

ANTIGUA AND BARBUDA

COMPANIES ACT, 1995

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[L.S.]

I Assent,

James B. Carlisle,
Governor-General.

8th March, 1996.

ANTIGUA AND BARBUDA

No. 18 of 1995

An Act to revise and amend the law relating to companies and to provide for related and consequential matters.

[28th March, 1996]

ENACTED by the Parliament of Antigua and Barbuda as follows -

1. (1) This Act may be cited as the Companies Act, 1995.

short title and
commencement.

(2) This Act shall come into operation on a date to be appointed by the Minister by notice in the *Gazette*.

2 The provisions of 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 V shall apply for the purpose of this Act.

Interpretation.

Commercial Enterprises

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.

Prohibition.

PART I

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 18 years of age;

(b) is of unsound mind and has been so found by a tribunal in Antigua and Barbuda 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 with a statutory declaration by 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.

§. (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 paragraph (a) of section 71 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 by-law permitted to be set out in the by-laws 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.

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.

Required
votes.

(2) The articles may not require a greater number of votes of shareholders to remove a director than the number specified in section 73.

7. An incorporator shall send to the Registrar with the articles of incorporation the documents required by subsection (1) of section 69, subsection (1) of section 176 and **section 503**.

Documenta-
tion.

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.

Certificate of
incorporation.

ANTIGUA
AND
BARBUDA

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The Companies Act, 1995.

No. 18 of 1995.

**Effective
date.**

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

Corporate name.

10. (1) 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.

(2) The **Registrar** may exempt a body corporate continued as a **company** under this Act from the requirements of subsection (1).

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.

Continued name.

13. Notwithstanding sections 11 and 12, a company that is continued under this Act is entitled to be continued with the name it lawfully had before that continuance.

Name revocation.

14. Where a company has been **directed** under section 12 to change its name and has not, within 60 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 the 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.

15. (1) When a company has had its name revoked and a name assigned to it under section 14, 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**. Assigned name.

(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.

16. (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**. re-incorporation agreements.

(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.**

17. (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 Antigua and Barbuda to the extent that the laws of Antigua and Barbuda and of that jurisdiction permit.

(3) It is not necessary for a by-law 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.

18. (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.

19. 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.

Validity of acts.

20. 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.**

21. 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 by-laws 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 69 or 77 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 53 or the sale, lease, or exchange of property referred to in section 136 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.

22. (1) A contract **made** according to this section on behalf of a company **contracts 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 & notes.

23. 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.

24. (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 Antigua and Barbuda.

(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.

25. (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 by-laws, a company may have for use in any country other than Antigua and Barbuda or for use in any district or place not situated in Antigua and Barbuda 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

26. (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. **Nature of shares.**

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

(3) When a **former-Act** 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.

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

(a) the right to vote at any meeting of shareholders;

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(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.

28. 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 27 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.

29. (1) Subject to the articles, the by-laws, any unanimous shareholder agreement, and section 34 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.

30. (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.**

31. (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 30 **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) subsection (2) of section 39,

(ii) section 44,

(iii) paragraph (b) of subsection (2) of section 53,
and

(iv) paragraph (a) of subsection (2) of section 224,

includes the amount that would have been included in stated capital if the company had been incorporated under this Act.

32. **Section 31** and **any** other provision of this Act relating to stated capital do not apply to a company **Open-ended mutual 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) **all** or substantially all of whose issued shares are redeemable upon the demand of shareholders.

33. (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. **series shares.**

(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).

34. (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. **Pre-emptive rights.**

(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.

35. (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.

36. 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.

37. (1) Subject to subsection (2), and except as provided in sections 38 to 41, 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 **5 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.

38. (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. Exemptions.

(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.

39. (1) Subject to subsection (2) and to its articles, a company may purchase or otherwise acquire shares issued by it. Acquisition of own shares.

(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.

40. (1) Notwithstanding subsection (2) of section 45, but subject to subsection (3) and to its articles, a company may purchase or otherwise acquire its own issued shares other acquisition.

- (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 subsection (2) of section 39, 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.

41. (1) Notwithstanding subsection (2) of section 39 or subsection (3) of section 40, 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.

42. Subject to section 46, 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 44.

43. 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

Voting thereon.

- (a) holds the shares in the capacity of a legal representative, and
- (b) has complied with section 146.

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

Stated capital reduction.

- (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 paragraph (a) or (b) of subsection (1) 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** 30 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 2 years from the date of the act complained of.

(7) This section does not affect any liability that arises **under** section 85 or 86.

**Stated capital
adjustment.**

45. (1) Upon a purchase, redemption or other acquisition by a company under section 39, **40, 41, 57** or 226 or paragraph (f) of subsection (3) of section 241, 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 paragraph (g) of subsection (3) of section 241 ~~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 subsection (2) of section 44.

(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.

46. 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.

Cancellation
of shares.

47. For the purposes of sections 45 and 46, a company holding shares in itself as permitted by section 38 is deemed not to have purchased, redeemed or otherwise acquired those shares.

Presumption re own
shares.

48. (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.

Changing share
class.

(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.

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**Effect of purchase
contract.**

49. (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 39 or 40.

(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 39 or 40.

(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.**

50. 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.

51. 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.

52. 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.

53. (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 54, directly or indirectly, give financial assistance by means of a loan, guarantee or otherwise, Illicit loans by company.

- (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.

54. Notwithstanding section 53, a company may give financial assistance to any person by means of a loan, guarantee or otherwise Permitted loans.

- (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 shareholders, or employees of the company or any of its affiliates;
 - (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.**

55. A contract made by a company contrary to section 53 may be enforced by the company or by a lender for value in good faith without notice of the contravention.

**Immunity of share-
holders.**

56. The shareholders of a company are not, as shareholders, liable for any liability, act or default of the company except under subsection (5) of section 44 or subsection (2) of section 135.

Lien on shares.

57. (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 by-laws.

DIVISION D

MANAGEMENT OF COMPANIES

**Duty of directors
to manage company.**

58. 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.

59. (1) Every company shall ~~have a secretary and may have one~~ Secretary.
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 by-laws 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.

60. (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. Acts of Secretary, etc.

(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.

61. (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. Secretary of 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,

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- (b) who, for at least 3 years of the **5** 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 Antigua and Barbuda, 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.

62. (1) A company must have at least one director but a public company shall have no fewer than three directors, at least **2** 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.

63. 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.

By-Law powers.

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

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

(3) A by-law, or any amendment or repeal of a by-law, is effective from the date of the resolution of the directors making, amending or repealing the by-law until

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

and, if the by-law, 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 by-law, or an amendment or repeal of a by-law is not submitted to the shareholders as required by subsection (2), or is rejected by the shareholders, the by-law, amendment or repeal ceases to be effective; and no subsequent resolution of the directors to make, amend or repeal a by-law 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 114 to 122, make a proposal to make, amend or repeal a by-law.

