

No. IX.

JOINT STOCK
COMPANIES
ARRANGEMENT.

An Act to facilitate Compromises and Arrangements between Joint Stock Companies, Associations, or Societies liable to be wound up under the "Companies Act," and their creditors, and to amend the "Companies Act" and the "Friendly Societies Act of 1873." [12th January, 1892.]

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

Short title.

1. This Act may be cited as the "Joint Stock Companies Arrangement Act, 1891."

Where compromise proposed, the Supreme Court in its equity jurisdiction may order a meeting of creditors, &c., to decide as to such compromise.

2. Where any compromise or arrangement shall be proposed between a company which is, at the time of the passing of this Act or afterwards, in the course of being wound up, either voluntarily or by or under the supervision of the Court, under the "Companies Act," and the creditors of such company, or any class of such creditors, it shall be lawful for the Court, in addition to any other of its powers, on the application in a summary way of any creditor or the liquidator, to order that a meeting of such creditors or class of creditors shall be summoned in such manner as the Court shall direct; and if a majority in number representing three-fourths in value of such creditors or class of creditors present, either in person or by proxy or attorney, at such meeting, shall agree to any arrangement or compromise, such arrangement or compromise shall, if sanctioned by an order of the Court, be binding on all such creditors or class of creditors, as the case may be, and also on the liquidator and contributories of the said company.

Power to Court to stay proceedings and sanction compromise before winding up.

3. Where no order has been made or resolution passed for the winding up of a company, and any compromise or arrangement shall be proposed between such company and the creditors of such company or any class of such creditors, it shall be lawful for the Court, in addition to any other of its powers, on the application, in a summary way, of the company or of any creditor of the company, to restrain further proceedings in any action, suit, petition, or proceeding against the company upon such terms as the Court shall think fit; and also to order that a meeting of such creditors, or class of creditors, shall be summoned in such manner and at such time as the Court shall direct, and if a majority in number representing three-fourths in value of such creditors or class of creditors present either in person or by proxy or attorney at such meeting shall agree to any arrangement or compromise, such arrangement or compromise shall, if sanctioned by an order of the Court, be binding upon the company and its shareholders, and upon all such creditors, or class of creditors, as the case may be: Provided that no application may be made to the Court under this section, nor any order made thereunder subsequently to the first day of January, one thousand eight hundred and ninety-six.

Court may direct meetings, &c.

4. The Court, on the application of the company or of any creditor or person interested in the company, before sanctioning any arrangement or compromise under this Act, may order such meetings to

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to be summoned and inquiries to be made as it shall think fit, and may alter or vary such arrangement or compromise, and impose such conditions in the carrying out thereof as it shall think just.

5. In the winding up of any company under the “Companies Act,” either voluntarily or by or under the supervision of the Court, the same rules shall prevail and be observed as to the respective rights of secured and unsecured creditors, and as regards the declaration and distribution of any dividend, and in all respects as regards the proof and allowance of debts or claims against the assets of the company as may be in force for the time being under the laws of bankruptcy with respect to the estates of persons adjudged bankrupt. Distribution of assets in winding up.

6. The word “Company” in this Act shall mean any Society registered under the “Friendly Societies Act of 1873,” or any Company, Association, or Society entitled or liable to be wound up under the “Companies Act;” and the expression “the Court” shall mean the Supreme Court in its equity jurisdiction. Interpretation.

7. This Act shall be read and construed as part of the “Companies Act,” and of the “Friendly Societies Act of 1873.” “Act” and “Companies Act” to be read together.
