

would be refused to incorporate Macy's Limited, or Sears-Roebuck Limited.

And it is our submission, sir, that in this instance we are dealing with a fairly well-defined public, in addition to the public at large with the business community in banking, and in that community "Continental Bank" as such is well known. It is our submission that for that reason confusion is likely to arise.

The Chairman: Mr. Felkai, to go that far we would have to assume that the bank being created under Bill S-30 is being created with this name for the purpose of riding on the tails of the Continental Bank of Illinois. It strikes me that way.

Senator Walker: Quite so.

Senator Laird: Mr. Chairman, in another field of commercial activity, may I call to your attention something you may not know but which I experienced. In southwestern Ontario there were at least two attempts that I know of to use in connection with retail operations the name of "Hudson". Hudson's store in Detroit is extremely well known to Canadians in southwestern Ontario, who have been known to buy things there and smuggle them back. For example, I even had a case myself involving—

Senator Molson: A case of smuggling?

Senator Laird: I would never smuggle, of course.

The Chairman: You mean for a client.

Senator Laird: Yes. I went for my wife. In any event, I had a case where a man wanted to incorporate in Ontario under the name of "Hudson's Ready-to-Wear Limited." In line with one observation of Mr. Felkai's, the provincial secretary turned down the name on the ground that Hudson's had goodwill in at least southwestern Ontario. I am unaware whether you knew that or not, but I just point it out for further discussion.

Senator Walker: Mr. Felkai, could you answer the Chairman's distinction, which is a real one. You are talking about Macy's, which is a household word. Every woman knows that word. But when you talk about a sophisticated field of banking, you have to admit that nobody in the ordinary public has ever heard of Continental. This is a sophisticated area in which you are suggesting the confusion must arise. But the confusion will not arise among sophisticated people or between bankers. So I do not think that the analogies you have given us are of much help.

The Chairman: Senator Walker, there is the additional factor of size. Mr. O'Boyle has stressed the bigness of this Continental Bank of Illinois and the lack of confusion, and so on, in relation to other banks bearing the name in the United States because they were just small banks.

The bigness of a bank, it strikes me, is designed to attract big business, not the simple depositors. The simple depositor may be a necessary and valuable adjunct, but to stress the bigness of a bank is really to indicate the attractiveness it has for doing business with big corporations in large sums of money.

If we apply that to the particular case before us, the Continental Bank of Illinois has about \$19 billion of assets, whereas the bank we are proposing to incorporate might have a capital of \$100 million when it finally becomes operational. Are they likely to meet in the same financial areas? If they do, so far as the Continental Bank of Illinois

is concerned, it would have to find some intermediary through which it could operate in Canada because it cannot carry on banking business itself in Canada. That to me seems rather significant.

Senator Walker: It has not chosen even to try to do so up to the moment, has it?

The Chairman: It might have problems applying for a charter for a Canadian bank. I do not know. But we have restrictions on ownerships of shares and things of that kind by non-residents in order to restrict the intrusion of substantial non-resident interests into the Canadian banking system.

Senator Macnaughton: Mr. Chairman, the Continental Illinois Corporation has a subsidiary in Ontario which was incorporated in 1973, Continental Illinois Leasing and Financial Ltd. How large and how well known is that subsidiary? It only started in 1973.

Mr. Felkai: Senator Macnaughton, we only mentioned that subsidiary in order to make full disclosure to the committee as to the bank's presence, through a subsidiary, in Canada, but the subsidiary is not doing banking business. Mr. O'Boyle can deal with the size of the subsidiary, if you like.

Mr. O'Boyle: Senator Macnaughton, we are incorporated with a capitalization of \$5 million. We have the guarantee of our parent Continental Illinois Corporation to support us in the commercial paper market and in selling our commercial paper, guaranteed for \$100 million in short term paper, and \$50 million for longer term items over 270 days. Our development has been satisfactory. Actually, we are not approaching those limits, which are in support, but we are not restricted to them either. They are simply figures which seemed attainable in the first brief few years of operation.

Senator Macnaughton: I was really thinking of the publicity angle of this, and the possible confusion with the proposed new bank.

The Chairman: Any other questions?

Senator Flynn: I was wondering whether the witness would be able to say whether the word "Continental", as associated with banks, is used in other areas of the world outside the United States. It seems to me that I have seen that name all around the world.

Mr. O'Boyle: There are several "Continental Banks" around the world. We have had problems with some of them in the area of confusion. I do not mean banking problems as such. There are no major banks with that name in the international banking field that I know of.

Senator Flynn: But would you not agree that it would be a safeguard for you, as far as the proposed bank is concerned, rather than that the name of the new bank would be a problem to you? I would suggest that the new bank is more likely to suffer from the fact that you have its name, than the other way around.

Mr. O'Boyle: Well, senator, that might well be the case in the international business field. I really cannot be sure of that. I think the very real problem, and the one we are most concerned about, is the confusion that could arise as a result of the similarity of names. We have rather a long name, and yet, commonly, we have been called "Continental Bank", wherever we operate, even though the title is,