65. (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

**Organisational
meeting.**

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

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- (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 7 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.**

66. (1) An individual who is prohibited by subsection (2) of section 4 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 67 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.**

67. (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 public 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 5 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 Antigua and Barbuda or elsewhere for an offence involving **fraud** or dishonesty or in connection with the promotion, formation or management of any body corporate.

(3) Before making an application under this section in relation to any individual, the Registrar shall give that individual not less than 10 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 public 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.

68. Unless the articles of a company otherwise provide, a director of the company need not hold shares issued by the company. No qualification required.

69. (1) At the time of sending **articles of incorporation** of a company to the Registrar, the incorporator 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. Notice of directors.

(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 paragraph (b) of section 71, 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.

70. (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.

71. 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.

72. (1) A director of a company ceases to hold office when

Termination of office.

- (a) he dies or resigns,
- (b) he is removed in accordance with section 73,
- (c) he becomes disqualified under section 66 or 67.

(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.

73. (1) Subject to paragraph (g) of section 71, 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 paragraph (b) to (e) of section 71, 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 75.

Right to notice.

74. (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).

75. (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. Filling vacancy.

(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 selected 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

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- (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.

76. The shareholders of a company may amend the articles of the company to increase or, subject to paragraph (h) of section 71 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.

77 (1) Within 15 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.

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

(2) Subject to the articles or by-laws, 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.

79. (1) A notice of a meeting of the directors of a company shall specify any matter referred to in subsection (2) of section 83 that is to be dealt with at the meeting; but, unless the by-laws 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.

80. 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.

Adjourned meeting.

81. (1) Subject to the by-laws 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.

Telephone participation.

(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.

82. (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.

Delegation of powers.

(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 50;
- (g) approve a management proxy circular referred to in Division F;
- (h) approve any **financial** statements referred to in section 149; or

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- (i) adopt, amend or repeal by-laws.

Validity of acts.

83. 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.

84. (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.

85. Directors of a company who vote for or consent to a resolution **authorising** the issue of a share under section 29 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.

86. 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 39, 40 or 41;
- (b) a commission contrary to section 50;
- (c) a payment of a dividend contrary to section 51 or 52;
- (d) **financial** assistance contrary to section 53;
- (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.

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

Contribution for judgment.

88. (1) A director **who is** liable under section 86 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 39, 40, 41, 50, 51, 52, 53 or 54.

Recovery by action.

(2) In connection with an **application** under subsection (1), the court may, if it is satisfied that it is just and 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 39, 40, 41, 50, 51, 52, 53, 54, 99 to 103, 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.

89. A Director of a company is not liable under section 85 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.

Defence to liability.

90. An action to enforce a liability imposed **under** section 85 or 86 may not be commenced after 2 years from the date of the resolution authorising the action complained of.

Time limit on liability.

Contractual Interest

91. (1) A director or officer of a company

Interests in contracts.

- (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 any body, or has a material interest in any body, 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 my 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 99 to 103;
- (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.

92. For the purposes of section 91, 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

Interest declaration.

93. 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

Avoidance of nullity.

- (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 subsection (2), (3) or (4) of section 91 or section 92, 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.

94. When a **director** or officer of a company fails to disclose, in accordance with section 91 or 92, 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.

95. Subject to this Act and to the articles or by-laws 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 subsection (2) of section 82;
- (b) a director may be appointed to any office of the company; and
- (c) 2 or more offices of the company may be held by the same person.

Borrowing Powers of Directors

Borrowing powers.

96. (1) Unless the articles or by-laws **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 53, 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 my other person a security interest in all or any property of the company that is owned or subsequently acquired by the company.~~

(2) Notwithstanding subsection (2) of section 82 and paragraph (a) of section 95, unless the articles or by-laws 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

97. (1) Every director and officer of a company in exercising his powers and discharging his duties shall Duty of care.

- (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 by-laws of the company, and any unanimous shareholder agreement relating to the company.

(6) Subject to subsection (2) of section 135, no provision in a contract, the articles of a company, its by-laws 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.

98. (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 7 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 **85, 86** or **97** 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

99. (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

Indemnifying
directors, etc.

- (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.

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action.

100. A company may with the approval of the court indemnify a person referred to in section **99** 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 subsection (2) of section **99**.

Right to indemnity.

101. Notwithstanding anything in section **99** or **100**, a person described in section **99** 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) qualified in accordance with the standards set out in section **99** or **100**, and
- (c) is fairly and reasonably entitled to indemnity.

Insurance of
directors, etc.

102. A company may purchase and maintain insurance for the benefit of any person referred to in section **99** against any liability incurred by him under paragraph (b) of subsection (1) of section **97** in his capacity as a director or officer of the company.

Court approval of
indemnity.

103. (1) A company or person referred to in section **99** may apply to the court for an **order** approving an indemnity **under** section **100** or **101**; 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.

104. Subject to its articles or by-laws, or any unanimous shareholder agreement, the directors of a company may fix the remuneration of the **directors**, officers and employees of the company. Remuneration.

DMSION E

SHAREHOLDERS OF COMPANIES

105. (1) The following persons are shareholders in a company, namely — Shareholders and their meetings.

- (a) a person who is a **member** of the company under subsection (3) of **section** 371;
- (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 Antigua and Barbuda provided in the by-laws, or, in the absence of any such provision, at the place within **Antigua and Barbuda** that the directors determine.

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

(6) A shareholder who attends a meeting of shareholders held outside Antigua and Barbuda 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.

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

Calling meetings.

107. The directors of a company

(a) 'shall call an annual meeting of shareholders not later than 18 months after the company comes into existence, and subsequently not later than 15 months after holding the last **preceding** annual meeting; and

(b) may at any time call a special meeting of shareholders.

Record date of
shareholders

108. (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 30 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 30 days or by less than 7 days the date on which the meeting is to be held.

Statutory
date.

109. 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**.

110. If a record date is ~~fixed~~ under **section 108** ~~notice~~ thereof shall, ~~in~~ the case of a public company, be given by advertisement in a newspaper published in Antigua and Barbuda not less than 7 days before the date so **fixed**. Notice of record date.

111. (1) Notice of the time and place of a meeting of shareholders shall ~~be~~ sent not less than 7 days nor more than 30 days before the meeting Notice of 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 108 or 109~~, 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 30 days, it is not necessary, unless the by-laws ~~otherwise~~ provide, to give notice of the adjourned meeting, other than by **announcement** at the earliest meeting that is adjourned.

(4) If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 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 90 days, subsection (1) of section 141 does not apply.

