effect until a new statement was made by the present Leader of the Government.

On motion of Hon. Mr. Hollett, debate adjourned.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

INVESTMENT COMPANIES BILL

SECOND READING

Leave having been given to proceed to Order No. 11.

The Senate resumed from Thursday, November 28, 1968, the adjourned debate on the motion of Hon. Mr. Desruisseaux, for the second reading of Bill S-17, respecting Investment Companies.

Hon. Salter A. Hayden: Honourable senators, when I was considering speaking on this bill at this time, and I was talking to the Leader of the Government, he indicated that there might be an area this evening in the sittings when I could speak on it, as against my preference to speak tomorrow afternoon. I said, "That is fine, but remember, as you listen to me, you may be like a friend of mine who wrote a very lengthy letter, and at the end of it he apologized for its great length because, he said, 'I did not have time to write a short letter.' "

I am going to try to avoid that tonight; maybe the condensation will not be as great as it would have been tomorrow afternoon. In any event, I can assure you that it will not be like the telegram which an economy-minded man was preparing to send. He consulted an even more miserly friend who started to eliminate unnecessary words, and finally ended up with the address and signature, nothing else being necessary. I will not go that far.

This bill, having to do with investment companies, in principle and for the purposes for which it is designed, is commendable. I think you would say it is necessary, not in the form in which it has been presented to us, but as a basis upon which we can consider the question. I say that because even if you go back and read the report of the Porter Commission you will see they discussed the areas of investment companies, chartered banks, trust companies, near banks, acceptance corporations, etcetera, and also the regulations, the control, the guidelines or rules for investment in those areas. In their report they stated that there was still a gap in this field of investment companies that should be looked at and dealt with in some way in the matter of supervision, control or direction. This is what this bill proposes but, as I said to a friend of mine the other day, you would not think much of the advice of your dentist if you went to him with a toothache in one tooth and he recommended that all your teeth be extracted.

I feel there is a very necessary, justifiable and good purpose to be served by legislation in relation to investment companies. I also feel this is too complex, that it goes too far, and that in its definitions it goes beyond the ordinary concept of an investment company.

Having said that, let me get down to the meat of the bill. It proposes that Parts I and III shall come into force on proclamation, and Part II, which deals with certificates of registry, et cetera, shall come into force not sooner than a period of two years from the date on which the other parts come into force. I intend to approach this bill on that basis.

The definition of "business of investment" is, I think, far too broad for the ordinary concept of the business of investment. At the risk of repetition I should like to call the attention of honourable senators to the fact that "business of investment" is defined by section 2(1)(b) of the bill in this manner:

> "business of investment" with respect to a company means the borrowing of money by the company on the security of its bonds, debentures, notes or other evidences of indebtedness, and the use of some or all of the assets of the company for
>
> (i) the making of loans whether secured or unsecured...

That is one purpose. The other is the purchase of bonds, debentures, notes or other evidences of indebtedness of individuals or corporations; the purchase of shares of corporations; the purchase of—and why this one is put in, I do not know—bonds, debentures, notes or other evidences of indebtedness of or guaranteed by a government or a municipality; the purchase of real property other than that needed in connection with the operation; or the purchase of instalment sales contracts. This is the definition of "business of investment".