

The CHAIRMAN: Are there any further questions? If not, on behalf of the committee, may I express our appreciation for your attendance here at your own expense and for the very informative statements you have offered to the committee. You are quite at liberty to stay here for our further deliberations. Mr. Lesage probably will have some comments to make on the views you have expressed to the committee.

Mr. Lesage, do you wish to carry on with your explanatory notes and then proceed to the professor's comments?

Mr. LOUIS LESAGE (*Director of Companies and Corporations Branch, Department of the Secretary of State*): Perhaps it would be better, since I have my notes, to comment on what Professor Williamson said.

Generally speaking, I think Professor Williamson and myself will not have any difficulty in coming to full agreement. His first worry now has disappeared by the new amendments we are going to propose and which have been distributed this morning. Before Professor Williamson came this morning, some conversations had been held and we also had some correspondence. This has brought forth an amendment by the addition of subsection (4) (b).

The CHAIRMAN: You are referring to the amendments on the single full page?

Mr. LESAGE: The last one. It takes care of the major objection of Professor Williamson. We agree that the previous text was not sufficiently clear and could present some difficulties.

In so far as the problem of income tax is concerned, before drafting those amendments we had extensive conferences with the officials of the mutual fund companies association. Since this did not appear to be a worry to them with the text as now amended, we think we can say—because the mutual fund share is defined otherwise than it was in the bill—that mutual fund share “means any class of share” and, therefore, since the word “share” is there, this appears sufficient to meet the requirements of the Income Tax Act. As Professor Williamson indicated, there may be a remote possibility that the income tax department would express other views in the future, but of course this will be a matter of policy for the government, and I do not think I am in any way qualified to discuss taxation problems. However, since everyone appears to be reasonably satisfied that a mutual fund share means a class of share—although at the same time it means something else—there will not be too many problems therefrom.

Another very interesting point brought up by Professor Williamson is in respect of section 49 on page 16, where he would like to see some clarification of the very last line, where it says, “shall be thereby decreased”, because the implication is that sections 49 to 58 shall not apply. For clarification of the text, I think, with Professor Williamson, the addition of the words “and sections 49 to 58 shall not apply” can be agreed upon very easily.

The CHAIRMAN: Excuse me, Mr. Lesage, are you adding that to the clause?

Mr. LESAGE: Yes. The words “and sections 49 to 58 shall not apply.”

The CHAIRMAN: That is at the end of subclause (3)?

Mr. LESAGE: Yes. It is page 16.

Mr. WILLIAMSON: There may be one problem there, Mr. Chairman, because we are in section 49 now.

Mr. LESAGE: Section 49, subsections (1) and (2)?

Mr. WILLIAMSON: Yes.

Mr. LESAGE: Then, for proper drafting, it should be “section 49, subsections (1) and (2), and sections 50 to 58 shall not apply”.