Special business.

112. (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.**

113. (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 by-laws 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

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

“Proposals”
of share-
holders.

- (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.

115. (1) A company that solicits proxies shall set the proposal out in the management proxy circular required by section 141 or attach the proposal to that circular.

Proxy 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.

116. 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

Nomination
in proposal.

- (a) 5 percent of the shares of the company, or
- (b) 5 percent 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 141.

117. A company is not required to comply with subsection (2) of section 115 if

Non-compliance
with proxy
solicitation.

- (a) the proposal is not submitted to the company at least 90 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 2 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 2 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.

118. 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.

119. When a company refuses to include a proposal in a management proxy circular, the company shall, within 10 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.

120. Upon application to the court by a shareholder of a company who is claiming to be aggrieved by the company's refusal under section 119 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

121. 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 117 applies, make such order ~~as~~ it thinks fit.

Right to omit proposal.

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

Registrar's notice.

Shareholder Lists

123. (1) A company shall

List of shareholders.

- (a) not later than 10 days after the record date is **fixed** under subsection (2) of section 108, 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~~ subsection (2) of section 108, **a person** named in the list prepared under paragraph (a) of subsection (1) 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 10 days before the meeting of the shareholders of the company, that his **name** ~~be~~ included **m** 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 subsection (2) of section 108, a person named in a list of shareholders prepared under paragraph (b) of subsection (1) may, at the meeting to which the list relates, vote the shares shown opposite his name.

Examination of list.

124. 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.

125. (1) Unless the by-laws 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 by-laws 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 30 minutes of the time appointed for a meeting of shareholders, the meeting stands adjourned to the same day 2 weeks thereafter, at the same time and place; and, if at the adjourned meeting, a quorum is not present within 30 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

126. 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.

127. (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.

Representative of other body.

(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.

128. Unless the by-laws otherwise provide, if 2 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 2 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.

Joint share-holders.

129. (1) Unless the by-laws 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.

Voting method at meetings.

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

130. (1) Except where a written statement is submitted by a director under section 74 or an auditor under section 170,

Resolution in writing.

- (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 share-
holders meeting.

131. (1) The holders of not less than 5 percent 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 subsection (2) of section 108 and notice thereof has been given **under** section 110;
- (b) the ~~directors~~ have called a meeting of shareholders and have given notice thereof under section 111; or
- (c) the business of the meeting as stated in the requisition includes **matters** described in paragraphs (b) to (e) of section 117.

(4) If, after receiving a requisition referred to in subsection (1), the **directors** do not call a meeting of shareholders within 21 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 by-laws, 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 meet-
ing

132. (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 by-laws and this Act, or
- (b) when the directors fail to call a meeting of the shareholders in contravention of section 131, 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 by-laws 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

133. (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.

**Court review
controversy.**

(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

Poling agreement. 134. 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. 135. (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 **15** days after the execution or termination.

Shareholder Approvals

Extraordinary transaction.

136. (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 **111** 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

137. (1) In this Part,

Definitions.

“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 146; or
- (d) a **solicitation** by a person in respect of shares of which he is the beneficial owner.

Proxy Holders

138 (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.

Proxy appointment.

(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.

139. A shareholder of a company may revoke a proxy

Revocation of 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.

140. (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.

Deposit of Proxy.

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

141. (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.

Mandatory solicitation of proxy.

(2) Where a company **has** fewer than 15 shareholders, 2 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.

142. 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.

143. 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.

144. 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 141 or 142, and the exemption may be given retroactive effect by the Registrar.

Proxy attending meeting.

145. (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

146. (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

Registrant's duty.

- (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 paragraph (a) of subsection (1).

(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.

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

Remedial Powers

Restraining
order.

148 (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 for a restraining order.

(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

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:

Annual financial returns.

- (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 12 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 12 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 by-laws, or any unanimous shareholder agreement.

(2) The financial statements required by sub-paragraph (ii) of paragraph (a) of subsection (1) 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.

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

Exemption for information.

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disclosure of the information therein contained would be detrimental to the company, **permit** its omission on such reasonable conditions as he **thinks** fit.

Consoli- dated
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 **15** 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 one 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 **21** days before each annual meeting of the shareholders of a company or before the signing of a resolution under para-graph **(b)** of subsection **(1)** of section **130** 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 statements 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 Antigua and Barbuda Stock Exchange or any other stock exchange by Order published in the *Gazette*.

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 21 days before each annual meeting of the shareholders or forthwith after the signing of a resolution under paragraph (b) of subsection (1) of section 130 in lieu of the annual meeting, and in any event not later than 15 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 paragraph (b) of subsection (1), 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.

155. (1) Subject to this section, a company that is not pursuant to subsection (1) of section 154 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

Declaration of solvency.

- (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 paragraph (b) of subsection (1) of section 130 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

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.

Purposes of sections
158 to 161.

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

Eligibility for ap-
pointment.

(a) is a practising member of a recognised supervisory **body**, and

(b) is eligible for the appointment under the rules of that **body**.

(2) An individual or a firm may be appointed **as** auditor of a **company**

(3) In this section "recognised supervisory body" means the Institute of Chartered Accountants of Antigua and Barbuda and any other body recognised **as** such by order of the Minister responsible for legal Affairs published in the Gazette.

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

Effect of appoint-
ment of partnership.

(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.

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

(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**.

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. **Appointment of auditor.**

(2) **An** auditor appointed under section 65(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**.

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

(2) A **resolution** under subsection (1) is **valid** only 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 when

(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 21 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.

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.

**Auditor rights to
notice.**

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 10 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.

**Required atten-
dance.**

(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

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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 142.

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 subparagraph (ii) of paragraph (a) of **subsection** (1) of section 149.

(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.

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. **Detected error.**

(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 misstatement,

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.

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. **Privilege of auditor.**

DIVISION H
CORPORATE RECORDS

Registered Office of Company

Registered office. **175.** (1) A company **shall** at all times have a registered office **in** Antigua and Barbuda.

(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 15 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 by-laws, 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 69, 77 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 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 Antigua and Barbuda designated by the directors of the company.

Register of Directors and Secretaries

178. (1) The register of directors and secretaries kept by a company pursuant to subsection (3) of section 177 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 69, 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.

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. **Register of directors' holdings.**

(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.

180. (1) For the purposes of **section 173**

**Extension of
section to
associates of
directors.**

(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.

182. (1) A person who is a substantial share-holder 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**.

Substantial shareholder to give notice to company.

(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 notices ~~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).

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.

Person ceasing to be a substantial shareholder to notify company.

(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.

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

Company to keep register of substantial shareholders.

(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.

