

## Entitlement to vote of creditors

698. (1) Subject to subsection (3), in the case of a meeting of creditors held pursuant to section 666 or of an adjournment thereof, a person shall not be entitled to vote as a creditor unless he or she has duly lodged with the liquidator, not later than the time mentioned for that purpose in the notice convening the meeting or adjourned meeting, a proof of the debt which he or she claims to be due to him or her from the company.

(2) In the case of any other meeting of creditors and subject to subsection (3) and subsections (5) to (8), a person shall not be entitled to vote as a creditor unless he or she has lodged with the liquidator a proof of the debt which he or she claims to be due to him or her from the company and such proof has been admitted wholly or in part before the date on which the meeting is held.

(3) Neither subsection (1) or (2) shall apply to any creditors or class of creditors who by virtue of this Act or rules of court are not required to prove their debts, and subsection (2) shall not apply to a meeting referred to in section 587.

(4) The following subsections contain exceptions to, or apply restrictions on the exercise of, a creditor's entitlement to vote at a meeting to which subsection (2) applies.

(5) In respect of any unliquidated or contingent debt or any debt the value of which is not ascertained, the chairperson may put upon such a debt an estimated minimum value for the purpose of entitlement to vote and admit the creditor's proof for that purpose.

(6) A creditor shall not vote in respect of any debt on or secured by a current bill of exchange or promissory note held by him or her unless he or she is willing to do each of the following, namely:

(a) to treat the liability to him or her on the bill or note of every person who is liable thereon antecedently to the company and against whom an adjudication order in bankruptcy has not been made, as a security in his or her hands;

(b) to estimate the value of that liability; and

(c) for purposes of voting but not for the purposes of dividend, to deduct that liability from his or her proof.

(7) Unless he or she surrenders his or her security, a secured creditor shall, for the purpose of voting, state:

(a) in his or her proof; or

(b) in the case of a meeting that falls within subsection (8), in the statement referred to in that subsection,

the following matters:

- (i) the particulars of his or her security;
- (ii) the date when that security was given; and
- (iii) the value at which he or she assesses that security,

and shall be entitled to vote only in respect of the balance (if any) due to him or her after deducting the value of that security.

(8) For the purpose of voting at a meeting in a voluntary winding up ), a secured creditor shall, unless the secured creditor surrenders his or her security, lodge with the liquidator, before the meeting, a statement stating the matters referred to in subsection (7)(i) to (iii).

(9) The chairperson may admit or reject a proof for the purpose of voting, but an appeal shall lie to the court against his or her decision on that matter.

(10) If the chairperson is in doubt whether a proof should be admitted or rejected the chairperson shall mark it as objected to and allow the creditor to vote subject to the vote being declared invalid in the event of the objection being sustained.