mentioned Company, the Articles of Incorporation of which are attached, was incorporated under the Companies Act of Montserrat.

\_\_\_\_\_  
Registrar of Companies

\_\_\_\_\_  
Date of Incorporation

\_\_\_\_\_

**FORM 4***(Section 176(1) and (2))*

## COMPANIES ACT OF MONTSERRAT

**NOTICE OF ADDRESS  
OR  
NOTICE OF CHANGE OF ADDRESS  
OF REGISTERED OFFICE**

---

1. Name of Company	2. Company No.
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---

3. Address of Registered Office

---

4. Mailing Address

---

5. If change of address, give previous address of Registered Office.

Date	Signature	Title

COMPANIES ACT OF MONTSERRAT

**NOTICE OF REGISTERED OFFICE**

**FORM 4**

**INSTRUCTIONS**

*Format:*

Documents required to be sent to the Registrar pursuant to the Act must conform to regulations 22 to 26 of the Regulations under the Act.

*Item 1:*

Set out the full legal name of the company and except where a number has not yet been assigned, state company number.

*Item 3:*

Set out in full the location of the registered office including street address and, if multi-office building, room number.

*Item 4:*

Mailing address may include post office box number, if mailing address is the same as in item 3, state **“same as above.”**

*Item 5:*

This item needs to be completed only if there is a change in the location or address of the registered office.

*Signature:*

A director or an authorised officer of the company shall sign the notice. Upon incorporation, an incorporator shall sign the notice.

*Service of Documents:*

Note that documents may, under section 513 of the Act, be sent to or served upon the company at its registered office.

Completed document, in duplicate, is to be deposited at the office of the Registrar.

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**FORM 5***(Sections 32 and 216)*

## COMPANIES ACT OF MONTSERRAT

**ARTICLES OF AMENDMENT**

- 
- |                         |                     |
|-------------------------|---------------------|
| 1.      Name of Company | 2.      Company No. |
|-------------------------|---------------------|
- 
3.      The articles of the above named company are amended as follows:

Date	Signature	Title

---

COMPANIES ACT OF MONTSERRAT

ARTICLES OF AMENDMENT

**FORM 5**

**INSTRUCTIONS**

*Format:*

Documents required to be sent to the Registrar pursuant to the Act must conform to regulations 22 to 26 of the Regulations under the Act.

*General*

- (a) Any change in the Articles of the company must be made in accordance with section 32 or 216 of the Act. If an amendment is to change a corporate name, the new name must comply with sections 515 to 516 of the Act and with regulation 5 of the Regulations. Where a new name has not been reserved a copy of Request of Name Search and Name Reservation (Form 27) should be attached.
- (b) Each amendment must correspond to the appropriate provisions of the Articles being amended, e.g. sections, subsections, clauses, etc.
- (c) A director or authorised officer shall sign the Articles.
- (d) Articles of Amendment designating a series of shares shall be accompanied by a copy of the director's resolution authorizing the issue of a series of shares under section 32 of the Act. The resolution may be attached as a schedule in accordance with regulation 27 of the Regulations.
- (e) Articles of Amendment except Articles referred to in (d) above, shall be accompanied by a copy of the authorizing special resolution required under sections 213 to 216 of the Act. The resolution may be attached as a schedule in accordance with regulation 27 of the Regulations.

*Other Notices*

The Articles must be accompanied by Notice of Registered Office (Form 4) or Notice of Change of Directors (Form 9) if there has been a change in registered office or a change of Directors.

Completed documents, in duplicate, and the prescribed fee are to be deposited at the office of the Registrar.

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**FORM 6**

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Company No.

## COMPANIES ACT OF MONTSERRAT

**CERTIFICATE OF AMENDMENT**

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Name of Company

I hereby certify that the Articles of the above-mentioned Company were amended.

\_\_\_\_\_  
Under section 14 of the Companies Act in accordance with the attached notice.

\_\_\_\_\_  
Under section 32 of the Companies Act as set out in the attached Articles of Amendment designating a series of shares.

\_\_\_\_\_  
Under section 216 of the Companies Act as set out in the attached Articles of Amendment/Reorganisation/Arrangement/Order.

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Registrar of Companies

---

Date of Amendment

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**FORM 7**

*(Section 260(1))*

**COMPANIES ACT OF MONTSERRAT**

**MEMORANDUM OF SATISFACTION**

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1.      Name of Company	2.      Company No.
-------------------------	---------------------

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3.      Property or undertaking charged

---

4.      Particulars of satisfaction

Date	Signature	Title

\_\_\_\_\_

## COMPANIES ACT OF MONTSERRAT

## MEMORANDUM OF SATISFACTION

## FORM 7

## INSTRUCTIONS

*Format:*

Documents required to be sent to the Registrar pursuant to the Act must conform to regulations 22 to 26 of the Regulations under the Act.

*Item 1:*

Set out the full legal name of the company and, except where a number has not been assigned, state the company number.

*Item 3:*

Set out the property or undertaking charged.

*Item 4:*

Set out the appropriate particulars; see section 260(1).

*Signature:*

A director or authorised officer of the company shall sign the memorandum.

Completed document, in duplicate, is to be deposited at the office of the Registrar.

---

**FORM 8**

*(Section 264)*

**COMPANIES ACT OF MONTSERRAT**

**REGISTRATION OF ENFORCEMENT OF SECURITY**

1.	Name of Company	Company No.
2.	Name of Person	
3.	(a) The above-mentioned person has obtained an order for the appointment of a receiver of .....	
	(b) The above-mentioned person has appointed a receiver of .....	
	(c) The above-mentioned person has entered possession of .....	
	(d) The above-mentioned person who was appointed receiver of ..... has ceased to act as such receiver.	
	(e) The above-mentioned person having entered into possession of ..... has gone out of possession.	

Date	Signature	Title

## COMPANIES ACT OF MONTSERRAT

## REGISTRATION OF ENFORCEMENT OF SECURITY

## FORM 8

## INSTRUCTIONS

*Format:*

Documents required to be sent to the Registrar pursuant to the Act must conform to regulations 22 to 26 of the Regulations under the Act.

*Item 1:*

Set out the full legal name of the company and, except where a number has not been assigned, state the company number.

*Item 2:*

State the name of the person seeking the registration.

*Item 3:*

Set out the appropriate particulars; see section 264(1) and (2).

*Signature:*

The person registering the document shall add his signature. Completed document, in duplicate, is to be deposited at the office of the Registrar.

---

**FORM 9**

*(Sections 68 and 76)*

**COMPANIES ACT OF MONTSERRAT**

**NOTICE OF DIRECTORS**

**OR**

**NOTICE OF CHANGE OF DIRECTORS**

---

1. Name of Company 2. Company No.

3. Notice is given that on the ..... day of ..... ,  
20..... the following person(s) was/were appointed director(s):

Name	Mailing Address	Occupation

4. Notice is given that on the ..... day of ..... ,  
20..... the following person(s) ceased to hold office as director(s):

Name	Mailing Address

5. The directors of the company as of this date are:

Name	Mailing Address	Occupation

Date	Signature	Title

\_\_\_\_\_

COMPANIES ACT OF MONTSERRAT

**NOTICE OF DIRECTORS**

**FORM 9**

**INSTRUCTIONS**

*Format:*

Documents required to be sent to the Registrar pursuant to Act must conform to regulations 22 to 26 of the Regulations under Act.

*Item 1:*

Set out the full legal name of the company and, except where number has not been assigned, state the company number.

*Items 3, 4, 5:*

With respect to each director—

- (a) set out first given name, initial and family name;
- (b) state full residential address; and
- (c) specify occupation clearly, e.g. manager, farmer, geologist.

*Signature:*

A director or authorised officer of the company shall sign notice. Upon incorporation, an incorporator shall sign the notice.

Completed document, in duplicate, is to be deposited at office of the Registrar.

**FORM 10***(Section 140(1))*

## COMPANIES ACT OF MONTSERRAT

**FORM OF PROXY**


---

1.	Name of Company	Company No.
----	-----------------	-------------

---

2.	Particulars of Meeting
----	------------------------

---

I/We .....  
 of .....  
 Shareholder(s) in the above Company appoint(s) .....  
 .....  
 of .....  
 or .....  
 of .....  
 to be my/our proxy at the above meeting and any adjournment thereof.

Signature(s)

Date

---

**FORM 11**

*(Section 141)*

**COMPANIES ACT OF MONTSERRAT**

**MANAGEMENT PROXY CIRCULAR**

1.	Name of Company	Company No.
2.	Particulars of Meeting	
3.	Solicitation	
4.	Any director's statement submitted pursuant to section 73(2)	
5.	Any auditor's statement submitted pursuant to section 170(1)	
6.	Any shareholder's proposal and/or statement submitted pursuant to section 113(a) and 114(2)	

Date	Signature	Title

## COMPANIES ACT OF MONTSERRAT

## MANAGEMENT PROXY CIRCULAR

## FORM 11

## INSTRUCTIONS

*Format:*

Documents required to be sent to the Registrar pursuant to the Act must conform to regulations 22 to 26 of the Regulations under the Act.

*Item 1:*

Set out the full legal name of the company and, except where number has not been assigned, state the company number.

*Item 2:*

State full particulars of the meeting including the date, place and time.

*Item 3:*

Set out the solicitation being made by the management of the company.

*Item 4:*

Any director's statement submitted pursuant to section 73(2) shall, unless it is included in or attached to a management proxy circular, be sent to every shareholder entitled to receive notice of the meeting and to the Registrar: section 73(3).

*Item 5:*

Any auditor's statement submitted pursuant to section 170 shall, unless it is included in or attached to management proxy circular, be sent to every shareholder entitled to receive notice of the meeting and to the Registrar: section 170(2).

*Item 6:*

Any proposal submitted by a shareholder pursuant to section 113 and any statement pursuant to section 114(2), must be set out in the management proxy circular or attached thereto.

*Signature:*

A director or authorised officer of the company shall sign the circular.

---

**FORM 12**

*(Section 141)*

**COMPANIES ACT OF MONTSERRAT**

**DISSIDENT PROXY CIRCULAR**

1.	Name of Company	Company No.
2.	Particulars of Meeting	
3.	Name of person soliciting	
4.	Solicitation	

Signature

Date

\_\_\_\_\_

## COMPANIES ACT OF MONTSERRAT

**DISSIDENT PROXY CIRCULAR****FORM 12****INSTRUCTIONS***Format:*

Documents required to be sent to the Registrar pursuant to the Act must conform to regulations 22 to 26 of the Regulations under the Act.

*Item 1:*

Set out the full legal name of the company and, except where a number has not been assigned, state the company number.

*Item 2:*

State full particulars of the meeting including the date, place and time.