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(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

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

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

(3) When any accounting records of a company are kept at a place outside Antigua and Barbuda, accounting records that are adequate to enable the directors to ascertain the financial position of the company with reasonable accuracy on a quarterly basis shall be kept by the company at the registered office of the company or at some other place in Antigua and Barbuda designated by the directors.

(4) For the purposes of paragraph (b) of subsection (1) of section 177 and of this section, 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.

Form of Records

188. All records required by this Act to be prepared and maintained. Records form

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- (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 by-laws 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 15 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 30 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 thirty-first day of 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 by-laws of a company, that Instrument shall be used to transfer the shares or debenture\ of the company.

(3) Subject to subsection (2) and to any enactment, no particular form of words are necessary to transfer shares or debenture\, 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 Antigua and Barbuda Stock Exchange or a stock exchange approved by the Minister by Order published in the *Gazette*.

(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 reference 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 by-laws of a company, and notwithstanding anything contained in any trust deed or debentures or any contract or instrument.

**Restrictions
on transfers.**

1%. (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 by-laws 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.

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Transfer
certificate.

198. (1) A company shall, **within 5 weeks after the allotment** of any of its shares or debentures, and within 2 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 7 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) **Notwithstanding** 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.

(2) On the application of the **transferor** of any share or debenture of a company, the company shall enter in its register of members or debenture holders, as the case requires, the name of the transferee in the same manner and subject to the same conditions **as if the application for the entry** had been made by the transferee.

(3) **Notwithstanding** 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 shareholder or debenture **holder**

as a member in respect of the shares, or as holder of the debentures of the **bankrupt** or as the case may be, the deceased person, in its register of members or debenture holders, **as** the case may be, within 7 days after he produces to the company satisfactory evidence of his title and requests it to register him as a member or debenture holder.

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. **Effect of certification**

(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

201. In this Division,

Definitions.

- (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 subparagraph (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" **includes** a person who makes a take-over bid otherwise ~~than~~ as an agent, and 2 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" includes a share with or without voting rights, and
 - (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 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 percent 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~~.

203. An offeror may acquire shares held by a dissenting offeree by sending, by registered post, within 60 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

Notice to
dissenting
shareholders.

- (a) that offerees who are holding 90 percent 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 20 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 (ii) of paragraph (c) 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 20 days after he receives the offeror's notice.

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

Adverse claims.

205. A dissenting offeree to whom an offeror's notice is sent under section 203 shall, within 20 days after he receives that

Delivery of
certificates.

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 20 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 subparagraph (i) of paragraph (c) of section 203, 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 30 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 subparagraph (i) of paragraph (c) of section 203, 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.

209. (1) If a dissenting offeree has, under subparagraph (ii) of paragraph (c) of section 203, elected to demand payment of the fair value of his shares, the offeror may, within 20 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. Application to court

(2) If an offeror fails to apply to the court under subsection (1), a dissenting offeree may, within a further period of 20 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.

210. Upon an application under section 209

Joined parties.

- (a) all dissenting offerees referred to in subparagraph (ii) of paragraph (c) of section 203 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.

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. Powers and order of court.

(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.

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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 subsection (2) of section 479 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 71 and 76;
- (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.

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 ~~114~~, make a proposal to amend the articles of ~~the~~ company. Proposal to
amend articles.

(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.

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

(2) If an amendment effects or requires a reduction of stated capital, subsections (3) and (4) of section 44 apply.

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. **Certificate of amendment.**

(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 a nistrative 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 any body 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 by-laws of the amalgamated company are to be those of one of the amalgamating companies, and, if not, a copy of the proposed by-laws, 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.

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.

Approval by
shareholders.

(2) A notice of a meeting of shareholders complying with ~~section 111~~ 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~~ ^{shareholder} of an amalgamating company carries the right to vote in respect of an amalgamation, whether or not the share otherwise ~~carries~~ ^{entitles} the right to vote.

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(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 adapted 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.

224. (1) Subject to subsection (6) of section 221, 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 69 and 176.

Articles of
amalgamation.

(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 **\$1000**;
- (b) a notice is published once in a newspaper published or distributed in Antigua and Barbuda; 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 30 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 subsection (1) of section 65, the certificate of amalgamation is the certificate of incorporation of the amalgamated company.

Dissenters' Rights and Obligations

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

Dissent by
shareholder.

- (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 136.

(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 10 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 20 days after he receives a notice under subsection (7) of section 226, or, if he does not receive that notice, within 20 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 30 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.

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

Suspension of
rights.

- (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 subsection (2) of section 213 revoke a resolution to amend the articles of the company;
 - (ii) under subsection (6) of section 221, terminate an amalgamation agreement; or
 - (iii) under subsection (7) of section 136, 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.

229. (1) A company shall, not later than 7 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

Offer to pay for
share.

- (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 10 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 30 days after it has been made.

Application to court.

230. (1) If a company fails to make an offer under subsection (1) of section 229, or if a dissenting shareholder ~~fails to accept the offer made~~ by the company, the company may, within 50 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 20 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.

234. (1) If section 235 applies, the company shall within ~~ten~~ days after the making of an order under subsection (3) of section 232, notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Recourse
of dissenting
shareholder.

(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.

235. A company shall not make a payment to a dissenting shareholder under section 229 if there are reasonable grounds for believing

Prohibition of
payment.

- (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

236. (1) In this section, "re-organisation" means

Re-organisation.

- (a) a court order made under section 241;
- (b) a court order approving a proposal under the Bankruptcy Ordinance; 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 69 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 paragraph (d) of subsection (4) has been made, articles of arrangement in the prescribed form shall be sent to the Registrar together with the documents required by sections 77 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 or 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 by-laws, 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 ~~d i i t o r s~~ 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 ~~of~~ 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 V 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 by-laws of a company,

- (a) the directors shall forthwith comply with subsection (4) of section 236; and
- (b) no other amendment to the articles or by-laws 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 paragraph (f) or (g) of subsection (3) 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 2 or more shareholders or debenture holders or alleged shareholders or alleged debenture holders, or between the company and any shareholders or **deben-**tured holders, or alleged shareholders or alleged debentured holders; and
- (d) **an** order compensating a party who has incurred a loss.

Other Remedial Actions

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.

Directions for
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

Refusal by
Registrar.

- (a) within 60 days after the receipt thereof by him, or 60 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.

247. A person who feels aggrieved by **the** decision of the **Registrar**

Appeal from
Registrar.

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- (a) to refuse to file in the form submitted to ~~h~~ i 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 14;
- (c) to refuse to grant ~~an~~ exemption under subsection (2) of section 10, section 144, section 150 or subsection (3) of section 154 and any regulations thereunder; or
- (d) ~~to refuse~~ under subsection (2) of section 366 ~~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, by-laws, 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, by-laws 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 II

PROTECTION OF CREDITORS AND INVESTORS

DIVISION A

REGISTRATION OF CHARGES

Charges

250. (1) Subject to this Division, where a charge to which this section applies is created by a company, the company shall within 28 days after the creation of the charge, lodge with the Registrar a statement of the charge and

**Registration
with Registrar.**

- (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, depositor 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.

