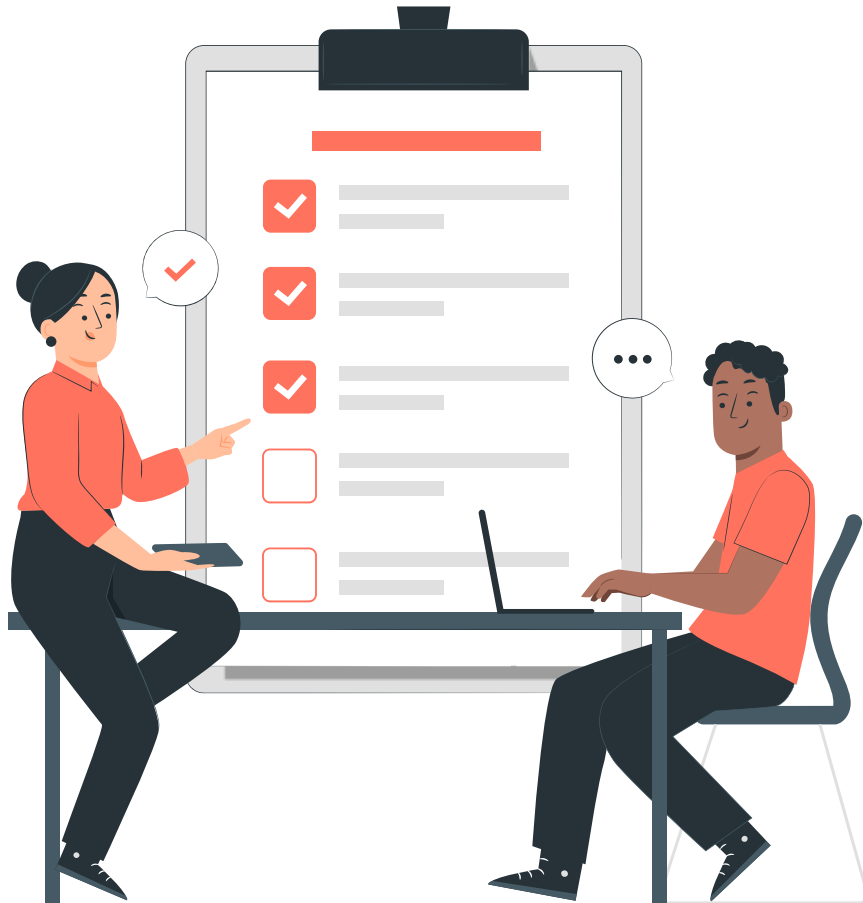




AUSTRALIA KNOWLEDGE SERIES #2 – ALLOTMENT OF SHARES

Allotment of shares (1/4)

Section 124 of the Corporations Act 2001 ('the Act') grants companies the powers to issue shares. However, a Company limited by guarantee does not have the powers to issue shares. A company issuing shares must keep a record of all the shares they have issued, generally known as "Share register".



The register must have information about shares including:

- the date of every allotment (or issue) of shares
- the number of shares in each allotment
- the class (or classes) of shares
- the share numbers (if any), or share certificate numbers (if any), of the shares.
- whether the shares are fully paid (including the amount paid on the shares and the amount unpaid on the shares, if relevant).

A company must at the time of issue of shares determine the terms on which such shares are issued and the rights and restrictions attached to such shares.

Allotment of shares (2/4)

A company can issue different classes of shares. The rights and restrictions attached to shares in a class distinguish it from other classes. A company can use standard class titles such as ordinary, A class or B class shares etc. or choose their own title for each class of share. **Few of them are listed below:**



Share class Code	Full title
A	A
B	B
EMP	Employees
FOU	Founder's
CUMP	Cumulative preference
NCP	Non-Cumulative preference
PARP	Participative preference
MAN	Management
ORD	Ordinary
RED	Redeemable
SPE	Special

Allotment of shares (3/4)

❖ Before issuing shares of a particular class, the directors of a proprietary company must offer them to the existing shareholders of that class (to the extent practicable in the proportion of their shareholding). The offer so made to the shareholders should contain the following details:

- **The number of shares offered,**
- **The period for which the issue shall remain open,**

Note: A proprietary company can issue shares without making an offer to the existing shareholders as well if a ordinary resolution is passed in this regard.

