

MINUTES OF EVIDENCE

COMMITTEE ROOM 429,
HOUSE OF COMMONS,
MAY 6, 1930.

The Select Standing Committee on Banking and Commerce met at 10.30 a.m., the Chairman, Mr. F. Wellington Hay, presiding.

JOHN APPLETON called and sworn.

The WITNESS: I am the Secretary of the Dominion Mortgage and Investment Association, which comprises the principal trust companies operating in the Dominion.

I submit the following statement:—

Memorandum, re Investment Trusts

APRIL 5, 1929.

MEMORANDUM for submission to the Banking and Commerce Committee, April 17, 1929.

Re Investment Trusts

The Trust Company Members of The Dominion Mortgage and Investments Association, representing a preponderance of those carrying on the trust company business in Canada, would respectfully submit that it is desirable to regulate the use of such words as "Trust" and "Investment" in the titles of corporations in accordance with the established, and until quite recently, the invariable practice in Canada.

The word "Trust" was not used in the titles of financial companies not authorized to do a trust business until late in the year 1926. At that time and early in 1927, several companies not authorized to do a trust business obtained incorporation under the Dominion Companies Act, with the word "Trust" in their titles.

In the provinces, some companies received incorporation to do identically the same business as those incorporated as "Investment Trusts," so-called, but were not permitted to use the word "Trust" in their titles. The use of the word "Trust" by non-trust companies, therefore, is an innovation in Canada dating from the latter months of 1926.

The use of the word "Trust" in the titles of non-trust companies which do a general financial business is not general, and some of the larger ventures in that particular field have not deemed it advisable to use the word "Trust."

In the United States, the larger proportion of the companies operating on the so-called "Investment Trust" basis have not found it necessary to use the word "Trust" in their titles. Its use has been discouraged by the supervising banking authorities in many states as it is deemed appropriate that the word "Trust" should be used only in the titles of corporation which actually have trustee powers.