251. (1) Subject to subsections (2) and (3), the statement referred to in section 250 shall **contain** the following **particulars**;

**Contents of charge
statements.**

- (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 paragraphs (b), (d) and (f) of subsection (1).

(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.

252. For the purposes of subsection (1) of section 250 and subsection (3) of section 251, a certified copy of an instrument or debenture is a copy of the instrument or debenture that has endorsed on it a certificate

Certified copy
of instrument.

- (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.

253. When a charge requiring registration under sections 250 to 252

Later charges.

- (a) is created before the lapse of 30 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.

254. Sections 250 to 253 do not affect any other enactment relating to the registration of charges.

Effect on
enactments.

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 paragraph (c) of subsection (1) of section 251 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.

Fluctuating
charges.

(2) Where, in respect of a charge on the property of a company of a kind referred to in subsection (1)

- (a) my 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 **28** 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

257. (1) Documents and particulars required to be lodged for registration may, **Duty to Register.**

- (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 **paragraph (a)** of subsection (1) 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.

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 **Register of charges.**

- (a) in any case to which subsection (2) of section 251 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 paragraph (a) of subsection (1) of that section; 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.

259. (1) A company **shall** endorse on every debenture issued by it **Endorsement on debenture.**

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- (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.

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.

Retention of copy.

(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.

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.

Inspection of copies.

264. (1) Where any person

Registration
of receiver.

- (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 10 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 10 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 Antigua and Barbuda 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 III.

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.

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.

Application of
Division.

Trustees

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.

Conflict of interest.

(2) 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 90 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.

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 15 days after delivering to the trustee the statutory declaration referred to in subsection (4), a list setting out

List of debenture
holders.

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- (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.

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 paragraph (a), (b) or (c) of this subsection, furnish the trustee with evidence of compliance with the conditions in the trust deed relating to:

Evidence of compliance.

- (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.

271. Evidence of compliance as required by section 270 shall consist of:

Contents of evidence.

- (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.

272. The evidence of compliance referred to in section 271 shall include a statement by the person giving the evidence

Further 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 12 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 30 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.

277. A trustee under a trust deed in **exercising** his powers and discharging his duties shall **Duty of care.**

- (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.

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. **Reliance on statements.**

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. **No exculpation.**

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. **Rights of trustees.**

(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**.

282. (1) Debentures belong to different classes if different rights attach to them **in respect of**

**Kinds of
debentures.**

- (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 holder 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 ~~instalments~~ 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 **paragraphs (a), (b), (f), (h), (i), (j), (l) and (m) of** subsection (1) of section **285**;
- (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

287. (1) Debenture holders are entitled to realise any security interest vested in them or in any other person for their benefit, if Equity
realisation.

- (a) the company fails, within 1 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 share.

(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.

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(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 **undischarged 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.

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**.

Directors' powers stopped.

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 court direction.

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 under instrument.

294. A receiver or **receiver-manager** of a company appointed under an instrument shall

Duty of care.

(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.

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,

Directions by court.

(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,

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- (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.

2%. 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 15 days of the preparation of the **financial** statement or rendering of the final account, as the circumstances require.

297. (1) A receiver of assets of a company appointed under subsection (3) of section 287 or under the powers **contained** in any **instrument** Liability of receivers, etc.

- (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.

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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 IV 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 subsection (3) of section **287**, 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** 14 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 12 months ~~from~~ the date of his appointment, and after every subsequent ~~period~~ of 12 months, and
- (b) **within** 2 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~~ receives's receipts and payments during the period of 12 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},
~~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~~ themaking or verifying of the statement ~~as~~ the receiver or his successor considers reasonable, subject to an appeal to the court.

DIVISION D

PROSPECTUSES

Interpretation

302. In this Division,

Definitions.

(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 Antigua and Barbuda 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 50; and
- (f) the prospectus shall **contain** such other matters as are prescribed.

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 subsection (2) of section 506, has been lodged with the Registrar.

**Professional
names.**

307. A condition is void that

No waivers.

- (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.

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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 ~~is-~~**sued 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 re-
lates 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 docu-
ment relates, contains a statement that the
person making the recommendation is inter-
ested in the success of the issue as an under-
writer or sub-underwriter, as ~~the case~~ may be.

(3) All or any ~~of~~ the following **information** is permitted for the
purposes of subparagraph (iii) of paragraph (c) of subsection (2):

- (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 Antigua and Barbuda 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 subsection (2) of section 308, 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

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.

Registration of prospectus.

(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 30 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 6 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.

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 Expert's consent.

- (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

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".

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.

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 re-

Minimum
subscription.

quired 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 40 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 48 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 percent 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

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

Rescission of
contract.

- (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 2 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 debentureholder 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 ^{add}

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- (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 3 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.

321. (1) To comply with the requirements of this Division, a statement in lieu of prospectus lodged by or on behalf of a company

Statements in lieu of prospectus

- (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 50, 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) Subsections (3) to (6) of section 311 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

322. In this Division, "insider" means, in respect of a company,

"Insider" defined.

- (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 per cent of the shares of the company, or who exercises control or direction over more than 10 per cent 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 12 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 12 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 2 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.

325. An action to enforce a right created by section 324 (a) or (b) may not be commenced except within 2 years after the discovery of the facts that gave rise to the cause of action.

Time limit
on action.

PART III

OTHER REGISTERED COMPANIES

DIVISION A

COMPANIES WITHOUT SHARE CAPITAL

326. (1) This Division applies to every company without share capital, in this Act called a "non-profit company"

Application
of Act.

(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) the provisions of Divisions A, B, D, E, F, G, H, I, K, and L of Part 1, and sections 31, 44, 45, 46 and 56 in that Part;
- (b) the provisions of Divisions A, B and C of Part 11;
- (c) the provisions of Divisions B and C of this Part; and
- (d) the provisions of Part IV and V.

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"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 by-laws of the company.

Incorporation.

328. (1) Without the prior approval of the Attorney General, 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 Attorney General is not required for the continuation under this Act of a former-Act company that was registered by licence of the President pursuant to section 20 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 by-laws of a non-profit company may provide for individuals becoming directors by virtue of holding some office outside the company.

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.

**“Incorporated or
“inc” etc.**

(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.

332. (1) Unless the articles or by-laws of a non-profit company otherwise provide, there is no limit on the number of members of the company.

**Members
unlimited**

(2) The articles or by-laws 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.