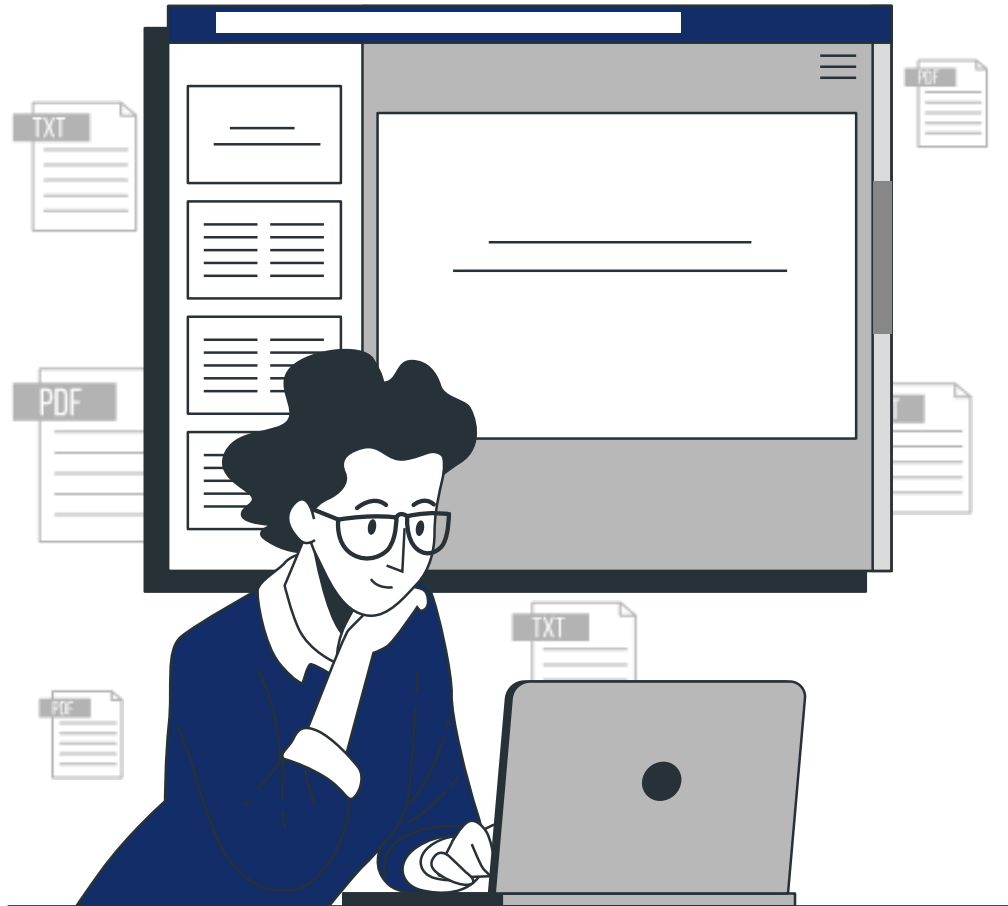
❖ Companies must, within a period of 28 days from the date of issue of shares, lodge an intimation with the ASIC in Form 484 providing the following details :

- Number of shares issued,
- Class to which each of the issued shares belongs to (if the company has different class of shares),
- Amount paid/ agreed to be considered as paid on each of the shares,
- Amount unpaid on the shares issued (if any).

Note : If the shares are issued to the first members of the company pursuant to its registration or issue of shares is on account of conversion of a company limited by guarantee into a company limited by shares, the said intimation need not be lodged with the ASIC.



Allotment of shares (4/4)



- ❖ A prospectus must contain all information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - The rights and liabilities attached to the shares being offered,
 - The assets and liabilities, financial position and performance, profits and losses, and prospects of the company.
- ❖ The Act does not impose a mandatory requirement on proprietary companies to issue a prospectus at the time of issue of shares.

THANK YOU



Australia
M2K Advisors Pty Ltd
Unit 605E, 888 Collins St,
Docklands VIC 3008,
Australia

Singapore
M2K Advisors Pte Ltd
The Octagon,
105 Cecil Street, #13-02
Singapore 069534

India - Chennai
M2K Advisors LLP
7th Floor, Briley One,
No. 30/ 64 Ethiraj Salai,
Egmore, Chennai - 600 008,
Tamil Nadu, India

India - Bengaluru
M2K Advisors LLP
WeWork, No.43, Residency
Road, Shanthala Nagar,
Ashok Nagar,
Bengaluru 560025

UAE - Dubai
M2K Advisors LLC
Shams Business Center,
Sharjah Media City free
Zone, Al Messaned,
Sharjah, UAE

USA
M2K Advisors Inc
16192 Coastal Highway,
Lewes, County of Sussex,
Delaware - 19958

For any queries, reach us at:
knowledge@m2k.co.in



This deck has been prepared for informational purposes only and nothing contained in this deck constitutes any legal or any other form of advice from M2K Advisors. Although reasonable care has been taken to ensure that the information in this deck is true, such information is provided "as is", without any warranty, express or implied as to the accuracy or completeness of any such information. M2K Advisors do not accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this deck. This document should not be considered as an offer or solicitation of any of the services rendered by M2K Advisors.