

## SHAREHOLDERS

**Shareholders** are owners of shares of a corporation.

**Shares** are bundles of rights. The rights are based on the terms and conditions set out in the articles of incorporation. An example of a right includes payment from the corporation's profits before of another class of shares (after any debts are paid off).

Directors decide when to issue shares and to who (unless the articles of incorporation or by-laws say differently). This is done as early as the first meeting of the directors.

### SAMPLE STEPS FOR ISSUING SHARES:

1. Directors meet.
2. Directors decide on:
  - a. **when** to issue shares,
  - b. to **who**, and
  - c. for **what value**.
3. Directors vote on the matters in #2, majority must agree.
4. Directors must receive full payment for the share before it is issued.
5. Once payment is received in full, the shareholder receives a share certificate proving they own the share.

### Share Certificates

Every shareholder is able to receive a certificate that proves they own their share(s). That certificate must include the following information:

- the name of the corporation, and
- the words "Incorporated under the Laws of Manitoba" or similar words, and
- the name of the person to whom it was issued, and
- the number and class of shares and that the certificate represents, and any series it represents (if applicable).

IF the corporation has more than one class of shares, then the share certificate must also include the following:

- the rights, privileges, restrictions, and conditions attached to the shares of each class and series that exists when the share certificate is issued.

**or**

- that the class or series of shares that it represents has rights, privileges, restrictions, or conditions attached and that the corporation will provide the shareholder, on demand and without charge, a full copy of the text of
  - the rights, privileges, restrictions, and conditions attached to each class authorized to be issued and to each series, and
  - the right of the directors to fix the rights, privileges, restrictions, and conditions of subsequent series.