*Item 3:*

State the full name and address of the person soliciting.

*Item 4:*

Set out the solicitation being made.

*Signature:*

The person soliciting shall sign the circular.

---

**FORM 13**

*(Section 218)*

**COMPANIES ACT OF MONTSERRAT**

**RESTATED ARTICLES OF INCORPORATION**

1.	Name of Company	2.	Company No.
3.	The classes and any maximum number of shares that the company is authorised to issue.		
4.	Restrictions if any on share transfers.		
5.	Number (or minimum and maximum number) of directors.		
6.	Restrictions if any on business the company may carry on.		
7.	Other provisions if any.		

The foregoing restated articles of incorporation correctly set out without substantive change the corresponding provisions of the articles of incorporation as amended and supersede the original articles of incorporation.

Date	Signature	Title

## COMPANIES ACT OF MONTSERRAT

## RESTATED ARTICLES OF INCORPORATION

## FORM 13

## INSTRUCTIONS

*Format:*

Documents required to be sent to the Registrar pursuant to the Act must conform with regulations 22 to 26 of the Regulations under the Act. Where any provision required to be set out is too long to be set out in the space provided in the form, the form may incorporate the provisions by annexing a schedule in the manner described in regulation 26 of the regulations.

*General:*

Restated Articles of Incorporation shall set out without substantive change the Articles of Incorporation as previously amended.

*Items 1 and 2:*

Set out the full legal name of the company and company number.

*Item 3:*

Set out the details required by section 5(1)(b) of the Act including details of rights, privileges, restrictions and conditions attached to each class of shares. All shares must be without nominal or par value and must comply with the provisions of Division C of Part 1 of the Act.

*Item 4:*

If restrictions are to be placed on the right to transfer shares of the company set out a statement to this effect, and the nature of such restrictions.

*Item 5:*

State the number of directors. If cumulative voting is permitted the number of directors must be invariable, otherwise it is permissible to specify a minimum and maximum number of directors.

*Item 6:*

If restrictions are to be placed on the business the company may carry on, set out the restrictions.

*Item 7:*

Any provision that is to form part of the Articles may be set out if the provision is permitted by the Act or Regulations to be set out in the byelaws of the company or in a unanimous shareholder agreement including any pre-emptive rights or cumulative voting provisions.

*Signature:*

A director or authorised officer of the company shall sign the Articles.

Completed documents, in duplicate, and the prescribed fee are to be deposited at the office of the Registrar.

\_\_\_\_\_

**FORM 14**

---

Company No.

## COMPANIES ACT OF MONTSERRAT

**CERTIFICATE OF INCORPORATION WITH  
RESTATED ARTICLES**

---

Name of Company

I hereby certify that the Articles of Incorporation of the above-mentioned company were restated under section 218 of the Companies Act as set out in the attached Restated Articles of Incorporation.

---

Registrar of Companies

---

Date of Restatement

---

**FORM 15**

*(Section 224)*

**COMPANIES ACT OF MONTSEERRAT**

**ARTICLES OF AMALGAMATION**

1.	Name of Company	2.	Company No.
3.	The classes and any maximum number of shares that the company is authorised to issue.		
4.	Restrictions if any on share transfers.		
5.	Number (or minimum and maximum number) of directors.		
6.	Restrictions if any on business the company may carry on.		
7.	Other provisions if any.		
8.	Names of amalgamating Companies	Company No.	

Date	Signature	Title

## COMPANIES ACT OF MONTSERRAT

## ARTICLES OF AMALGAMATION

## FORM 15

## INSTRUCTIONS

*Format:*

Documents required to be sent to the Registrar pursuant to the Act must conform with regulations 22 to 26 of the Regulations under the Act. Where any provision required to be set out is too long to be set out in the space provided in the form, the form may incorporate the provisions by annexing a schedule in the manner described in regulation 26 of the Regulations.

*Items 1 and 2:*

Set out proposed corporate name that complies with sections 515 to 516 of the Act and with regulation 5 of the Regulations, and the company number. If a proposed name has not been reserved under section 514 of the Act, the Articles of amalgamation must be accompanied by a statement setting out the main types of business to be carried on by the amalgamated company.

*Item 3:*

Set out the details required by section 5(1)(b) of the Act. All shares must be without nominal or par value and must comply with Division C of Part 1 of the Act.

*Item 4:*

If restrictions are to be placed on the right to transfer shares of the company, set out a statement to this effect and the nature of such restrictions.

*Item 5:*

State the number of directors. If cumulative voting is permitted, the number of directors must be invariable, otherwise it is permissible to specify a minimum and maximum number of directors.

*Item 6:*

If restrictions are to be placed on the business the company may carry on, set out the restrictions.

*Item 7:*

Any provision that is to form part of the Articles may be set out if the provision is permitted by the Act or Regulations to be set out in the by-laws of the company or in a unanimous shareholder agreement, including any pre-emptive rights or cumulative voting provisions.

*Other Notices and Documents:*

(1) The Articles must be accompanied by a Notice of Registered Office (Form 4), a Notice of Directors (Form 9), and a statutory declaration of a director or

authorised officer of each amalgamating company in accordance with section 224(2) of the Act.

(2) If the amalgamation is effected under section 221 of the Act, the Articles must be accompanied by a copy of the amalgamation agreement and a copy of the required special resolution of shareholders of each amalgamating company.

(3) If the amalgamation is effected under section 222 or 223 of the Act, the Articles must be accompanied by a copy of the required director's resolution of each amalgamating company.

Completed documents, in duplicate, and the prescribed fee are to be deposited at the office of the Registrar.

---

**FORM 16**

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Company No.

COMPANIES ACT OF MONTSERRAT

**CERTIFICATE OF AMALGAMATION**

---

Name of Company

I hereby certify that the above-mentioned company resulted from the amalgamation of the companies as set out in the attached Articles of Amalgamation.

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Registrar of Companies

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Date of Amalgamation

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**FORM 17**

*(Section 364)*

**COMPANIES ACT OF MONTSERRAT**

**ARTICLES OF CONTINUANCE**

1.	Name of Company	2.	Company No.
3.	The classes and any maximum no. of shares that the company is authorised to issue.		
4.	Restrictions if any on share transfers.		
5.	Number (or minimum or maximum number) of directors.		
6.	Restrictions if any on business the company may carry on.		
7.	If change of name effected, previous name.		
8.	Details of incorporation.		
9.	Other provisions if any.		

Date	Signature	Title

## COMPANIES ACT OF MONTSERRAT

## COMPANIES LIMITED BY SHARES ARTICLES OF CONTINUANCE

## FORM 17

## INSTRUCTIONS

*Format:*

Documents required to be sent to the Registrar pursuant to the Act must conform with regulations 22 to 26 of the Regulations under the Act. Where any provision required to be set out is too long to be set out in the space provide in the form, the form may incorporate the provisions by annexing a schedule in the manner described in regulation 26 of the Regulations.

*Item 1:*

Set out the full legal name of the company.

*Item 3:*

Set out the details required by section 5(1)(b) of the Act. All shares must be without nominal or par value and must comply with Division C of Part 1 of the Act. Par value shares issued by a company before continuance are deemed to be shares without nominal or par value section 25(3).

*Item 4:*

If restrictions are to be placed on the right to transfer shares of the company, set out a statement to this effect and the nature of such restrictions.

*Item 5:*

State the number of directors. If cumulative voting is permitted, the number of directors must be invariable, otherwise it is permissible to specify a minimum and maximum number of directors.

*Item 6:*

If restrictions are to be placed on the business the company may carry on, set out the restrictions.

*Item 9:*

Any provision that is to form part of the Articles may be set out if the provision is permitted by the Act or regulations to be set out in the by-laws of the company or in a unanimous shareholder agreement, including any pre-emptive rights to cumulative voting provisions.

*Signature:*

A director or authorised officer of the company shall sign the Articles.

*Other Documents:*

The Articles must be accompanied by Notice of Registered Office (Form 4) and Notice of Directors (Form 9).

Completed documents, in duplicate and the prescribed fee are to be deposited at the office of the Registrar.

\_\_\_\_\_

**FORM 18***(Section 364)*

## COMPANIES ACT OF MONTserrat

**ARTICLES OF CONTINUANCE****NON-PROFIT COMPANY**

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1.	Name of Company	Company No.
----	-----------------	-------------

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2.	The Company has no authorised share capital, is to be carried on without pecuniary gain to its members, and any profits or other accretions to the assets of the Company are to be used in furthering its undertaking
----	---

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3.	Restrictions on the undertaking that the Company may carry on:
----	--

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4.	Number (or minimum and maximum number) of directors:
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5.	The address of the principal office or premises of the Company is:
----	--

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6.	If change of name affected, previous name:
----	--

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7.	Details of incorporation:
----	---------------------------

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8.	Other provisions if any, e.g.
----	-------------------------------

(a) the interest of each member in the Company shall be transferable and shall not cease on death;

(b) The members of the Company may at any time resolve to wind up the Company whereupon the assets of the Company, after payment of all debts and liabilities of the Company shall be distributed in accordance with such provisions as are contained in Part 4 of the Companies Act as shall be applicable.

Date	Signature	Title

**FORM 18**

**COMPANIES ACT OF MONTSERRAT**

**ARTICLES OF CONTINUANCE NON-PROFIT COMPANY**

**INSTRUCTIONS**

*Format:*

Documents required to be sent to the Registrar pursuant to the Act must conform with regulations 22 to 26 of the Regulations under the Act. Where any provision required to be set out is too long to be set out in the space provided in the form, the form may incorporate the provisions by annexing a schedule in the manner described in regulation 26 of the Regulations.

*Item 1:*

Set out the full legal name of the company.

*Item 2:*

These details are required by section 329(b) of the Act.

*Item 3:*

If restrictions are to be placed on the undertaking the company may carry on, set out restrictions.

*Item 5:*

Where the undertaking of the company is of a social nature there must be stated the full address of the clubhouse or similar building that the company is maintaining.

*Item 8:*

Any provision that forms part of the Articles may be set out if the provision is permitted by the Act or Regulations to be set out in the by-laws of the company.

*Signature:*

A director or authorised officer of the company shall sign the Articles.

*Other Documents:*

The Articles must be accompanied by Notice of Registered Office (Form 4) and Notice of Directors (Form 9).

Completed documents, in duplicate, and the prescribed fee are to be deposited at the office of the Registrar.

---

**FORM 19**

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Company No.

## COMPANIES ACT OF MONTSERRAT

**CERTIFICATE OF CONTINUANCE**

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Name of Company

I hereby certify that the above-mentioned company was continued, as set out in the attached Articles of Continuance, under section 365 of the Companies Act.

