

In 1929, Barclays Bank of England got a charter for Barclays Bank of Canada Limited, a wholly owned subsidiary. They opened just a few branches in three or four cities and ultimately merged with the Imperial Bank. They did not try to build up a banking business on the basis of the deposits of the general public either throughout the country or in any one region of the country.

In 1953 the Handels Bank of Rotterdam, Holland, obtained a charter for the Mercantile Bank of Canada as a wholly owned subsidiary, subsequently sold to the First National City Bank of New York. They too until recently had only two or three branches and were not based on a general deposit business but very largely on connections with a number of large companies. They are branching out and have opened up several branches in Western Canada and elsewhere now when the charter of the Bank of Western Canada is pending.

When the Mercantile Bank application was before parliament in 1953, Mr. Graham Towers supported it despite the fact it was to be a foreign owned bank, if that were considered an objection. One of his reasons was that, firstly, he thought we should have more banks in Canada. Secondly, he doubted whether we would ever again see a Canadian group put together the capital and the organization necessary to start another bank. Therefore, if the only way to get a new bank started was to have outside interest, he favoured it.

Now here we bring before you a Canadian group which has collected capital from thousands of Canadian investors who have been waiting two years because of the kind of procedure which is necessary to get a bank charter under the present Bank Act and because of the developments in the past two years. We pledged our money in advance, we put it in the bank in the form of trustee certificates and in the form of shares in investment companies which in turn will be shareholders of the bank and who, a few weeks ago, renewed that pledge for a further period of 12 months to create every possible opportunity for the incorporation of this bank with that capital in hand.

We took special precautions to meet the argument that a new bank might fall under the domination of foreign interest and might sell out to foreigners. At that time, two years ago, there was quite a current of feeling in this country that it was undesirable to have Canadian banks under the control of non-residents; there was talk that the revision of the Bank Act, which was expected to come in 1964, would deal with that matter. So as a precaution we put a clause in our bill, Clause 5 which has been mentioned already, which was designed to prevent non-residents acquiring a proportion of the shares of this bank until such time as parliament has dealt with the matter in the pending revision of the Bank Act. In fact we did not make non-residents eligible at all to buy shares in the initial distribution, but we put in a provision that would operate after the bank was incorporated that non-residents could not acquire more than 10 per cent of the shares. Subsequently, in the bill which was presented to parliament for amendment of the Bank Act, a provision along those lines was made a general application. If and when that is enacted it is provided that the special clause in our bill should cease to operate and our bank shall be subject to the same provisions as the other banks.

Incidentally, that clause says it will cease to operate on July 1, 1966. That was drafted at a time when it was thought the Bank Act would be revised by then. Parliament has now extended, or is in the process of extending, the present Bank Act to December 1, 1966, so I presume a suitable amendment should be made to Clause 5 when the time comes.