Hon. Mr. Hayden: The Minister of Finance acknowledged in a public statement, and even in a speech he made recently at the Seigniory Club to the Canadian Life Officers Association, most of which was devoted to the objects and purposes of this bill, the quality of study and revision that was being done, and praised it very highly. It will take me only a few minutes to review the main changes.

In the original bill everything seemed to turn on the definition of "business of investment". The two tests were that a company must borrow on the security of its bonds, debentures or notes or evidence of indebtedness, and use its assets or any part of them in purchasing securities of the types listed in the bill on making loans as therein described.

The committee, based on the submissions that were made, felt that that was not a proper definition, because its effect was to sweep in more companies than should be swept in. We felt that the real test and purpose would certainly be in the borrowing; then, the use of all or part of the proceeds of that borrowing for these listed investment purposes. That was the sort of situation intended to be covered. We therefore revised the definition accordingly, which immediately eliminated from the scope and application of the bill a number of companies who should not have been there in the first place.

We then imposed certain limitations at the request of Mr. Humphrys, the Superintendent of Insurance, and with the support of his minister eliminated a number of companies where, even if they did the things contained in the definition we wrote there was ample protection to the lenders, and such companies need not be subjected to these reporting procedures. We therefore proceeded, at the request of Mr. Humphrys, to say that unless a company borrowing money and investing it as provided in the bill did not use in excess of 40 per cent of its assets for such investment purpose, then such company was excluded from the application of the bill. We also, at his request, put in a provision that if a company's borrowings were not more than 25 per cent of its equity, which would be its surplus and paid-up capital, there was ample protection to the lenders. In other words, with 75 per cent of the equity and capital left there as security for a 25 per cent borrowing, there was no need in that situation for the reporting procedure, registration and other features presented in this bill. We went along with those changes.

Mr. Humphrys had raised an initial objection, saying that he chose the asset method of testing whether companies should report or not because administratively it is easier to do than to follow the proceeds and identify a purchase of shares or a loan of money with the proceeds of the borrowing. We said that "use of proceeds" was what the minister wanted to have covered, that he wanted it on that basis, and that it was this substance of the speech he had made. I said that what we would do was require a borrower in that financial field with such investment purposes in mind to file a prospectus with the Superintendent of Insurance in addition to the prospectus required under the Canada Corporations Act, and to disclose the purpose of the borrowing.

Mr. Humphrys had the further objection, that in examining prospectuses it often appeared that many did not give the particular detail as to the purpose of borrowing but said only "For the corporate purposes of the company." We said that in those circumstances we would create a presumption in favour of the Superintendent of Insurance; in other words, if the borrower did not satisfy him that the proceeds were not used in the investment area described in the bill and the onus was on the borrower so to establish, otherwise he must report and be subject to the provisions of the bill. That clarified that situation.

I must speak of myself now. One thing I took very strong objection to was that while we had the reporting and inspecting procedures in the bill, the registration and sanctions in the bill were not to come into force for two years. I told Mr. Humphrys that I would not want to be the minister, nor would I want to be the Superintendent of Insurance in charge of this administration, if the reporting procedures, the filing of the statements required and the inspection that the Superintendent must carry out if he wants further information leading him to the conclusion that there was a deficiency in the assets as against the liabilities, or that the company did not appear to be able to take care of its current liabilities with its current assets—I would not want to be the minister if I had to sit on top of that information for two years before I had any sanction I could apply. That is, a real, substantial and direct sanction; true, there might be some other way of getting it.

Finally, we said that no matter what is involved, the sanctions must be brought in when the bill comes in so that there is at once an effective instrument to deal with this situation.