---

Registrar of Companies

---

Date of continuance

---

**FORM 20**

(Sections 236 and 237)

## COMPANIES ACT OF MONTSERRAT

## ARTICLES OF RE-ORGANISATION/ARRANGEMENT

- |    |   |             |
|----|---|-------------|
| 1. | Name of Company   | Company No. |
| 2. | In accordance with the order for re-organisation/arrangement, the Articles of Incorporation are amended as follows: |             |

Date	Signature	Title

**FORM 20**

## COMPANIES ACT OF MONTSERRAT

**ARTICLES OF RE-ORGANISATION/ARRANGEMENT****INSTRUCTIONS***Format:*

Documents required to be sent to the Registrar pursuant to the Act must conform to regulations 22 to 26 of the Regulations under the Act.

*General:*

- (a) This document shall set out the amendments to the Articles in accordance with the court order pursuant to section 236 or 237 as the case may be.
- (b) The amendments must relate to the corresponding provisions of the Articles being amended, e.g. sections, subsections, clauses, etc.

*Signature:*

A director or officer authorised by the Company or the court shall sign the Articles.

*Other Documents:*

The Articles must be accompanied by—

- (a) A copy of the court order; and
- (b) Notice of change of Address of Registered Office (Form 4) or Notice of Change of Directors (Form 9) if there is a change in registered office or a change of directors.

Completed documents, in duplicate, and the prescribed fee are to be deposited at the office of the Registrar.

---

**FORM 21**

*(Section 344)*

**COMPANIES ACT OF MONTSERRAT**

**EXTERNAL COMPANY**

**APPLICATION FOR REGISTRATION**

1.	Name of Company	Company No.
2.	Address of Registered or Head Office:	
3.	Address of Principal Office:	
4.	Corporate Structure	
	(a) Jurisdiction in which incorporated:	
	(b) Date and manner of incorporation:	
	(c) Period fixed for duration of company:	
	(d) Extent to which liability of shareholders limited:	

5. Name of Shareholder			Address of Shareholder		Class and number of shares held	
6. Share Capital			Purchased by Company		Redeemed by Company	
Class of Shares	Number issued and outstanding	Amount of stated capital	In last financial period	Cumulative Total	In last financial period	Cumulative Total

7.	Main types of business carried on and the date on which Company intends to commence any of its operations in Montserrat.					
8.	The Directors of the Company are:					
	Full Name	Address		Occupation		
9.	Documents attached are:					
	<p>(a) Varied copy of corporate instruments defining constitution of Company;</p> <p>(b) Power of Attorney in accordance with section 346;</p> <p>(c) Statutory declaration by Directors;</p> <p>(d) Statutory declaration by Attorney-at-law;</p>					
	Date	Signature		Title		

(Substituted by Act 13 of 2013)

\_\_\_\_\_

**FORM 21**

COMPANIES ACT OF MONTSERRAT

EXTERNAL COMPANY

**APPLICATION FOR REGISTRATION**

**INSTRUCTIONS**

*Item 1:*

Set out full legal name of company.

*Item 2 and 3:*

Set out address in full, such as street, number and if multi-office building, room number and postal code.

*Item 4:*

Give date, jurisdiction and manner of incorporation and particulars of its corporate instruments, including the period, if any, fixed by its corporate instruments for its duration.

*Item 5:*

State the particulars required by section 344(1)(b) of the Act.

*Item 6:*

State the particulars required by section 344(1)(k) of the Act.

*Item 7:*

State the main actual business or businesses of the company, and the date on which the company intends to commence any of its operations in Montserrat.

*Item 8:*

With respect to each director, set out first given name, initial and family name and full residential address. Also specify occupation.

*Item 9:*

An authenticated copy of each of its corporate instrument with up-to-date amendments must be obtained from an appropriate official of jurisdiction where the company is incorporated or deemed to be incorporated.

There must also accompany the statement the statutory declarations required by section 344(2)(a) of the Act one of which must include a declaration that the Company is a validly existing Company.

*Signature:*

A director or authorised officer of the company or an attorney-at-law shall sign the application.

Completed instruments, in duplicate and the prescribed fee are to be deposited at the office of the Registrar.

*(Substituted by Act 13 of 2013)*

\_\_\_\_\_

**FORM 22**

\_\_\_\_\_  
Company No.

**COMPANIES ACT OF MONTSERRAT**

**CERTIFICATE OF REGISTRATION  
OF EXTERNAL COMPANY**

\_\_\_\_\_  
Name of Company

I hereby certify that the above-mentioned company, was registered as an external company under the Companies Act.

\_\_\_\_\_  
Registrar of Companies

\_\_\_\_\_  
Date of Registration

\_\_\_\_\_

**FORM 23***(Section 346)*

## COMPANIES ACT OF MONTSERRAT

**POWER OF ATTORNEY**

Know all men by these presents that

---

Name and address of external company

(hereinafter called the “**Company**”)

hereby appoints:

---

Name and address of attorney:

---

its true and lawful attorney, to act as such, and as such to sue and be sued, plead and be impleaded in any court in Montserrat, and generally on behalf of the Company within Montserrat to accept service of process and to receive all lawful notices and, for the purposes of the Company to do all the acts and to execute all deeds and other instruments relating to the matters within the scope of this power of attorney. It is hereby declared that service of process in respect of suits and proceedings by or against the Company and of lawful notices on the attorney will be binding on the Company for all purposes. Where more than one person is hereby appointed attorney, any one of them, without the others, may act as true and lawful attorney of the Company.

This appointment revokes all previous appointments in so far as such appointments relate to the scope of the powers prescribed by this power.

Date	Signature	Title

COMPANIES ACT OF MONTSEERRAT

**CONSENT TO ACT AS ATTORNEY**

I, .....  
Name of Attorney

of .....  
Business Address

hereby consent to act as attorney for .....  
pursuant to the Power of Attorney dated the .....  
filed herewith.

Dated this ..... day of ....., 20..... .

WITNESS: Signature .....

Signature of Attorney

Address .....

.....

.....

.....

Occupation .....

.....

\_\_\_\_\_

## COMPANIES ACT OF MONTSERRAT

## POWER OF ATTORNEY

## FORM 23

## INSTRUCTIONS

- (a) Set out full legal name and foreign address of company.
- (b) Set out first given name, initial and family name of attorney.
- (c) Set out the business address of the attorney in full.
- (d) A company may appoint several persons as its attorney. The appointment of a law firm or any other firm as an attorney will not be accepted.
- (e) The filing of a power of attorney revokes all previous appointments.
- (f) Where more than one attorney is appointed, consent of each attorney is required. In this event, write in the space provided for consent to act as Attorney.

**“The annexed Schedule 1 is incorporated in this form,”** and annex as Schedule 1 consent to act as Attorney amended to provide for the number of attorneys appointed. Completed form, in duplicate, is to be deposited at the office of the Registrar.

---

**FORM 24**

*(Section 356)*

**COMPANIES ACT OF MONTSERRAT**

**EXTERNAL COMPANY ANNUAL RETURN**

1.      Name of Company      Return for year ending:

Address of Registered or Head Office:      Company No.

Address of principal office, if any, in Montserrat      Date of Registration:

---

2.      List any changes in corporate structure:

3.	Name of Shareholder	Address of Shareholder			Class and number of shares held	
4.	Share Capital	Purchased by Company			Redeemed by Company	
	Class of Shares	Number issued and outstanding	Amount of stated capital	In last financial period	Cumulative Total	In last financial period

---

5. Main type of business carried on:

---

6. Name and address of Attorney or Attorneys appointed under section 346:

---

7. Director(s) of Company:

Full Name	Address	Occupation

Date	Signature	Title

*(Substituted by Act 13 of 2013)*

\_\_\_\_\_

**FORM 25**

*(Section 194)*

**COMPANIES ACT OF MONTSERRAT**

**COMPANY ANNUAL RETURN**

1. Name of Company Return for year ending:

Address of Registered or Head Office: Company No.

Address of principal office, if any, in Montserrat Date of Registration:

---

2. List any changes in corporate structure:

3. Names		Address			Class and number of shares	
Share Capital		Purchased by Company			Redeemed by Company	
Class of Shares	Number issued and outstanding	Amount of stated capital	In last financial period	Cumulative Total	In last financial period	Cumulative Total

---

4. Main type of business carried on:

---



---

5. Director(s) of Company:

---

Full Name	Address	Occupation

Date	Signature	Title

.....  
Director/Secretary  
(name in block)

.....  
Signature

.....  
Date

*(Inserted by S.R.O. 3/2003)*

\_\_\_\_\_

**FORM 26**

*(Section 511(5))*

**COMPANIES ACT OF MONTserrat  
APPLICATION TO RESTORE NAME TO THE REGISTER**

1. Name of Company Company No. .

2. Date company struck off register

3. Full address of registered office if incorporated under the laws of Montserrat

4. Full address of registered or principal office if incorporated other than under the laws of Montserrat.

5. The Directors of the company are:

Full Name	Address	Occupation

Date	Signature	Title

\_\_\_\_\_

**FORM 27**

## COMPANIES ACT OF MONTSERRAT

**REQUEST FOR NAME SEARCH AND NAME RESERVATION**

1. Name, address and telephone number of person making request:

Telephone No:

- 
2. Proposed name or names in order of preference:

(a) .....

(b) .....

(c) .....

- 
3. Main types of business the company carries on or proposes to carry on:

(a) .....

(b) .....

(c) .....

- 
4. Derivation of Name:

- 
5. First available name to be reserved: ..... Yes ..... No .....

- 
6. Name is for:

- 
7. If for a change of name, state present name of company:

- 
8. If for an amalgamation, state names of amalgamating companies:
-

COMPANIES ACT OF MONTSERRAT

**FORM 27**

**REQUEST FOR NAME SEARCH AND NAME RESERVATION**

**INSTRUCTIONS**

*General:*

This form is for use in reserving a name or in checking availability of name. One copy of the form will be returned to sender indicating result of search and should, if name is available, be attached to articles when submitted. The form need not be attached to articles if the name has been reserved.

An indication that a name is available at this time is not to be construed as an undertaking that the name will be available if and when the articles are submitted.

*Item 1:*

Set out name, address and telephone number of person making request.

*Item 2:*

Set out proposed name or names in order of preference. If more than three names are required to be searched (of which only one will be reserved), one or more additional request must be sent to the Registrar and fee must be paid in respect of each name to be reserved.

*Item 3:*

State the main types of business to be carried on.

*Item 4:*

If a name does not contain a distinctive word or does not describe the business to be carried on, the onus is on the person requesting the name to provide any information that may assist in deciding the suitability of the name. If a name consists of a coined word or initials, set out derivation.

*Item 5:*

No fee is payable for name search. A fee is payable for each name reserved.