333. Subject to the articles or by-laws of a non-profit company, persons may be admitted to membership in the company by resolution of the directors; but the articles or by-laws may provide

**Admission to
membership.**

- (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.

334. (1) Subject to subsection (2), each member of each class of members of a non-profit company has one vote.

**Voting by
members.**

(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.

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 by-laws of the company.

**Transfer of
members.**

(2) Where the articles of a non-profit company provide that the interest of a **member** in the company is transferable, the by-law may not restrict the transfer of that interest.

By laws.

336. (1) The directors of a non-profit company may make by-laws, 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 by-laws 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 by-law passed under paragraph (f) of subsection (2) 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 by-law 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 by-law passed under subsection (2) may not prohibit members from attending meetings of delegates and participating in the discussions at the meetings.

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.

Dissolution and
distribution.

(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 Antigua and Barbuda 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 Antigua and Barbuda.

- (a) if business of the company is regularly transacted from an office in Antigua and Barbuda established or used for the purpose;
- (b) if the company establishes or uses a share transfer or share registration office in Antigua and Barbuda.
- (c) if **the company** owns, possesses or uses assets situated in Antigua and Barbuda 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 Antigua and Barbuda or not.

Exceptions.

339. This Division does not apply to an external company that is exempted from this Division by **an** order of the Minister responsible for legal affairs published in the Gazette.

Prohibition.

340. (1) No external company shall begin or carry on business in Antigua and Barbuda until it is registered under this Act.

(2) Every external company that was carrying on business in Antigua and Barbuda immediately before the commencement date shall, within 12 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 12 months from the commencement date, subsection (1) does not apply to an external company that was carrying on business in Antigua and Barbuda on that date.

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.

Registration
required.

(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.

342. (1) In the prescribed circumstances, the Registrar may restrict the powers or activities that an external company can exercise or carry on in Antigua and Barbuda.

Restrictions
on activities

(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 Antigua and Barbuda.

(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 30 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.

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

External amalga-
mated company.

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 jurisdiction within which the company was incorporated;
- (c) the date of its incorporation;
- (d) the manner in which it was incorporated;
- (e) the particulars of its corporate instruments;
- (f) the period, if any, fixed by its corporate instruments for the duration of the company;
- (g) the extent, if any, to which the liability of the shareholders or members of the company is limited;
- (h) the business that the company will carry on in Antigua and Barbuda,
- (i) the date on which the company intends to commence any of its business in Antigua and Barbuda;
- (j) 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;
- (k) the full address of the registered or head office of the company outside Antigua and Barbuda;
- (l) the full address of the principal office of the company in Antigua and Barbuda; and
- (m) 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 paragraph (c) of subsection (2) as sufficient evidence of compliance with the requirements of this section.

345. When a document that is required to be filed under section 344 is not in the English language, a **notarially** certified translation of that document shall be provided unless the Registrar otherwise directs. Language.

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 Antigua and Barbuda 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 Antigua and Barbuda **and** of receiving all lawful notices. Attorney of company.

(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 [his section,

- (a) **appoint** another attorney in **Antigua and Barbuda** for the purposes set forth in **the** power, and

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- (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 Antigua and Barbuda 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 Antigua and Barbuda 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 Antigua and Barbuda an external company that is registered under this Act may carry on its business in Antigua and Barbuda in accordance with its certificate of registration and may exercise its corporate powers within Antigua and Barbuda.

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.

**Suspension of
registration.**

(2) The rights of the creditors of an external company are not affected by the suspension or revocation of its registration under this Act.

352. (1) When an external company ceases to carry on its business in Antigua and Barbuda, the company shall file a notice to that effect with the Registrar, who shall thereupon cancel the registration of the company under this Act.

**Cancelling
registration.**

(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.

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.

**Revival of
Registration**

(2) A registration of an external company is revived when the Registrar issues a new certificate of registration to the company.

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.

**Previous
activities.**

355. (1) Where, in the case of an external company registered under this Act,

**Fundamental
changes.**

- (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 **30** 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 60 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.

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 Antigua and Barbuda in respect of any contract made in whole or in part within Antigua and Barbuda in the course of, or in connection with, the carrying on of any business by the company in Antigua and Barbuda.

Incapacity of
company.

(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 Antigua and Barbuda

(a) that individual or body corporate, or

(b) any person claiming under the individual or body corporate,

may not maintain, in any court in Antigua and Barbuda 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*.

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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. The provisions of sections 18 to 23, 515 and 516 and the provisions of Divisions B to E of Part II and Division B of Part V 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 **instru-**ment 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 97 applies to a former-Act company **immediately** upon the commencement date.

362. (1) Every former-Act company **shall**, within 2 years after the commencement date, apply to the Registrar for a certificate of continuance under this Act.

Continuation
as company.

ali

(2) No fee **in excess of \$100** to defray **administration costs** may be prescribed in respect of an application and certificate of continuance under this Division.

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.

Amending
instrument.

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.

Articles of
continuance.

(2) Articles of continuance in the prescribed form shall be sent to **the Registrar** together with the **documents** required by sections 69 and 176.

(3) A shareholder or member may not dissent under section **226** in respect of an amendment made under subsection (1).

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.

Certificate of
continuance.

(2) **On** the date shown in the certificate of **continuance**

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- (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 subsection (1) of section 65, 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 26, 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.

367. (1) A share of a former-Act company issued before the Previous shares.
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 subsection **(1)** of section 35.

368. (1) Subject to this section, a former Act company that does continuance not
applied for within
prescribed time.
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 by-law 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.

369. (1) A reference in any corporate instrument of any body Effect of earlier
references.
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 **the provisions** of **this** Act or **procedure thereunder** that is the equivalent **provision** or **procedure under** this Act

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(2) Without affecting the operation of the **Interpretation Act** 1982, 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 unrepealed to the extent necessary to give effect to that reference in the corporate instrument.

PART IV

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.

372. Nothing in this Act shall invalidate any provision contained in any policy of insurance or other contract whereby the liability of individual member³ 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.

Saving.

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**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

377. A company may be wound up by the Court if-

Circumstances
in which company
may be wound
up by court.

- (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 V 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; or
- (e) the Court is of the opinion that it is just and equitable that the company should be wound up.

378. (1) A company is deemed to be unable to pay its debts if —

Definition of
inability
to pay debts.

- (a) a creditor, by assignment or otherwise, to whom the company is indebted in a sum **exceeding** five thousand dollars 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

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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; or
- (d) the trustee in bankruptcy to, or personal representative of, a creditor or contributory;

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; and

- (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.

(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.

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.

Powers of court
on hearing
petition

(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.

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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 commence-
ment 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.

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.

Effect of
winding up order.

