

Mr. THOMPSON: Then you are saying that up to 25 per cent it would be possible?

Mr. SHARP: Yes. Except that one individual, in any event, must not own more than 10 per cent.

Mr. THOMPSON: Yes, that is quite clear, but there is nothing to prevent a Canadian from selling his shares to a foreigner or a non-resident providing they do not exceed 10 per cent in the case of any individual or 25 per cent in total?

Mr. SHARP: Providing the total of all the shares held by non-residents does not exceed 25 per cent for that institution.

Mr. GILBERT: I have a supplementary question.

The CHAIRMAN: I will recognize Mr. Gilbert if Mr. Thompson will yield for that purpose.

Mr. GILBERT: Mr. Elderkin, just how do you intend to supervise or police these clauses?

Mr. ELDERKIN: The banks themselves are supposed to police them. They are under penalty if they do not.

Mr. FULTON: Mr. Sharp, while we are considering these amendments which will prevent this bank or any other bank from selling more than 25 per cent of its shares in the United States or any other foreign country, unless my understanding is imperfect would we not have to consider the implications of sub-clause (g) in respect of the possibility of their getting approval for an increase in their authorized stock and not issuing it? I do not believe there is anything in the Bank Act or the Companies Act or any securities regulations in Canada that requires a corporation, if approval for an increase in its authorized capital has been granted, to issue that capital. Usually that is the purpose for which they get it, but they can leave it in the treasury.

Mr. SHARP: Except, Mr. Chairman, that the increase in capital must be approved by Governor in Council, and therefore the Governor in Council can set the conditions for the increase in capital.

Mr. FULTON: Your precise meaning is that you could say that you would not approve it unless the banks undertook to issue it?

Mr. SHARP: Exactly, and to residents, as I will propose.

An hon. MEMBER: And issue it to residents of Canada.

Mr. CAMERON (*Nanaimo-Cowichan-The Islands*): The mere authorization of a capital increase is not sufficient, the shares have to land in the hands of Canadian citizens?

Mr. FULTON: That is not in the act, Mr. Cameron.

Mr. SHARP: I am suggesting that the Governor in Council can fix whatever conditions he wishes for the increase in capital. I am proposing that one of the limitations which should be in the act itself is that shares cannot be issued to non-residents of a bank which is more than 25 per cent owned by any single shareholder and the Governor in Council can ensure—and I am sure will—if it did authorize an increase in capital that the additional share would in fact be issued.