*Item 6:*

Set out whether the name is for incorporation; registration of an external company stating jurisdiction of incorporation; change of name; amalgamation, etc.

Completed documents, in duplicate, and the prescribed fee (for reservation) are to be deposited at the office of the Registrar.

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**FORM 28**

## COMPANIES ACT OF MONTSERRAT

**APPLICATION FOR EXEMPTION**

1. Name of Company ..... Company No.:.....

2. Type of application for exemption:

..... Proxy solicitation—section 143

..... Financial disclosure—section 150

..... Affiliation exemption—section 154(2)

3. Name and address of applicant:

4. Capacity of applicant:

5. Application for exemption is made for the following reasons:

Date	Signature	Title

**FORM 28**

**COMPANIES ACT OF MONTSERRAT**

**APPLICATION FOR EXEMPTION**

**INSTRUCTIONS**

*Item 1:*

Set out full legal name of company and company number.

*Item 2:*

Check the appropriate box to indicate the provision of the Act to which the requested exemption relates.

*Item 3:*

Set out the full name (first name, initial and family name if an individual) and address.

*Item 4:*

State the capacity in which the applicant acts, a director, authorised officer or attorney-at-law of a company, or an attorney-at-law or agent of an applicant.

*Item 5:*

State clearly the legal, economic or other reasons why the exemption should be granted.

*Signature:*

The applicant or his authorised agent shall sign the application. If the applicant is a company, a director or authorised agent of the company shall sign the application.

Completed documents in duplicate and the prescribed fee are to be deposited at the office of the Registrar.

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**FOURTH SCHEDULE***(Regulation 29)***TABLE OF CONTENTS**

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**MODEL GENERAL BY-LAW OF A COMPANY INCORPORATED OR  
CONTINUED UNDER THE COMPANIES ACT**

**COMPANIES ACT**

**NO. 1**

A By-law relating generally to the conduct of the affairs of:

.....  
(Insert name of company)

BE IT ENACTED as the general byelaw of .....

(Insert name of company)

(hereinafter called the “**Company**” as follows:

**1. INTERPRETATION**

**1.1.** In this by-law and all other by-laws of the Company, unless the context otherwise requires—

- (a) “**Act**” means the Companies Act as from time to time amended and every statute substituted therefor and, in the case of such substitution, any references in the by-laws of the Company to provisions of the Act shall be read as references to the substituted provisions therefor in the new statute or statutes.
- (b) “**Regulations**” means any Regulations made under the Act, and every regulation substituted therefor and, in the case of such substitution, any references in the by-laws of the Company to provisions of the Regulations shall be read as references to the substituted provisions therefor in the new regulations;
- (c) “**By-laws**” means any by-law of the Company from time to time in force;
- (d) all terms contained in the by-laws and defined in the Act or the Regulations shall have the meanings given to such terms in the Act or the Regulations; and
- (e) the singular includes the plural and the plural includes the singular; the masculine gender includes the feminine and neuter genders; the word “**person**” includes bodies corporate, companies, partnerships, syndicates, trusts and any association of persons, and the word “**individual**” means a natural person.

**2. REGISTERED OFFICE**

**2.1.** The registered office of the Company shall be in Montserrat at such address as the directors may fix from time to time by resolution.

### 3. SEAL

**3.1.** The common seal of the Company shall be such as the directors may by resolution from time to time adopt.

### 4. DIRECTORS

**4.1.** Powers: Subject to any unanimous shareholder agreement, the business and affairs of the Company shall be managed by the directors.

**4.2.** Number: There shall be [INSERT NUMBER OF DIRECTORS OR MAXIMUM AND MINIMUM NUMBER OF DIRECTORS] directors.

**4.3.** Election: Directors shall be elected by the shareholders on a show of hands unless a ballot is demanded in which case such election shall be by ballot.

**4.4.** Tenure: Unless his tenure is sooner determined, a director shall hold office from the date from which he is elected or appointed until the close of the annual meeting of the shareholders next following but he shall be eligible for re-election if qualified.

**4.4.1.** A director who is also an officer shall continue to be a director until he ceases to be an officer.

**4.4.2.** A director shall cease to be a director—

- (a) if he becomes bankrupt or compounds with his creditors or is declared insolvent;
- (b) if he is found to be of unsound mind; or
- (c) if by notice in writing to the Company he resigns his office and any such resignation shall be effective at the time it is sent to the Company or at the time specified in the notice, whichever is later.

**4.4.3.** The shareholders of the Company may, by ordinary resolution passed at a special meeting of the shareholders, remove any director from office and a vacancy created by the removal of a director may be filled at the meeting of the shareholders at which the director is removed.

**4.5.** Committee of Directors: The directors may appoint from among their number a committee of directors and subject to section 81(2) of the Act may delegate to such committee any of the powers of the directors.

### 5. BORROWING POWERS OF DIRECTORS

**5.1.** The directors may from time to time—

- (a) borrow money upon the credit of the Company;
- (b) issue, reissue, sell or pledge debentures of the Company;
- (c) subject to section 52 of the Act, give a guarantee on behalf of the Company to secure performance of an obligation of any person; and
- (d) mortgage, charge, pledge or otherwise create a security interest in all or any property of the Company, owned or subsequently acquired, to secure any obligation of the Company.

**5.2.** The directors may from time to time by resolution delegate to any officer of the Company all or any of the powers conferred on the directors by paragraph 5.1 hereof to the full extent thereof or such lesser extent as the directors may in any such resolution provide.

**5.3.** The powers conferred by paragraph 5.1 hereof shall be in supplement of and not in substitution for any powers to borrow money for the purposes of the Company possessed by its directors or officers independently of a borrowing bylaw.

## **6. MEETINGS OF DIRECTORS**

**6.1.** Place of Meeting: Meetings of the directors and of any committee of the directors may be held within or outside Montserrat.

**6.2.** Notice: A meeting of the directors may be convened at any time by any director or the Secretary, when directed or authorised by any director. Subject to subsection 78(1) of the Act the notice of any such meeting need not specify the purpose of or the business to be transacted at the meeting. Notice of any such meeting shall be served in the manner specified in paragraph 18.1 hereof not less than two days (exclusive of the day on which the notice is delivered or sent but inclusive of the day for which notice is given) before the meeting is to take place. A director may in any manner waive notice of a meeting of the directors and attendance of a director at a meeting of the directors shall constitute a waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

**6.2.1.** It shall not be necessary to give notice of a meeting of the directors to a newly elected or appointed director for a meeting held immediately following the election of directors by the shareholders or the appointment to fill a vacancy among the directors.

**6.3.** Quorum: [INSERT NUMBER OF DIRECTORS] Directors shall form a quorum for the transaction of business and, notwithstanding any vacancy among the directors, a quorum may exercise all the powers of the directors. No business shall be transacted at a meeting of directors unless a quorum is present.

**6.3.1.** A director may, if all the directors consent, participate in a meeting of directors or of any committee of the directors by means of such telephone or other communications facilities as permit all persons participating in the meeting to hear each other and a director participating in such a meeting by such means is deemed to be present at that meeting.

**6.4.** Voting: Questions arising at any meeting of the directors shall be decided by a majority of votes. In case of an equality of votes the chairman of the meeting in addition to his original vote shall have a second or casting vote.

**6.5.** Resolution in *lieu* of meeting: Notwithstanding any of the foregoing provisions of this by-law a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the directors or any committee of the directors is as valid as if it had been passed at a meeting of the directors or any committee of the directors.

## **7. REMUNERATION OF DIRECTORS**

**7.1.** The remuneration to be paid to the directors shall be such as the directors may from time to time determine and such remuneration may be in addition to the salary

paid to any officer or employee of the Company who is also a director. The directors may also award special remuneration to any director undertaking any special services on the Company's behalf other than the routine work ordinarily required of a director and the confirmation of any such resolution or resolutions by the shareholders shall not be required. The directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Company.

## **8. SUBMISSION OF CONTRACTS OR TRANSACTIONS TO SHAREHOLDERS FOR APPROVAL**

**8.1.** The directors in their discretion may submit any contract, act or transaction for approval or ratification at any annual meeting of the shareholders or at any special meeting of the shareholders called for the purpose of considering the same and, subject to section 90 of the Act, any such contract, act or transaction that is approved or ratified or confirmed by a resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Company's articles or any other byelaw) shall be valid and as binding upon the Company and upon all the shareholders as though it had been approved, ratified or confirmed by every shareholder of the Company.

## **9. FOR THE PROTECTION OF DIRECTORS AND OFFICERS**

**9.1.** No director of the Company shall be liable to the Company for—

- (a) the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity;
- (b) any loss, damage or expense incurred by the Company through the insufficiency or deficiency of title to any property acquired by the Company or for or on behalf of the Company;
- (c) the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Company shall be placed out or invested;
- (d) any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, including any person with whom any moneys, securities or effects shall be lodged or deposited.
- (e) any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Company;
- (f) any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto,

unless the same happens by or through his failure to exercise the powers and to discharge the duties of his office honestly and in good faith with a view to the best interests of the Company and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**9.2.** Nothing herein contained shall relieve a director or officer from the duty to act in accordance with the Act or regulations made thereunder or relieve him from liability for a breach thereof.

**9.2.1.** The directors for the time being of the Company shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Company, except such as are submitted to and authorised or approved by the directors.

**9.2.2.** If any director or officer of the Company is employed by or performs services for the Company otherwise than as a director or officer or is a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Company, the fact of his being a shareholder, director or officer of the Company shall not disentitle such director or officer or such firm or body corporate, as the case may be, from receiving proper remuneration for such services.

## **10. INDEMNITIES TO DIRECTORS AND OFFICERS**

**10.1.** Subject to section 98 of the Act, except in respect of an action by or on behalf of the Company to obtain a judgment in its favour, the Company shall indemnify a director or officer of the Company, a former director or officer of the Company or a person who acts or acted at the Company's request as a director or officer of a body corporate of which the Company is or was a shareholder or creditor, and his personal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of such company if—

- (a) he acted honestly and in good faith with a view to the best interests of the Company; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he has reasonable grounds for believing that his conduct was lawful.

## **11. OFFICERS**

**11.1.** Appointment: The directors shall as often as may be required appoint a Secretary and, if deemed advisable, may as often as may be required appoint any or all of the following officers: a Chairman, a Deputy Chairman, a Managing Director, a President, one or more Vice Presidents, a Treasurer, one or more Assistant Secretaries or one or more Assistant Treasurers. A director may be appointed to any office of the Company but none of the officers except the Chairman, the Deputy Chairman, the Managing Director, the President and Vice-President need be a director. Two or more of the aforesaid offices may be held by the same person. In case and whenever the same person holds the offices of Secretary and Treasurer he may but need not be known as the Secretary Treasurer. The directors may from time to time appoint such other officers and agents as they deem necessary who shall have such authority and shall perform such duties as may from time to time be prescribed by the directors.

