

## **The Benefits of an ACIS Constitution**

Thank you for requesting further information in relation to companies adopting a new Constitution.

Following the latest Corporations Law reform, many companies have chosen to repeal their existing Memorandum and Articles of Association and replace them with a new Constitution or the Replaceable Rules of the Law.

The benefits provided by the adoption of an ACIS Constitution may not be covered by existing Memorandum of Articles and Association or the Replaceable Rules. Key points include:

1. The Replaceable Rules do not provide for pre-defined share classes. If you wish to issue shares other than ordinary class shares, it would be prudent to adopt a Constitution defining the various share classes and the rights attaching to those classes.
2. Pre-emptive rights in relation to the transfer of shares, ensuring that existing members have the first right of refusal in relation to any proposed transfer.
3. All of the current rules in relation to the operation of the company are contained in one document, thereby making it easy for directors and members to determine their rights and obligations.
4. Confirmation of a lien a company has over the amount unpaid on any share allotted to a shareholder.
5. Annual General Meetings are no longer compulsory.
6. Expanded provisions dealing with the conduct of directors' meetings.
7. A precise statement of the powers and duties of the director(s) of a company.
8. The power for the company to grant an indemnity to an officer of the company in certain circumstances.
9. A company may be operated by one or more director(s) and/or member(s).
10. The removal of the 'hidden power' of a Chairman's casting vote in the event of a voting deadlock at a company meeting.
11. The removal of the provision which allows directors to appoint other directors in order to make up a quorum for a directors' meeting.
12. The removal of the necessity for a company to have a Common Seal unless required by another Statutory Regulation ie. SIS Act.
13. The ACIS constitution has been widely reviewed and accepted by leading banks' legal departments, without adverse comment.
14. Our constitution features a debit and credit loan facility that provides ITAA compliance for loans to or from a related party.

We believe that the provision of uniformity throughout your client base is another major benefit afforded to your practice by adopting an ACIS Constitution for your clients.

Normally, our Standard Fee for this service is \$132.00 per conversion (inc GST), however, should you wish to negotiate a fee to convert a number of your clients' companies, please do not hesitate to contact me on **FREECALL 1-800-773-477**.

We have taken this opportunity to attach an order form and look forward to being of service to you in the near future.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'M. Jolliffe', written in a cursive style.

Martyn Jolliffe

Marketing Manager.