Official Receiver

388. For the purpose of this Act, "Official Receiver" means the Official Receiver attached to the **court** for **bankruptcy** purposes, and any Assistant Official Receiver.

Meaning of
Official
Receiver.

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.

statement of
company's affairs.

(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 statements 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

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.

Power of Court
to appoint
liquidators.

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.

Appointment and
powers of
provisional
liquidator.

(2) Where a liquidator is previously appointed by the court, the court may limit and restrict his powers by the order appointing him.

393. Subject to subsection (2) of section 392 the following provisions with respect to liquidators have effect on a winding-up order being made, namely —

Appointment,
style, etc. of
liquidators.

- (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 paragraph (b) of subsection (1) he is guilty of an offence.

395. (1) A liquidator appointed by the court may resign or, on cause shown be removed by the court.

General
provisions as
to liquidators.

(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.

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.

Custody of
company's
property.

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.

Vesting of
property of
company in
liquidator.

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.

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No. 18 of 1995.

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.

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.

Payments of
liquidator into
bank.

(2) If any such liquidator at any time retains for more than ten days a sum exceeding two hundred dollars, 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 **s ~** ~~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 the provisions of subsection (3) is guilty of an offence.

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.

Audit of
liquidator's
accounts.

(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

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.

Meetings of creditors and contributories to determine whether committee of inspection shall be 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.

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.

constitution and proceedings of committee of inspection.

(2) The committee shall meet at such time **as** they may 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.

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.

Settlement of
list of contribu-
tories and
application
of assets.

(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 contribu-
tory 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.

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**.

Order on
contributory is
conclusive
evidence.

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.

Appointment of
special manager

(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.

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.

Power to
exclude
creditors not
proving in time.

417. The court shall adjust the rights of the contributories among themselves, and distribute any surplus among the persons entitled thereto.

Adjustment of
rights of
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.

Inspection of
books by
creditors or
contributories.

(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 deems 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 deems 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 ~~h i~~ such questions as the court may deem just for the purpose of enabling ~~him~~ to explain or qualify any answers given by ~~h i~~ .

(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 Antigua and Barbuda 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.

424. Provision may be made by rules ~~made~~ under section 486 f a **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 —

Delegation to liquidator of certain powers of court.

- (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.

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**.

Dissolution of company.

(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.

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.

Power to enforce orders and appeals from orders.

(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.

Commence- ment 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.

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.

Avoidance of transfers, etc. after commencement of voluntary winding up.

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.

Statutory declaration of solvency in case of proposal of winding up voluntarily.

(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 **h i** 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 of 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 by-laws or in such manner ~~as~~ may, on application by any contributory or by the continuing liquidators, be determined by the Court.

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, confermg 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.

Power of liquidator to accept shares, etc., as consideration for sale of property of 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 my 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.

438. (1) Subject to section **439**, as soon as the affairs of ~~the~~ ^{Final meet- ing and dissolution} 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 Antigua and Barbuda, 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.

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The Companies Act, 1995.

No. 18 of 1995.

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 Antigua and Barbuda.

(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.

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 nominated 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.

Appointment of
liquidator.

(2) Notwithstanding the provisions of 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.

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.

Appointment of
committee of in-
spection.

(2) Notwithstanding the provisions of 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, the provisions of section 406 (except subsection (1)) apply 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 if 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. The provisions of **section 435** apply 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.

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.

Final meet- ing and
dissolution.

(2) Each such meeting shall be called by advertisement in the Gazette and in one daily newspaper printed and circulating in Antigua and Barbuda 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 volun-
tary 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 paragraphs (d), (e) and (f) of section 398 (1) 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.

450. (1) If from any cause whatever there is no liquidator acting, the court may appoint a liquidator.

Power of court
to appoint and
remove liquidator
in voluntary
winding up.

(2) The court may, on cause shown, remove a liquidator and appoint another liquidator.

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 Antigua and Barbuda, and deliver to the Registrar for registration a notice of his appointment in the prescribed form.

Notice by
liquidator of
his appointment

(2) If the liquidator fails to comply with the requirements of subsection (1) he is guilty of an offence.

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.

Arrangement
when binding
on 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.

453. 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.

Power to apply
to court to have
questions deter-
mined or powers
exercised

(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 the provisions of 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*.

457. (1) In a winding up of a company there shall be paid in priority to all other **debts**- **Preferential payments.**

- (a) all rates, charges, taxes, assessments or impositions, whether imposed or **made** by the Government or by any public authority under the provisions of 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 of the 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.

459. (1) Where, in the case of a company wound up in Antigua and Barbuda, 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.

Liabilities and rights of certain fraudulently preferred persons.

(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.

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 other rate as may for the time being be prescribed by regulation under section 527.

Effect of floating charge.

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 unprof-

Disclaimer of onerous property.

itable 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.

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.

Duties of bailiff
as to goods
taken in
execution.

(2) Subject to subsection (3), where under an execution in respect of a judgment for a sum exceeding one hundred dollars 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

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,

Offences by officers
of companies
in liquidation.

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 five hundred dollars 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 five hundred dollars 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~~ ~~OF~~ 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 **paragraph** (a), (b), (c), (d), (f), (n), or (o) of subsection (1) if the accused proves that he had no intent to defraud, and in proceedings for an offence under paragraph (h), (i) or (j) of subsection (1) 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 paragraph (o) of subsection (1), 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~~ pretenses 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.

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.

Liability where
proper accounts
not kept.

(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 **stocktakings** 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 ~~& tail~~ to enable those goods and those buyers and sellers to be identified.

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—

Fraudulent
trading.

- (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 t h i s 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 provisions of this section have 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 paragraph (g) of subsection (1) of section 3 of the Bankruptcy Ordinance.

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, examine 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.

Power of court to assess damages against delinquent directors, etc.

(2) The provisions of this section have 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 paragraph (g) of subsection (1) of section 3 of the **Bankruptcy** Ordinance.

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.

Prosecution of delinquent officers and members of a company.

(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 provisions of this section have 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

472. A corporation or an undischarged 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

Disqualification for appointment as liquidator.

- (a) any appointment made in contravention of this provision is void; and
- (b) any corporation which or an undischarged bankrupt who, acts as liquidator of a company is guilty of an offence.

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.

Notification that a company is in liquidation.

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.

Failure to comply with section 473.

475. (1) In the case of a winding up by the court, or of a creditors' voluntary winding up, of a company —

Exemption of certain documents from stamp duty on winding up of companies.

- (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 representation 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.

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.

Information as
to pending
liquidations.

(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.

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.

Unclaimed assets.

(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

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

Meetings to
ascertain wishes
of
creditors
or
contributories.

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 Antigua and Barbuda 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 Antigua and Barbuda 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 (**State**) 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.