**11.2.** Remuneration: The remuneration of all officers appointed by the directors shall be determined from time to time by resolution of the directors. The fact that any

officer or employee is a director or a shareholder of the Company shall not disqualify him from receiving such remuneration as may be determined.

**11.3. Powers and Duties:** All officers shall sign such contract documents or instruments in writing as require their respective signatures and shall respectively have and perform all powers and duties incident to their respective offices and such other powers and duties respectively as may from time to time be assigned to them by the directors.

**11.4. Delegation:** In case of the absence or inability to act of an officer of the Company except a Managing Director or for any other reason that the directors may deem sufficient the directors may delegate all or any of the powers of such officer to any other officer or to any director.

**11.5. Chairman:** A chairman shall, when present, preside at all meetings of the directors, and any committee of the directors or the shareholders.

**11.6. Deputy Chairman:** If the Chairman is absent or is unable or refuses to act, the Deputy Chairman (if any) shall, when present preside at all meetings of the directors, and any committee of the directors, or the shareholders.

**11.7. Managing Director:** A Managing Director shall exercise such powers and have such authority as may be delegated to him by the directors in accordance with section 81 of the Act.

**11.8. President:** A President shall be the Chief Executive Officer of the Company. He shall be vested with and may exercise all the powers and shall perform all the duties of a Chairman and Deputy Chairman if none be appointed or if the Chairman and the Deputy Chairman are absent or are unable or refuse to act.

**11.9. Vice-President:** A Vice-President or, if more than one, the Vice-Presidents, in order of seniority, shall be vested with all the powers and shall perform all the duties of the President in the absence or inability or refusal to act of the President.

**11.10. Secretary:** The Secretary shall give or cause to be given notices for all meetings of the directors, any committee of the directors and the shareholders when directed to do so and shall have charge of the minute books and seal of the Company and, subject to paragraph 14.1 hereof, of the records (other than accounting records) referred to in section 177 of the Act.

**11.11. Treasurer:** Subject to the provisions of any resolutions of the directors, a Treasurer shall have the care and custody of all the funds and securities of the Company and shall deposit the same in the name of the Company in such bank or banks or with such other depositary or depositaries as the directors may direct. He shall keep or cause to be kept the accounting records referred to in section 187 of the Act. He may be required to give such bond for the faithful performance of his duties as the directors in their uncontrolled discretion may require but no director shall be liable for failure to require any such bond or for the insufficiency of any such bond or for any loss by reason of the failure of the Company to receive any indemnity thereby provided.

**11.12. Assistant Secretary and Assistant Treasurer:** The Assistant Secretary or, if more than one, the Assistant Secretaries in order of seniority, and the Assistant Treasurer or, if more than one, the Assistant Treasurers in order of seniority, shall

respectively perform all the duties of the Secretary and the Treasurer, respectively, in the absence or inability or refusal to act of the Secretary or the Treasurer, as the case may be.

**11.13.** General Manager or Manager: The directors may from time to time appoint one or more General Manager or Managers and may delegate to him or them full power to manage and direct the business and affairs of the Company (except such matters and duties as by law must be transacted or performed by the directors or by the shareholders) and to employ and discharge agents and employees of the Company or may delegate to him or them any lesser authority. A General Manager or Manager shall conform to all lawful orders given to him by the directors of the Company and shall at all reasonable times give to the directors or any of them all information they may require regarding the affairs of the Company. Any agent or employee appointed by the General Manager or Manager may be discharged by the directors.

**11.14.** Vacancies: If the office of any officer of the Company becomes vacant by reason of death, resignation, disqualification or otherwise, the directors by resolution shall, in the case of the Secretary, and may, in the case of any other office, appoint a person to fill such vacancy.

## **12. SHAREHOLDERS' MEETINGS**

**12.1.** Annual Meeting: Subject to section 106 of the Act, the annual meeting of the shareholders shall be held on such day in each year and at such time as the directors may by resolution determine at any place within Montserrat or, if all the shareholders entitled to vote at such meeting so agree, outside Montserrat.

**12.2.** Special Meetings: Special meetings of the shareholders may be convened by order of the Chairman, the Deputy Chairman, the Managing Director, the President, a Vice-President or by the directors at any date and time and at any place within Montserrat or, if all the shareholders entitled to vote at such meeting so agree, outside Montserrat.

**12.2.1.** The directors shall, on the requisition of the holders or not less than 5% of the issued shares of the Company that carry a right to vote at the meeting requisitioned, forthwith convene a meeting of shareholders, and in the case of such requisition the following provisions shall have effect—

- (1) The requisition must state the purposes of the meeting and must be signed by the requisition and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more of the requisition.
- (2) If the directors do not, within twenty one days from the date of the requisition being so deposited, proceed to convene a meeting, the requisition or any of them may themselves convene the meeting, but any meeting so convened shall not be held after three months from the date of such deposit.
- (3) Unless section 130(3) of the Act applies, the directors shall be deemed not to have duly convened the meeting if they do not give such notice as is required by the Act within fourteen days from the deposit of the requisition.

- (4) Any meeting convened under this paragraph by the requisition shall be called as nearly as possible in the manner in which meetings are to be called pursuant to the byelaws and Divisions E and F of Part 1 of the Act.
- (5) A requisition by joint holders of shares must be signed by all such holders.

**12.3. Notice:** A printed, written or typewritten notice stating the day, hour and place of meeting shall be given by serving such notice on each shareholder entitled to vote at such meeting, on each director and on the auditor of the Company in the manner specified in paragraph 18.1 hereof, not less than twenty one days or more than fifty days (in each case exclusive of the day for which the notice is delivered or sent and of the day for which notice is given) before the date of the meeting. Notice of a meeting at which special business is to be transacted shall state—

- (a) the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment thereon, and
- (b) the text of any special resolution to be submitted to the meeting.

**12.4. Waiver of Notice:** A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of a meeting of shareholders and attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

**12.5. Omission of Notice:** The accidental omission to give notice of any meeting or any irregularity in the notice of any meeting or the non-receipt of any notice by any shareholder, director or the auditor of the Company shall not invalidate any resolution passed or any proceeding taken at any meeting of the shareholders.

**12.6. Votes:** Every question submitted to any meeting of shareholders shall be decided in the first instance by a show of hands unless a person entitled to vote at the meeting has demanded a ballot and, if the Articles so provide, in the case of an equality of votes the chairman of the meeting shall on a ballot have a casting vote in addition to any votes to which he may be otherwise entitled.

**12.6.1.** At every meeting at which he is entitled to vote, every shareholder, proxy holder or individual authorised to represent a shareholder who is present in person shall have one vote on a show of hands. Upon a ballot at which he is entitled to vote, every shareholder, proxy holder or individual authorised to represent a shareholder shall, subject to the articles, have one vote for every share held by the shareholder.

**12.6.2.** At every meeting unless a ballot is demanded, a declaration by the Chairman of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

**12.6.3.** When the Chairman, the Deputy Chairman, the President and the Vice-President are absent, the persons who are present and entitled to vote shall choose another director as chairman of the meeting, but if no director is present or all

the directors present decline to take the chair, the persons who are present and entitled to vote shall choose one of their number to be chairman.

**12.6.4.** A ballot, either before or after any vote by a show of hands, may be demanded by any person entitled to vote at the meeting. If at any meeting a ballot is demanded on the election of a chairman or on the question of adjournment it shall be taken forthwith without adjournment. If at any meeting a ballot is demanded on any other question or as to the election of directors, the vote shall be taken by ballot in such manner and either at once, later in the meeting or after adjournment as the chairman of the meeting directs. The result of a ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded. A demand for a ballot may be withdrawn.

**12.6.5.** If two or more persons hold shares jointly, one of those holders present at a meeting of shareholders may, in the absence of the other, vote the shares; but if two or more of those persons who are present, in person or by proxy vote, they must vote as one on the shares jointly held by them.

**12.7.** Proxies: Votes at meetings of shareholders may be given either personally or by proxy or, in the case of a shareholder who is a body corporate or association, by an individual authorised by a resolution of the directors or governing body of that body corporate or association to represent it at meetings of shareholders of the Company.

**12.7.1.** A proxy shall be executed by the shareholder or his attorney authorised in writing and is valid only at the meeting in respect of which it is given or any adjournment thereof.

**12.7.2.** A person appointed by proxy need not be a shareholder.

**12.7.3.** Subject to Part 4 of the Regulations, a proxy may be in the following form:

The undersigned shareholder of [INSERT NAME OF COMPANY] hereby appoints ..... of ..... , or failing him, ..... of ..... as the nominee of the undersigned to attend and act for the undersigned and on behalf of the undersigned at the ..... meeting of the shareholders of the said Company to be held on the ..... day of....., 20..... and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

DATED this ..... day of ....., 20..... .

Signature of shareholder

**12.8.** Adjournment: The Chairman of any meeting may with the consent of the meeting adjourn the same from time to time to a fixed time and place and no notice of

such adjournment need be given to the shareholders unless the meeting is adjourned by one or more adjournments for an aggregate of thirty days or more in which case notice of the adjourned meeting shall be given as for an original meeting. Any business that might have been brought before or dealt with at the original meeting in accordance with the notice calling the same may be brought before or dealt with at any adjourned meeting for which no notice is required.

**12.9. Quorum:** Subject to the Act, and except in the case of a Company having only one shareholder a quorum for the transaction of business at any meeting of the shareholders shall be two persons present in person, each being either a shareholder entitled to vote thereat, or a duly appointed proxy holder or representative of a shareholder so entitled. If a quorum is present at the opening of any meeting of the shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding a quorum is not present throughout the meeting. If a quorum is not present within thirty minutes of the time fixed for a meeting of shareholders, the persons present and entitled to vote may adjourn the meeting to a fixed time and place but may not transact any other business.

**12.10. Resolution in lieu of meeting:** Notwithstanding any of the foregoing provisions of this byelaw a resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of the shareholders is, subject to section 129 of the Act, as valid as if it had been passed at a meeting of the shareholders.

### 13. SHARES

**13.1. Allotment and Issuance:** Subject to the Act, the articles and any unanimous shareholder agreement, shares in the capital of the Company may be allotted and issued by resolution of the directors at such times and on such terms and conditions and to such persons or class of persons as the directors determine.

**13.2. Certificates:** Share certificates and the form of share transfer shall (subject to section 197 of the Act) be in such form as the directors may by resolution approve and such certificates shall be signed by a Chairman or a Deputy Chairman or a Managing Director or a President or a Vice President and the Secretary or an Assistant Secretary holding office at the time of signing.

