

Mr. MEIGHEN: Yes.

Mr. A. K. MACLEAN: The practice in many places in Canada is this: Preference shares are issued by taking power in the memorandum or articles of association for paying off preference shares at a certain rate when the company is in a financial position to do so. As a matter of fact, the procedure in most cases is wrong and shares cannot be redeemed in that way. I think Ontario has some special provision for paying off preference shares without going through this procedure. I do not think any company should be compelled to go through all this procedure indicated by clause 54 in order to pay off preference shares when they have taken the power in their articles or memorandum of association to do so. Preference shares are shares just like common shares, it is true, but I think, when in their memorandum or articles of association, or both, as it is sometimes done, the power is taken to redeem preference shares, the company ought to be permitted to do so on the approval of somebody, possibly on the approval of the Secretary of State or by an order of the court. I am not going to suggest that the clause be struck out. It is a most cumbersome provision, and I do not think we should adopt it into our Companies' Act.

At six o'clock the Committee took recess.

After Recess.

The Committee resumed at eight o'clock.

On section 3—Companies incorporated for certain purposes. Proviso, inter-insurance contracts.

Mr. A. K. MACLEAN: Is there any necessity for having this proviso?

Mr. MEIGHEN: There is some doubt as to the power of a company incorporated by charter under the Companies Act to engage in inter-insurance. I understand that it is a modern method for companies to band together and insure each other.

Mr. A. K. MACLEAN: That is not carrying on insurance business.

Mr. MEIGHEN: Well, it is in a way. They are insuring other companies, and we want to make it clear that they can do it.

Mr. A. K. MACLEAN: Is it desirable to add this proviso? If this re-insurance is a species of insurance, it is better that the companies should not have this power. Who has raised this question? It has never been raised in the courts.

[Mr. A. K. Maclean.]

Mr. MEIGHEN: It is not the business of insurance strictly speaking, I would think, but it is a species of insurance all the same. I understand that Mr. Wegenast, who has had considerable to do with company law and is somewhat of an authority, is anxious that this protection be granted. The subject, I understand, has been litigated in the province of British Columbia.

On section 4—New sections added:

Mr. A. K. MACLEAN: Is the word "sporting" in the English Act?

Mr. MEIGHEN: I wish to move a rewording of this section. I move that:

The words in subclass 1 of section 7a, being now, part of section 4 of this Bill, commencing at the beginning and ending at the word "gain" in the fifth line of such subclass be struck out and the following substituted therefor:

When the application is for the creation of a corporation to carry on in more than one province of Canada without pecuniary gain, objects of a national, patriotic, religious, philanthropic, charitable, scientific, artistic, social, professional, or sporting character or the like.

I do not think the word "sporting" is in the British Act.

Mr. A. K. MACLEAN: It seems altogether out of place here.

Mr. MEIGHEN: I am informed that we frequently have application for such charters; for instance, from the Canadian Lacrosse and Hockey Associations. I do not see any reason why they should not come in, if they are otherwise entitled to get their charter.

Mr. A. K. MACLEAN: But it seems to be contrary to the spirit and origin of this section, which is for the convenience of corporations organized for religious and philanthropic purposes. A sporting association is an entirely different thing and should incorporate under the provincial companies Acts. There is no particular reason why they should have special privileges.

Mr. GRAHAM: Let me say a word on behalf of these amateur athletic associations. The trouble with amateur sporting associations is that they have not been properly managed during the last few years, and professional sport has driven them out. Take the National Lacrosse Association, for instance, which spreads all over Canada. In the old days there was an amateur lacrosse club in every hamlet and town in Canada, and in my opinion, if these amateur associations had been organized under a proper charter and had been properly managed, amateur sport