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.

Disposal of
moneys.

(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) any body 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 paragraph (e) of subsection (1).

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-

**Winding up of
unregistered
companies.**

- (a) the principal place of business of the company in Antigua and Barbuda 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 Antigua and Barbuda 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; or
 - (iv) in the case of an external company, in such a case as is referred to in paragraph (d) of section 377.

(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 five thousand dollars 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 Antigua and Barbuda 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.

489. (1) On an unregistered company being wound up every person is a contributory-

Contributories
in winding up of
unregistered
company.

(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.

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.

Power of court
to stay ~~or~~
restrain
proceedings.

(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.

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 Antigua and Barbuda 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 Antigua and Barbuda, the provisions of 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 V

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.

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.

Service upon
the Registrar.

Register of Companies

494. The Registrar shall maintain a Register of **Companies in** which to keep the name of every body corporate

Register of
Companies.

(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~~.

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 subsection (2) of section 519.

Inspection of
register.

(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 subsection (2) of section 519.

(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

ANTIGUA
AND
BARBUDA

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The Companies Act, 1995.

No. 18 of 1995.

- (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.

4%. (1) A notice or document required by this Act, the regulations, articles or the by-laws 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 **69** or 77.

(2) A director named in a notice sent by a company to the Registrar under section **69** or 77 and filed by the Registrar is, for the **purposes** of this Act, a director of the company referred to in the notice.

Resumption
of receipt.

497. A notice or document sent in accordance with section 4% 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 3 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.

500. A **certificate** issued on behalf of a company stating any fact that is set out in the articles, the by-laws, 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.

Certificate by
company.

501. When introduced as evidence in any civil, criminal or administrative action or proceeding,

Evidentiary
value.

- (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.

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.

Copies.

503. (1) Where this Act requires that articles relating to a company be sent to the **Registrar**, unless otherwise specifically provided,

Filed articles.

- (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.

507. The Registrar need not produce any document of a prescribed class after six years **from** the date he received it. **Retention of documents.**

508. (1) The Registrar may, on payment of the prescribed fee, furnish any person with a certificate stating **Registrar's certificate.**

- (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.

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 **Refusal power.**

- (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 subparagraph (i) of paragraph (a) of section 515; 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 paragraph (a) of subsection (1), he shall send it a notice advising it of the default and stating that, unless the default is remedied within 30 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.

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. Liability
continues.

Service

513. A notice or document may be served on a company service on
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

514. The Registrar may, upon request and upon payment of the prescribed fee, reserve for 90 days a name for an intended company or for a company about to change its name. Reservation
of name.

515. The name of a company Prohibited
name.

- (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 6 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 6 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 Antigua and Barbuda 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 Antigua and Barbuda 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, on any reasonable, objectionable.

517. If two or more companies **amalgamate**, the amalgamated company may have **Amalgamated company.**

- (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.

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 Court powers.

- (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 subsection (1) of section 519.

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, or a prosecution under section 3 of the Perjury Act in respect of the evidence.

Cap. 324.

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

524. (1) If the Registrar is satisfied that, for the purposes of Division F of Part I or Division E of Part II, 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,

Ownership
interest.

- (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.

525. Nothing in this Division affects the privileges that exist in respect of an attorney-at-law and his client.

Client
privileges.

526. The Registrar may make of any person any inquiries that relate to compliance with this **Act** by any persons.

Inquiries.

DIVISION C

REGULATIONS

Regulations.

527. (1) The Minister 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.

(2) Regulations made under this section are subject to negative resolution.

DIVISION D

OFFENCES AND PENALTIES

528. Subject to subsection (2) of section 10, a company that contravenes section 10 is guilty of **an** offence and liable on **summary** conviction to a fine of \$5,000. Name offence.

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**. Abuse of corporate status.

530. (1) A person who ~~makes or~~ assists in **making** a report, return, notice ~~or~~ other document Reports.

(a) that is ~~required~~ by ~~this~~ Actor ~~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 2 **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 2 years, **or** to both.

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 2 years, or to **both** Specific offences.

- (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 subsection (5) of section 269;
- (e) who wilfully contravenes section 142 or 143;
- (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 subsection (1) of section 145;**
- (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 subsection (1) of section 169 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 2 years, or to both.

Company offences. 532. A company is guilty of an offence and liable on summary conviction to a fine of \$10,000, if

- (a) the company contravenes section 18 (1), 18 (2), 315, 316, 317 or 319;
- (b) the management of the company without reasonable cause fails to comply with subsection (1) of section 141; 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 \$10,000. or to imprisonment for a term of 6 months, or to both.

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. General offence.

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 the non-disclosure was immaterial. Defence re prospectuses.

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. Order to comply.

536. A prosecution for an offence under **this** Act or the regulations may be instituted at any time within 2 years from the time when the subject-matter of the prosecution arose. Limitation.

537. No civil remedy for any act or omission is affected by reason that the act or omission is an offence under this Act. Civil remedies unaffected.

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 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 Antigua and Barbuda 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 subparagraph (i) of paragraph (a) 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.

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.** “Offer” to the public.

(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 by-laws 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 percent 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 born out of wedlock** or within wedlock, 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;

"company" means a body corporate that is incorporated or continued under this Act;

"court" means the High Court;

"**corporate** instruments" includes any statute, letters patent, memorandum of association, articles of association, **certificate** of incorporation, certificate of continuance, by-laws, regulations or other instrument by which a body corporate is incorporated or continued or that governs or regulates the affairs of a body corporate;

"debenture"⁷ 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 Antigua and Barbuda;

"**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, means also, 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**

(b) subsection (2) of section 234, or

(c) paragraph (f) or (g) of subsection (3) of section 241;

"Minister" means the Minister responsible for legal affairs.

"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 III, ~~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 21 days' notice is given which is

- (a) passed by a majority of not less than 75 percent 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 135.

(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 5 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

544. (1) The former Act is repealed.

Repeal.

(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.

545. (1) In this section and section 546

References to
Companies Act.

- (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~~ Attorney General.

(2) A reference in ~~an~~ unrepealed 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 **unrepealed** so far as is necessary to do so to maintain or give effect to the unrepealed 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 by-laws 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 subsection (1) of section 544, if on the commencement date any proceedings under the former Act are pending in respect of the winding-up of any body 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.

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.

Saving for
privileged
communications

ANTIGUA
AND
BARBUDA

276

The Companies Act, 1995.

No. 18 of 1995.

Passed the House of Representatives this
20th day of February, 1996.

B. Harris,
Speaker.

S. Walker,
Clerk to the House of Representatives.

Passed the Senate this
26th day of February, 1996.

L. Smith,
Vice-President.

S. Walker,
Clerk to the Senate.

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