

ance with the regulations, are at any time during its current or last completed fiscal year used as described in subparagraphs (i) and (ii) of paragraph (b) of subsection (1);

(b) A company, the outstanding debt of which, including debts of any person the payment of which is guaranteed by the company, does not at any time during its current or last completed fiscal year exceed twenty-five percent of the aggregate of such outstanding debt and the paid-up capital and the surplus of the company determined in accordance with the regulations;

(c) A company that is engaged solely in the business of underwriter of or broker or dealer in securities and is licensed as such by a public authority of any province;

(d) A company that was not at any time during its current or last completed fiscal year indebted in respect of money borrowed by it to a person or persons other than persons who were at that time:

(i) companies to which the Bank Act applies; or

(ii) substantial shareholders of the company within the meaning of paragraph (b) of subsection 3 of section 8 hereof;

(e) A company to which Part II of the Canada Corporations Act applies or that is referred to in section 147A of that Act.

(4) For the purposes of this Act, a corporation is a subsidiary of another corporation only if,

(a) it is controlled by

(i) that other, or

(ii) that other and one or more corporations each of which is controlled by that other, or

(iii) two or more corporations each of which is controlled by that other; or

(b) it is a subsidiary of a subsidiary of that other corporation.

(5) For the purposes of paragraph (a) of subsection (3) any assets of a company which consist of loans to or shares, bonds, debentures, notes or other evidences of indebtedness of any subsidiary of such company shall be deemed not to be assets used as described in subparagraphs (i) and (ii) of paragraph (b) of subsection (1) provided that

(a) at least seventy-five percent of the equity shares of such subsidiary are owned by the company, and

(b) not more than forty percent of the assets of such subsidiary, valued in accordance with the regulations, are used as described in subparagraphs (i) and (ii) of paragraph (b) of subsection (1).

#### GENERAL

3. (1) Subject to subsection (2), this Act applies to all investment companies.

(2) The Minister may grant exemption from the application of this Act to any investment company if he is satisfied that

(a) the business of investment carried on by it is incidental to the principal business carried on by it, or

(b) the company is and intends to remain a company described in subsection (3) of section 2

but an exemption granted under this subsection may at any time be revoked by the Minister if he ceases to be so satisfied.

(3) Where exemption from the application of this Act is granted under subsection (2) to a company incorporated after the coming into force of this Act primarily for the purpose of carrying on the business of investment, such exemption shall not be revoked unless, in the opinion of the Minister, the company carries on the business of investment and is not a company described in subsection (3) of section 2; and where any exemption in respect of such a company is revoked, the company shall be deemed thereafter to be an investment company to which subsection (1) of section 11 does not apply.

(4) Where any conflict exists between any provision of this Act and any provision of the letters patent or any supplementary letters patent of an investment company, the provision of this Act prevails.

(5) Where any conflict exists between any provision of this Act any provision of an Act incorporating an investment company or any amendment to such Act, unless that Act or amending Act by specific reference to this Act provides to the contrary, the provision of this Act prevails.

4. Letters patent issued under any Act of the Parliament of Canada to incorporate a company primarily for the purpose of carrying on the business of investment shall include the following words: "This company is incorporated as an investment company and is subject to the provisions of the Investment Companies Act unless exempted from the application of that Act in accordance with subsection (2) of section 3 thereof."