**13.2.1.** The directors or any agent designated by the directors may in their or his discretion direct the issuance of a new share or other such certificate in *lieu* of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken, on payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the directors may from time to time prescribe, whether generally or in any particular case.

### 14. TRANSFER OF SHARES AND DEBENTURES

**14.1. Transfer:** The shares or debentures of a company may be transferred by a written instrument of transfer signed by the transferor and naming the transferee.

**14.2. Registers:** Registers of shares and debentures issued by the Company shall be kept at the registered office of the Company or at such other place in Montserrat as may from time to time be designated by resolution of the directors.

**14.3.** Surrender of Certificates: Subject to section 195 of the Act, no transfer of shares or debentures shall be registered unless or until the certificate representing the shares or debentures to be transferred has been surrendered for cancellation.

**14.4.** Shareholder indebted to the Company: If so provided in the articles, the Company has a lien on a share registered in the name of a shareholder or his personal representative for a debt of that shareholder to the Company. By way of enforcement of such lien the directors may refuse to permit the registration of a transfer of such share.

## **15. DIVIDENDS**

**15.1.** The directors may from time to time by resolution declare and the company may pay dividends on the issued and outstanding shares in the capital of the Company subject to the provisions (if any) of the articles and sections 50 and 51 of the Act.

**15.1.1.** In case several persons are registered as the joint holders of any shares, any one of such persons may give effectual receipts for all dividends and payments on account of dividends.

## **16. VOTING IN OTHER COMPANIES**

**16.1.** All shares or debentures carrying voting rights in any other body corporate that are held from time to time by the Company may be voted at any and all meetings of shareholders, debenture holders (as the case may be) of such other body corporate and in such manner and by such person or persons as the directors of the Company shall from time to time determine. The officers of the Company may for and on behalf of the Company from time to time—

- (a) execute and deliver proxies; and
- (b) arrange for the issuance of voting certificates or other evidence of the right to vote,

in such names as they may determine without the necessity of a resolution or other action by the directors.

## **17. INFORMATION AVAILABLE TO SHAREHOLDERS**

**17.1.** Except as provided by the Act, no shareholder shall be entitled to any information respecting any details or conduct of the Company's business which in the opinion of the directors it would be inexpedient in the interests of the Company to communicate to the public.

**17.2.** The directors may from time to time, subject to rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents books and registers and accounting records of the Company or any of them shall be open to the inspection of shareholders and no shareholder shall have any right to inspect any document or book or register or accounting record of the Company except as conferred by statute or authorised by the directors or by a resolution of the shareholders.

## 18. NOTICES

**18.1. Method of giving notice:** Any notice or other document required by the Act, the Regulations, the articles or the byelaws to be sent to any shareholder, debenture holder, director or auditor may be delivered personally or sent by prepaid mail or cable or telex to any such person at his latest address as shown in the records of the Company or its transfer agent and to any such director at his latest address as shown in the records of the Company or in the latest notice filed under section 68 or 76 of the Act, and to the auditor at his business address.

**18.2. Waiver of notice:** Notice may be waived or the time for the notice may be waived or abridged at any time with the consent in writing of the person entitled thereto.

**18.3. Undelivered notices:** If a notice or document is sent to a shareholder or debenture holder by prepaid mail in accordance with this paragraph and the notice or document is returned on three consecutive occasions because the shareholder or debenture holder cannot be found, it shall not be necessary to send any further notices or documents to the shareholder or debenture holder until he informs the Company in writing of his new address.

**18.4. Shares and debentures registered in more than one name:** All notices or other documents with respect to any shares or debentures registered in more than one name shall be given to whichever of such persons is named first in the records of the Company and any notice or other document so given shall be sufficient notice of delivery to all the holders of such shares or debentures.

**18.5. Persons becoming entitled by operation of law:** Subject to section 200 of the Act, every person who by operation of law, transfer or by any other means whatsoever becomes entitled to any share is bound by every notice or other document in respect of such share that, previous to his name and address being entered in the records of the Company is duly given to the person from whom he derives his title to such share.

**18.6. Deceased Shareholders:** Subject to section 200 of the Act, any notice or other document delivered or sent by prepaid mail, cable or telex or left at the address of any shareholder as the same appears in the records of the Company shall, notwithstanding that such shareholder is deceased, and whether or not the Company has notice of his death, be deemed to have been duly served in respect of the shares held by him (whether held solely or with any other person) until some other person is entered in his stead in the records of the Company as the holder or one of the holders thereof and such service shall for all purposes be deemed a sufficient service of such notice or document on his personal representatives and on all persons, if any, interested with him in such shares.

**18.7. Signature to notices:** The signature of any director or officer of the Company to any notice or document to be given by the Company may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

**18.8. Computation of time:** Where a notice extending over a number of days or other period is required under any provisions of the articles or the byelaws the day of sending the notice shall, unless it is otherwise provided, be counted in such number of days or other period.

**18.9.** Proof of service: Where a notice required under paragraph 18.1. hereof is delivered personally to the person to whom it is addressed or delivered to his address as mentioned in paragraph 18.1. hereof, service shall be deemed to be at the time of delivery of such notice.

**18.9.1.** Where such notice is sent by post, service of the notice shall be deemed to be effected 48 hours after posting if the notice was properly addressed and posted by prepaid mail.

**18.9.2.** Where the notice is sent by cable or telex, service is deemed to be effected on the date on which the notice is so sent.

**18.9.3.** A certificate of an officer of the Company in office at the time of the making of the certificate or of any transfer agent of shares of any class of the Company as to facts in relation to the delivery or sending of any notice shall be conclusive evidence of those facts.

## **19. CHEQUES, DRAFTS AND NOTES**

**19.1.** All cheques, drafts or orders for the payment of money and all notes and acceptances and bills of exchange shall be signed by such officers or persons and in such manner as the directors may from time to time designate by resolution.

## **20. EXECUTION OF INSTRUMENTS**

**20.1.** Contracts, documents or instruments in writing requiring the signature of the Company may be signed by—

- (a) a Chairman, a Deputy Chairman, a Managing Director, a President or a Vice-President together with the Secretary or the Treasurer; or
- (b) any two directors,

and all contracts, documents and instruments in writing so signed shall be binding upon the Company without any further authorisation or formality. The directors shall have power from time to time by resolution to appoint any officers or persons on behalf of the Company either to sign certificates for shares in the Company and contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing.

**20.1.1.** The common seal of the Company may be affixed to contracts, documents and instruments in writing signed as aforesaid or by any officers or persons specified in paragraph 20.1. hereof.

**20.1.2.** Subject to section 135 of the Act—

- (a) a Chairman, a Deputy Chairman, a Managing Director, a President or a Vice-President together with the Secretary or the Treasurer; or
- (b) any two directors,

shall have authority to sign and execute (under the seal of the Company or otherwise) all instruments that may be necessary for the purpose of selling, assigning, transferring, exchanging, converting or conveying any such shares, stocks, bonds, debentures, rights, warrants or other securities.

## 21. SECURITIES

**21.1.** The signature of a Chairman, a Deputy Chairman, a Managing Director, a President, a Vice-President, the Secretary, the Treasurer, an Assistant Secretary or an Assistant Treasurer or any director of the Company or of any officer or person, appointed pursuant to paragraph 20 hereof by resolution of the directors may, if specifically authorised by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon any certificate for shares in the Company or contract, document or instrument in writing, bond debenture or other security of the Company executed or issued by or on behalf of the Company. Any document or instrument in writing on which the signature of any such officer or person is so reproduced shall be deemed to have been manually signed by such officer or person whose signature is so reproduced and shall be as valid to all intents and purposes as if such document or instrument in writing had been signed manually and notwithstanding that the officer or person whose signature is so reproduced has ceased to hold office at the date on which such document or instrument in writing is delivered or issued.

## 22. FINANCIAL YEAR

**22.1.** The directors may from time to time by resolution established the financial year of the company.

ENACTED this ..... day of ....., 20.....

Corporate Seal

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

\_\_\_\_\_

**FIFTH SCHEDULE**

*(Regulation 29)*

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**MODEL GENERAL BYELAW OF A NON-PROFIT COMPANY INCORPORATED OR  
CONTINUED UNDER THE COMPANIES ACT**

**COMPANIES ACT**

**BY-LAW NO. 1**

*A byelaw relating generally to the conduct of—*

.....  
[Insert name of company]

BE IT ENACTED as the general byelaw of .....  
[Insert name of the company]

(hereinafter called the (“**Company**”) as follows:

**1. INTERPRETATION**

**1.1.** In this byelaw and all other byelaws of the Company unless the context otherwise requires—

- (a) “**Act**” means the Companies Act as from time to time amended and every statute substituted therefor and, in the case of such substitution, any references in the byelaws of the Company to provisions of the Act shall be read as references to the substituted provisions therefor in the new statute or statutes;
- (b) “**Regulations**” means any Regulations made under the Act and every regulation substituted therefor and, in the case of such substitution, any references in the byelaws of the Company to provisions of the Regulations shall be read as references to the substituted provisions therefor in the new regulations.
- (c) “**byelaws**” means any byelaw of the Company from time to time in force;
- (d) all terms contained in the byelaws and defined in the Act or the Regulations shall have the meanings given to such terms in the Act or the Regulations; and
- (e) the singular includes the plural and the plural includes the singular; the masculine gender includes the feminine and neuter genders; the word “**person**” includes bodies corporate, companies, partnerships, syndicates, trusts and any association of persons; and the word “**individual**” means a natural person.

**2. REGISTERED OFFICE**

**2.1.** The registered office of the Company shall be in Montserrat at such address as the directors may fix from time to time by resolution.

**3. SEAL**

**3.1.** The common seal, an impression of which appears in the margin hereof, shall be the common seal of the Company.

**4. MEMBERS**

**4.1.** There shall be two classes of membership namely—

- (a) Ordinary members, being individuals over the age of eighteen years of age, and any other person elected as such;
- (b) Honorary members, being those individuals who accept election as Honorary members upon the invitation of the directors in recognition of their work for the Company. An Honorary member shall be under no obligation to pay any subscription or make any donation to the funds of the Company.

**4.2.** Application for membership shall be made to the Secretary of the Company upon such form as the directors shall from time to time prescribe and shall be supported by such evidence as may be required.

**4.3.** Candidates for membership shall be elected by the directors.

(If such membership is subject to confirmation by the members in general meeting include relevant paragraphs here. See section 333(a) of the Act).

