of business are located in Canada, provided three-quarters or more of the board of directors and its committees are Canadian citizens ordinarily residing in Canada.

[*English*]

In conclusion, I think it is clear to the House that this legislation is an important aspect of a broad, ongoing effort to bring about reform of the supervisory and regulatory framework for financial institutions in Canada. Most of the provisions have been in the public domain for several months, play a key role in strengthening supervisory powers and, if I may reiterate, were very well received by the public. By providing for more effective regulation this Bill will maintain confidence in financial institutions, an essential ingredient in maintaining a healthy financial system. As well, the Bill will allow securities markets to benefit from the provisions for ownership of securities dealers by federally-regulated institutions.

Therefore I am pleased that the House will give this matter its attention this afternoon as well as possible speedy passage into committee.

Some Hon. Members: Hear, hear!

Miss Aideen Nicholson (Trinity): Mr. Speaker, I am pleased to see Bill C-56 finally appear before the House. As with Bill C-42, on which I spoke earlier this month, I welcome its appearance in the House as evidence that the Government is finally beginning to move through its agenda for the reform of the financial services industry in Canada. Bill C-56 is the second of three Bills whose passage will complete the reform process which was begun by the previous Government and carried forward somewhat fitfully by the present one.

Bill C-56 was introduced on May 7. If the fact that we are starting second reading today looks remarkably and unusually speedy, I remind Hon. Members that parts of the Bill have been around in one form or another for over a year and a half. Other parts of the Bill are subject to a deadline of June 30 of this year, a deadline imposed by the need for uniformity with legislation brought forward by the Ontario Government last year when the federal Government's reform process seemed hopelessly bogged down.

The Bill is a mix of older and more recent proposals. It contains proposals that would allow federally-regulated financial institutions to own securities dealerships.

As Hon. Members know, the securities industry is provincially regulated. Obviously, it is this portion of the Bill that is meant to complement the earlier initiatives of the Ontario Government which set the effective date of June 30, 1987. However, a good part of the Bill pre-dates the White Paper issued by the Government last December. The Ontario Government's proposals to open up its securities industry were released in June, more or less obliging the Government of Canada to fall into step.

• (1430)

A number of the Bill's other proposals, for example the strengthening of the powers of the federal supervisory authorities and the ministerial review process for transfer of ownership, have been around for some time. On September 9, 1985, nine days after the Canadian Commercial Bank closed its doors, the then Minister of State for Finance appeared before the Finance Committee and described measures which are included in the Bill before us today. She referred to the urgent need to improve the capacity of the Government and the supervisory agencies to deal with problems in financial institutions. She described as urgent the measures she was proposing and said that they were measures on which immediate action would seem appropriate. That was in September of 1985.

Let me describe the history of those urgent measures. In November, 1985, they were released as draft legislation. In April, 1986, they were tabled as Bill C-103 respecting banks, trust and loan companies. In June, 1986, parallel measures were introduced for insurance companies in Bill C-123. These Bills were never called for debate and died on the Order Paper. In October, 1986, the measures were reintroduced as Bills C-8 and C-9. Now they have been amalgamated and lumped in with the securities proposals to form Bill C-56.

It is clear from this brief chronology that the Government is taking a bit of a liberty in including this Bill as part of its reform program. If the Government had acted with all the urgency described by the former Minister of State for Finance at the Finance Committee meeting in September of 1985, we would have had legislation in place that might have made some difference in events that later occurred in the financial services industry. At the very least, the Government might have been just a little less prone to being overtaken by events.

This Bill in fact is a collection of proposals in response to particular situations. It is in response to the bank failures, in response to the takeover of Canada Trust by a non-financial corporation, and in response to the legislative initiative of a provincial Government. This Bill did not spring from the White Paper issued in December, 1986. As I have said, it is all older than that. It is reactive rather than proactive.

This is not to say that we do not consider the Bill worthy of support. There are proposals that the Official Opposition is pleased to support since they confer what we consider necessary and desirable powers on federal regulators. This Bill would give regulators the ability to take early action against unsafe or unsound business practices by issuing cease and desist orders. Second, the Bill proposes an expansion in the regulators' powers to set and to write down the value of real estate assets held by federally-regulated financial institutions.

The power to have an independent valuation of real estate has been proven to be important because a high proportion of the assets held by financial institutions, particularly trust and loan companies, consist of real estate and mortgage loans secured by real estate. The valuation of real estate is not