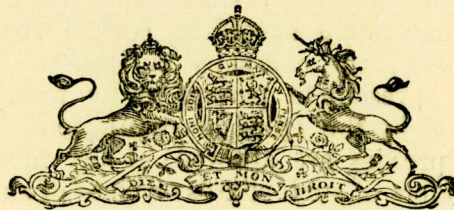


This PUBLIC BILL originated in the LEGISLATIVE ASSEMBLY, and, having this day passed, is now ready for presentation to the LEGISLATIVE COUNCIL for its concurrence.

W. R. McCOURT,
Clerk of the Legislative Assembly.
Legislative Assembly Chamber,
Sydney, 18 March, 1932, A.M.

New South Wales.



ANNO VICESIMO SECUNDO

GEORGII V REGIS.

Act No. , 1932.

An Act to amend the law relating to companies by providing certain protection to preference shareholders in certain events; to amend the Companies Act, 1899, and certain other Acts; and for purposes connected therewith.

BE it enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of New South Wales in Parliament assembled, and by the authority of the same, as follows:—

1. (1) This Act may be cited as the "Companies Amendment (Preference Shareholders) Act, 1932."

Short title
and com-
mencement.

(2) This Act shall be deemed to have commenced upon the first day of July, one thousand nine hundred and twenty-nine.

Companies Amendment (Preference Shareholders).

2. In this Act, unless the context or subject-matter Definitions.
otherwise indicates or requires,—

“Company” means a company limited by shares.

5 “Dividend” includes any issue of shares or bonus
shares and any distribution of any other class
of property.

10 “Extraordinary resolution” means a resolution
passed by a majority of not less than three-
fourths of the holders of preference shares, or
of a class of preference shares in a company,
for the time being according to the rules or
regulations of the company entitled to vote,
as may be present in person or by proxy (in
15 cases where by the rules or regulations of the
company proxies are allowed) at any meeting
of the holders of such shares or class of shares,
of which not less than fourteen days notice
specifying the intention to propose such resolu-
tion has been given.

20 **3.** A company shall not pay or issue to or distribute Restriction
on dividends.
among its ordinary shareholders any dividend out of the
proceeds of the sale or disposition (otherwise than in
the ordinary course of business) of any property of the
company or of the sale or disposition of the company’s
25 undertaking, unless—

(a) at the time of the passing of the resolution
authorising the payment, issue, or distribution
of such dividend, the directors are registered
as the holders of less than seventy-five per
30 centum of the issued ordinary shares of the
company; or

(b) the holders of the preference shares shall,
within two months from the time of the
passing of the resolution authorising the
35 payment, issue, or distribution of such dividend
approve, by an extraordinary resolution, of
the payment, issue, or distribution of such
dividend; or where there are two or more
classes of preference shares an extraordinary
40 resolution evidencing such approval be
separately passed by the holders of shares of
each of such classes. **4.**

Companies Amendment (Preference Shareholders).

- 4.** Where a dividend is paid, issued, or distributed in contravention of section three of this Act, the person who receives such dividend shall be liable to repay, re-transfer, or return the same to the company. Dividends paid in contravention of sec. 3 to be repaid.
- 5** Where the dividend consists of the distribution of any property other than money, the liability of any person under this section may be satisfied by the return to the company of the property so distributed or by the payment of an amount equal to the market value of such
- 10** property as at the date of distribution.
- 5.** An indemnity given to any person against any claim or demand arising out of a contravention of section three of this Act shall be void and of no effect. Indemnities avoided.
- 6.** The company or the holder of any share in a
- 15** company which has paid, issued, or distributed a dividend in contravention of section three of this Act may, in the name of the company, institute proceedings for the recovery of such dividend. Proceedings for recovery of dividends.
- The provisions of section fourteen of the Moratorium
- 20** Act, 1930-1931, shall not apply to any judgment obtained in such proceedings.
- 7.** Where any person is or has been assessed under any Act imposing taxation in respect of any dividend paid, issued, or distributed in contravention of section
- 25** three of this Act, and such dividend is repaid to the company, such assessment shall be amended accordingly. Amendment of assessments.