**4.4.** Persons who hold any of the following offices namely

[INSERT OFFICES] shall be *ex officio* members of the Company [OR  
DELETE THIS PARAGRAPH IF NO *EX OFFICIO* MEMBERS  
DESIRED]

**4.5.** The interest of a member in the Company is not transferable and lapses and ceases to exist upon his death or when he ceases to be a member by resignation or otherwise in accordance with the byelaws of the Company.

**5. ENTRANCE FEE**

**5.1.** The entrance fee shall be such sum as the directors may from time to time determine.

**6. ANNUAL SUBSCRIPTION**

**6.1.** The annual subscription shall also be determined from time to time by the directors.

**6.2.** All annual subscriptions (except the first subscription of a new member) shall be payable on the first day of [INSERT MONTH] of each year.

**7. CESSATION OF MEMBERSHIP**

**7.1.** Any member may withdraw from membership by giving fourteen days notice to the directors in writing to that effect and thereupon he shall cease to be a member, and provided such notice is given before the 15[INSERT MONTH] in any year he shall not be liable to pay his subscription for that year.

**7.2.** If any member (who is liable to pay an annual subscription) shall fail to pay the same within six months after the same shall become due the directors may order

his name to be struck off the list of members whereupon he shall cease to be a member of the Company.

**7.3.** If any member refuses or neglects to comply with the provisions of the by-laws or conducts himself in a way which in the opinion of the directors is or may be injurious to the Company the directors may by notice in writing call upon him to resign. If such member when called upon to resign does not do so within twenty eight days of the receipt of such notice then (provided he is first given an opportunity of being heard by the directors) he may forthwith be expelled by the directors after a resolution for this purpose has been passed by a majority of not less than two-thirds of the members present and voting at a specially convened meeting of the members.

**7.4.** An individual to whom paragraph 7.3 of this by-law has been applied shall not thereafter be entitled to membership of the Company.

**7.5.** Subject to paragraph 7.1 of this by-law, a member resigning or expelled under paragraph 7.3 or whose name is struck off pursuant to paragraph 7.2 of this by-law shall nevertheless remain liable for all moneys then due from him to the Company.

**7.6.** An ex-officio member, unless he was a member in his own right at the time he became an *ex officio* member, shall cease to be a member when he ceases to hold the office by virtue of which he became an *ex officio* member.

## **8. OFFICERS**

**8.1.** The officers of the Company shall consist of a President, a Vice-President, a Treasurer and a Secretary who shall be ordinary members of the company and shall be elected at the Annual General Meeting of the company in each year and shall retire annually but shall be eligible for re-election.

**8.2.** In the case of a casual vacancy in any of the offices, the directors shall appoint one of their number to fill such casual vacancy until the next annual general meeting.

**8.3.** In case of the absence or inability to act of the President, the Vice-President or any other officer of the Company or for any other reason that the directors may deem sufficient, the directors may delegate all or any of the powers of such officer to any other officer or to any director for the time being, provided that, a majority of the board of directors concur therein.

**8.4.** The President: The President shall, if present, preside at all meetings of the directors and members; he shall sign all instruments which require his signature and shall perform all duties incident to his office and shall have such other powers and duties as may from time to time be assigned to him by the directors.

**8.5.** The Vice-President: The Vice-President shall be vested with all the powers and shall perform all the duties of the President in the absence or disability or refusal to act of the President. The Vice-President shall have such powers and duties as may from time to time be assigned to him by the directors.

**8.6.** The Secretary: The Secretary shall, when present, act as Secretary of all meetings, shall have charge of the minute books of the Company and the documents and registers referred to in section 177 of the Act and shall perform such other duties as the directors require of him.

**8.7.** The Treasurer: The Treasurer shall have the care and custody of all the funds and securities of the Company and shall deposit the same in the name of the Company in such bank or banks or with such depository or depositories as the directors may direct and shall perform such other duties as the directors require of him. He may be required to give such bond for the faithful performance of his duties as the directors in their uncontrolled discretion may require and no director shall be liable for failure to require any bond or for the insufficiency of any bond or for any loss by reason of the failure of the Company to receive any indemnity thereby provided.

## **9. DIRECTORS**

(See Division D of Part 1 of the Act)

**9.1.** The directors of the Company shall be—

- (a) the Officers, *ex officio*;
- (b) such number of other ordinary members of the Company as is fixed in the Articles of Incorporation of the Company who may be elected at the Annual General Meeting of the Company in each year who shall retire annually and shall be eligible for re-election; and
- (c) supernumerary members appointed by the directors pursuant to paragraph 9.4 hereof.

**9.2.** Candidates for election as a director shall be proposed and seconded by members entitled to vote at general meetings of the Company.

**9.3.** If a casual vacancy occurs, other than in any of the offices, the directors may appoint an ordinary member of the Company to fill the vacancy.

**9.4.** The directors may appoint any member of the Company to be a supernumerary director for any period, not exceeding its term of office, in its absolute discretion. Such member shall not be entitled to vote at meetings of the directors.

**9.5.** Powers: The affairs of the Company shall be managed by the directors who may exercise all such powers and do all such acts and things as may be exercised or done by the Company and are not by the byelaws or any special resolution of the Company or the Act expressly directed or required to be done by the Company at a general meeting of the Company.

**9.6.** Qualification: A director shall be an ordinary member of the Company.

**9.7.** Term of Office: Unless sooner determined, a director's term of office shall, subject to the provisions, if any, of the Articles of Incorporation of the Company, be from the date of the meeting at which he is elected or appointed until the conclusion of the annual general meeting next following or until his successor is elected or appointed.

**9.8.** Removal from office: The members of the Company may, by ordinary resolution at a special meeting, remove any director from office.

**9.9.** Vacancy filled: A vacancy created by the removal of director may be filled at the meeting at which the director is removed from office.

**9.9.1.** If the vacancy is not filled under paragraph 9.9. it may be filled by the directors.

**9.9.2.** A director elected or appointed pursuant to paragraph 9.9. or 9.9.1. holds office for the unexpired term of his predecessor.

**9.10.** Remuneration: The directors shall serve without remuneration and no director shall directly or indirectly receive any profit from his position as such: provided that, a director may be paid or reimbursed for reasonable expenses incurred by him in the performance of his duties.

**9.11.** Vacating of office: The office of a director of the company shall be vacated

- (i) if by notice in writing he resigns his office;
- (ii) if he ceases to be a member of the Company;
- (iii) if he does not attend four consecutive meetings of the directors, unless the directors otherwise determine;
- (iv) if he is removed from office in accordance with paragraph 9.8;
- (v) if he becomes bankrupt or suspends payment or compounds with his creditors or makes an authorised assignment or is declared insolvent;
- (vi) if he is found to be or becomes of unsound mind;
- (vii) if he is convicted of any criminal offence involving fraud or dishonesty.

## 10. MEETING OF DIRECTORS

**10.1.** Place: Meetings of the directors and of any committee of the directors may be held either at the registered office or at any other place within or outside of Montserrat.

**10.2** Convener: A meeting of directors may be convened by the President, the Vice-President, or any two directors at any time and the Secretary by direction of any such officer or any two directors shall convene a meeting of directors.

**10.3.** Notice: Subject to section 78(1) of the Act the notice of any meeting of the directors need not specify the purpose of or the business to be transacted at the meeting. Notice of any such meeting shall be served in the manner specified in paragraph 16.1 hereof not less than two days (exclusive of the day on which the notice is delivered or sent but inclusive of the day for which notice is given before the meeting is to take place. A director may in any manner waive notice of a meeting of the directors and attendance of a director at a meeting of the directors shall constitute a waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

**10.3.1.** It shall not be necessary to give notice of a meeting of the directors to a newly elected or appointed director for a meeting held immediately following the election of directors by the members or the appointment to fill a vacancy among the directors.

**10.3.2.** Meetings of the directors may be held at any time without formal notice if all the directors are present or those absent waive notice or signify their

consent in writing to the meeting being held in their absence. Notice of any meeting or any irregularity in any meeting or the notice thereof may be waived by any director.

**10.4.** Quorum: [INSERT NUMBER OF DIRECTORS] directors shall form a quorum for the transaction of business and, notwithstanding any vacancy among the directors, a quorum may exercise all the powers of the directors. No business shall be transacted at a meeting of directors unless a quorum is present.

**10.4.1.** A director may, if all the directors consent, participate in a meeting of directors or of any committee of the directors by means of such telephone or other communications facilities as permit all persons participating in the meeting to hear each other and a director participating in such a meeting by such means is deemed to be present at that meeting.

**10.5.** Voting: Questions arising at any meeting of the directors shall be decided by a majority of votes. In case of any equality of votes the chairman of the meeting in addition to his original vote shall have a second or casting vote.

**10.6.** Resolution in *lieu* of meeting. Notwithstanding any of the foregoing provisions of this by-law a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the directors or any committee of the directors is as valid as if it had been passed at a meeting of the directors or any committee of the directors.

## **11. EXECUTIVE OFFICER**

**11.1.** The directors may from time to time appoint an Executive Officer and may delegate to him full authority to manage and direct the business and affairs of the Company (except such matters and duties as by law must be transacted or performed by the directors or by the members in general meeting) and to employ and discharge agents and employees of the Company or may delegate to him any lesser power. He shall conform to all lawful orders given to him by the directors of the Company. He shall at all reasonable times give to the directors or any of them all information they may require regarding the affairs of the Company.

## **12. FOR THE PROTECTION OF DIRECTORS AND OFFICERS**

**12.1.** No director or officer of the Company shall be liable to the Company for—

- (a) the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity;
- (b) any loss, damage or expense incurred by the Company through the insufficiency or deficiency of title to any property acquired by the Company for or on behalf of the Company;
- (c) the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Company shall be placed out or invested;
- (d) any loss or damage arising from the bankruptcy, insolvency or tortious act of any person including any person with whom any moneys securities or effects shall be lodged or deposited;
- (e) any loss, conversion, misapplication misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Company;

- (f) any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto;

unless the same happens by or through his failure to exercise the powers and to discharge the duties of his office honestly and in good faith with a view to the best interests of the Company and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**12.2.** Nothing herein contained shall relieve a director or officer from the duty to act in accordance with the Act or regulations made thereunder or relieve him from liability for a breach thereof.

**12.3.** The directors for the time being of the Company shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Company, except such as are submitted to an authorised or approved by the directors.

**12.4.** If any director or officer of the Company is employed by or performs services for the Company otherwise than as a director or officer or is a member of a firm or a shareholder, director or an officer of a body corporate which is employed by or performs services for the Company, the fact of his being a member, director or officer of the Company shall not disentitle such director or officer or such firm or body corporate, as the case may be, from receiving proper remuneration for such services.

### **13. MEETINGS OF MEMBERS**

**13.1.** Annual Meeting: Subject to section 106 of the Act, the annual meeting of the members shall be held on such day in each year and at such time as the directors may by resolution determine at any place within Montserrat or, if all the members entitled to vote at such meeting so agree, outside Montserrat.

