

Guidelines: Articles of Incorporation – Share Capital (The Corporations Act - Manitoba)

These guidelines help in the completion of Articles of Incorporation share capital. These guidelines are not a substitute for legal advice. As these forms are legal documents, the Companies Office cannot provide any advice in their completion. Please be aware that other legislation may also apply.

PARAGRAPH 1 – NAME OF CORPORATION**Named Corporation**

The name of the corporation must match the name reservation exactly (including upper and lower case letters).

OR**Numbered Corporation**

If incorporating a numbered name, please insert the following so that Companies Office may assign a number:

_____MANITOBA LTD. (or another legal element of your choice)

PARAGRAPH 2 – THE ADDRESS OF THE REGISTERED OFFICE

The registered office is where the books and records of the corporation are kept (i.e. articles, by-laws, minutes of meetings, resolutions, etc.).

A full Manitoba civic address with a postal code is required.

PARAGRAPH 3 – NUMBER (OR MINIMUM AND MAXIMUM) OF DIRECTORS

Directors are responsible for supervising the activities of the corporation and for making decisions regarding those activities.

The corporation must have at least 1 director. Options include:

- A fixed number (example: 2 directors)

OR

- A minimum **and** maximum number of directors (example: Minimum of 2 and Maximum of 7).

PARAGRAPH 4 – FIRST DIRECTORS**Steps:**

1. Provide the full names and home addresses of all directors.
2. The number of directors in this section must match the number(s) in paragraph 3.
3. If any directors are not listed as an incorporator in paragraph 11, they will need to sign a [Consent to Act as a First Director](#) form.

Requirements for a director:

- Be at least 18 years old.
- Not be bankrupt.
- Be an individual (a corporation cannot be a director).
- At least 25% of the directors must be residents of Canada.

PARAGRAPH 5 – THE CLASSES AND ANY MAXIMUM NUMBER OF SHARES THAT THE CORPORATION IS AUTHORIZED TO ISSUE

This section asks for the types of shares that the corporation can issue. It does not mean that these shares have been issued. The directors will decide at their first meeting (the organizational meeting) if they want to issue shares, which ones, and how many. If shares are not listed in this section, the directors cannot issue them at their first meeting. When a share is issued, the holder of the share becomes a shareholder.

“Classes of shares” refers to the names of the shares. Shares must be named so that they may be differentiated.

Steps:

1. Write the names of at least 1 class of shares. Name examples:
 - Common shares, Preferred shares, Class A common shares, Class B common shares.
 - You can have as many classes of shares as you want.
2. Beside each class of share, write how many the corporation is authorized to issue. Options include:
 - A fixed numbered (example: 100).

OR

 - Unlimited number.

*Note that percentages of are not permitted.

Example:

Unlimited number of **Class A Common Shares**

Unlimited number of **Class B Common Shares**

OR

Example:

100 **Common Shares**

100 **Preferred Shares**

There may be significant tax consequences based on how a corporation's share structure is set up. Professional advice from your lawyer or accountant may be required to properly complete this section.

PARAGRAPH 6 – THE RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS

You must assign rights, privileges, restrictions, and conditions to each class of share you have identified in the previous section, unless there is only one class. If there is only one class of shares, subsection 24(4) of The Corporations Act indicates that each share will have the following rights:

- To vote at all meetings of shareholders except meetings at which only holders of a specified class of shares are entitled to vote;
- To receive any dividend declared by the corporation; and
- To receive the remaining property of the corporation upon a dissolution.

Shareholders do not have to all be equal. You can decide that some shareholders will have more rights than others. You do this by assigning different rights, privileges, restrictions, and conditions to shares. Examples you can assign to a share are:

- Voting on the selection of directors or no voting rights at all (non-voting shares).
- Only one class may receive the remaining property of the corporation upon a dissolution.
- Cumulative dividend payments.

Steps:

1. Write "**The rights, privileges, restrictions, and conditions for _____(insert the name of one share class from paragraph 5) are as follows:**"
2. Complete the above sentence by writing in all the rights, privileges, restrictions, and conditions for that specific share.
3. Repeat step 1 and 2 until all shares listed in paragraph 5 have been assigned their rights, privileges, restrictions, and conditions.

There may be significant tax consequences based on how a corporation's share structure is set up. Professional advice from your lawyer or accountant may be required to properly complete this section.

PARAGRAPH 7 – RESTRICTIONS, IF ANY, ON SHARE TRANSFERS

This is an optional section. Shares, like other forms of property, can be transferred amongst people. This means that a shareholder can theoretically transfer their shares to someone else. This could result in ownership of the corporation drastically changing.

Steps:

1. If there are no restrictions, write “N/A”.

OR

2. Write the type of restriction you wish to have on the transfer of shares. An example includes:

“No shares of the corporation shall be transferred without the approval of the board of directors, signified by a resolution passed at a duly constituted directors’ meeting or resolution signed by all the directors entitled to vote on the resolution pursuant to subsection 112(1) of The Corporations Act.”

PARAGRAPH 8 – RESTRICTIONS, IF ANY, ON THE BUSINESS THE CORPORATION MAY CARRY ON

This is an optional section. While most companies do not restrict what business activities the corporation may carry on, there may be reasons why restrictions need to be included.

Steps:

1. If there are no restrictions, write “N/A”.

OR

2. Write the restriction (s) on the business the corporation may carry on.

PARAGRAPH 9 – OTHER PROVISIONS, IF ANY

This is an optional section. If you are including any additional provisions, they should be included in this section. This may include clauses to satisfy requirements of other legislation or institutions.

Steps

1. If there are no additional provisions, write “N/A”

OR

2. Write any other information you wish to include.

PARAGRAPH 10 - STATEMENT

Do not insert anything in this section.

Incorporators confirm their agreement with this statement by signing the Articles of Incorporation. If the incorporators do not agree with the statement, they should not proceed to sign and file the Articles.

PARAGRAPH 11 - INCORPORATORS

Steps:

1. Provide the full names and home addresses of all incorporators.
2. All incorporators sign.
3. If any directors in paragraph 4 are not listed as an incorporator, they will need to sign a [Consent to Act as First Director](#) form, which must be filed with the Articles of Incorporation.

Requirements for an incorporator:

- If an individual, be at least 18 years of age, and
 - Not be in “bankrupt” status.
- OR**
- A corporation can be an incorporator.