**13.2.** Special Meetings: Special meetings of the members may be convened by order of the President, the Vice-President or by the directors at any date and time and at any place within Montserrat or if all the members entitled to vote at such meeting so agree, outside Montserrat.

**13.2.1.** The directors shall, on the requisition of 5% of the members of the Company that have a right to vote at the meeting requisitioned, forthwith convene a meeting of members, and in the case of such requisition the following provisions shall have effect—

- (1) The requisition must state the purposes of the meeting and must be signed by the requisition and deposited at the Registered Office, and may consist of several document in like form each signed by one or more of the requisition.
- (2) If the directors do not, within twenty one days from the date of the requisition being so deposited, proceed to convene a meeting, the requisition or any of them may themselves convene the meeting, but any meeting so convened shall not be held after three months from the date of such deposit.

- (3) Any meeting convened under this paragraph by the requisition shall be called as nearly as possible in the manner in which meetings are to be called pursuant to the byelaws and Divisions E and F of Part 1 of the Act.

**13.3.** Notice: A printed, written or typewritten notice stating the day, hour and place of meeting shall be given by serving such notice on each member entitled to attend such meeting, on each director and on the auditor of the Company in the manner specified in paragraph 16.1 hereof, not less than twenty one days or more than fifty days (in each case exclusive of the day on which the notice is delivered or sent and of the day for which notice is given) before the date of the meeting. Notice of a meeting at which special business is to be transacted shall state— (a) the nature of that business in sufficient detail to permit the member to form a reasoned judgment thereon, and (b) the text of any special resolution to be submitted to the meeting.

**13.4.** Waiver of Notice: A member and any other person entitled to attend a meeting of members may in any manner waive notice of a meeting of members and attendance of any such person at a meeting of members shall constitute a waiver of notice of the meeting except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

**13.5.** Omission of Notice: The accidental omission to give notice of any meeting or any irregularity in the notice of any meeting or the non-receipt of any notice by any member, director or the auditor of the Company shall not invalidate any resolution passed or any proceedings taken at any meeting of the members.

**13.6.** Votes: Every question submitted to any meeting of members shall be decided in the first instance by a show of hands unless a person entitled to vote at the meeting has demanded a ballot and, if the Articles so provide, in the case of an equality of votes the chairman of the meeting shall on a ballot have a casting vote in addition to any votes to which he may be otherwise entitled.

**13.6.1.** At every meeting at which he is entitled to vote every member, proxy holder or individual authorised to represent a member who is present in person shall have one vote on a show of hands. Upon a ballot at which he is entitled to vote, every member, proxy holder or individual authorised to represent a member shall, subject to the articles, have one vote.

**13.6.2.** At any meeting unless a ballot is demanded, a declaration by the chairman of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

**13.6.3.** When the President and the Vice-President are absent, the persons who are present and entitled to vote shall choose another director as chairman of the meeting; but if no director is present or all the directors present decline to take the chair, the persons who are present and entitled to vote shall choose one of their number to be chairman.

**13.6.4.** A ballot may, either before or after any vote by a show of hands, be demanded by any person entitled to vote at the meeting. If at any meeting a ballot is demanded on the election of a chairman or on the question of adjournment it shall be

taken forthwith without adjournment. If at any meeting a ballot is demanded on any other question or as to the election of directors, the vote shall be taken by ballot in such manner and either at once, later in the meeting or after adjournment as the chairman of the meeting directs. The result of a ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded. A demand for a ballot may be withdrawn.

**13.7. Proxies:** Votes at meetings of members may be given either personally or by proxy or, in the case of a member who is a body corporate or association, by an individual authorised by a resolution of the directors or governing body of that body corporate or association to represent it at meetings of members of the company.

**13.7.1.** A proxy shall be executed by the member or his attorney authorised in writing and is valid only at the meeting in respect of which it is given or any adjournment thereof.

**13.7.2.** A person appointed by proxy need not be a member.

**13.7.3.** Subject to Part 4 of the Regulations, a proxy may be in the following form:

The undersigned member of [INSERT NAME OF COMPANY] hereby appoints ..... of ....., or failing him, ..... of ..... as the nominee of the undersigned to attend and act for the undersigned and on behalf of the undersigned at the ..... meeting of the members of the said Company to be held on the ..... day of ....., 20..... and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

DATED this ..... day of ....., 20.....

Signature of member .....

**13.8. Adjournment:** The chairman of any meeting may with the consent of the meeting adjourn the same from time to time to a fixed time and place and no notice of such adjournment need be given to the members unless the meeting is adjourned by one or more adjournments for an aggregate of thirty days or more in which case notice of the adjourned meeting shall be given as for an original meeting. Any business that might have been brought before or dealt with at the original meeting in accordance with the notice calling the same may be brought before or dealt with at any adjourned meeting for which no notice is required.

**13.9. Quorum:** Subject to the Act, a quorum for the transaction of business at any meeting of the members shall be [INSERT NUMBER] persons present in person, each

being either a member entitled to vote thereat, or a duly appointed proxy holder or representative of a member so entitled. If a quorum is present at the opening of any meeting of the members, the members present or represented may proceed with the business of the meeting notwithstanding a quorum is not present throughout the meeting. If a quorum is not present within thirty minutes of the time fixed for a meeting of members, the persons present and entitled to vote may adjourn the meeting to a fixed time and place but may not transact any other business.

**13.10.** Resolution in *lieu* of meting: Notwithstanding any of the foregoing provisions of this byelaw a resolution in writing signed by all the members entitled to vote on that resolution at a meeting of the members is, subject to section 129 of the Act, as valid as if it had been passed at a meeting of the members.

#### **14. COMMITTEES**

**14.1.** The directors may from time to time as deemed necessary appoint committees consisting of such number of directors or members as may be deemed desirable and may prescribe their duties.

**14.2.** Any committee so appointed may meet for the transaction of business, adjourn and otherwise regulate its meetings as it thinks fit. Unless otherwise determined by the directors, two members of a committee shall be a quorum. Questions arising at any meeting of a committee shall be decided by a majority of votes and in case of an equality of votes the chairman of the meeting shall have a second or casting vote.

#### **15. VOTING IN OTHER COMPANIES**

**15.1.** All shares or debentures carrying voting rights in any other body corporate that are held from time to time by the Company may be voted at any and all meetings of shareholders, debenture holders (as the case may be) of such other body corporate and in such manner and by such person or persons as the directors of the Company shall from time to time determine. The officers of the Company may for and on behalf of the Company from time to time—

- (a) execute and deliver proxies; and
- (b) arrange for the issuance of voting certificates or other evidence of the right to vote,

in such names as they may determine without the necessity of resolution or other action by the directors.

#### **16. NOTICES**

**16.1.** Method of giving notice: Any notice or other document required by the Act, the Regulations, the articles or the byelaws to be sent to any member, director or auditor may be delivered personally or sent by prepaid mail or cable or telex to any such person at his latest address as shown in the records of the Company and to any such direct at his latest address as shown in the records of the Company or in the latest notice filed under section 68 or 76 of the Act, and to the auditor at his business address.

**16.2.** Waiver of notice: Notice may be waived or the time for the notice may be waived or abridged at any time with the consent in writing of the person entitled thereto.

**16.3.** Undelivered notices: If a notice or document is sent to a member by prepaid mail in accordance with this paragraph and the notice or document is returned on three consecutive occasions because the member cannot be found, it shall not be necessary to send any further notices or documents to the member until he informs the Company in writing of his new address.

**16.4.** Signatures of notices: The signature of any director or officer of the Company to any notice or document to be given by the Company may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

**16.5.** Computation of time: Where a notice extending over a number of days or other period is required under any provisions of the articles or the byelaws the day of sending the notice shall, unless it is otherwise provided, be counted in such number of days or other period.

**16.6.** Proof of service: Where a notice required under paragraph 18.1. hereof is delivered personally to the person to whom it is addressed or delivered to his address as mentioned in paragraph 18.1. hereof, service shall be deemed to be at the time of delivery of such notice.

**16.6.1.** Where such notice is sent by post, service of the notice shall be deemed to be effected forty eight hours after posting if the notice was properly addressed and posted by prepaid mail.

**16.6.2.** Where the notice is sent by cable or telex, service is deemed to be effected on the date on which the notice is so sent.

**16.6.3.** A certificate of an officer of the Company in office at the time of the making of the certificate as to facts in relation to the delivery or sending of any notice shall be conclusive evidence of those facts.

## **17. CHEQUES, DRAFTS AND NOTES**

**17.1.** All cheques, drafts or orders for the payment of money and all notes and acceptances and bills of exchange shall be signed by such officers or persons and in such manner as the directors may from time to time designate by resolution.

## **18. EXECUTION OF INSTRUMENTS**

**18.1.** Contracts, documents or instruments in writing requiring the signature of the Company may be signed by—

- (a) the President or the Vice-President together with the Secretary or the Treasurer, or
- (b) any two directors,

and all contracts, documents and instruments in writing so signed shall be binding upon the Company without any further authorisation or formality. The directors shall have power from time to time by resolution to appoint any officers or persons on behalf of the Company either to sign certificates for shares in the Company and contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing.

**18.1.1.** The common seal of the Company may be affixed to contracts, documents and instruments in writing signed as aforesaid or by any officers or persons specified in paragraph 18.1.2. hereof.

**18.1.2.** Subject to section 135 of the Act—

(a) The President or the Vice-President together with the Secretary or the Treasurer; or

(b) any two directors,

shall have authority to sign and execute (under the seal of the Company or otherwise) all the instruments that may be necessary for the purpose of selling, assigning, transferring, exchanging, converting or conveying any such shares, stocks, bonds, debentures, rights, warrants or other securities.

## **19. SIGNATURES**

**19.1.** The signature of the President, the Vice-President, the Secretary, the Treasurer or any director of the Company or of any officer or person, appointed pursuant to paragraph 18.1 hereof by resolution of the directors may, if specifically authorised by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon any contract, document or instrument in writing, bond, debenture or other security of the Company executed or issued by or on behalf of the Company. Any document or instrument in writing on which the signature of any such officer or person is so reproduced shall be deemed to have been manually signed by such officer or person whose signature is so reproduced and shall be as valid to all intents and purposes as if such document or instrument in writing had been signed manually and notwithstanding that the officer or person whose signature is so reproduced has ceased to hold office at the date on which such document or instrument in writing is delivered or issued.

## **20. FINANCIAL YEAR**

**20.1.** The directors may from time to time by resolution establish the financial year of the Company.

ENACTED this ..... day of ....., 20..... .

Corporate  
Seal.

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary



