Mr. ROGERS: Yes. He suggests "as soon as may be." But I think when he appreciates the difficulty of imposing a penalty for failing to prove a debt within a definite time, he will realize that it would be wise to set a time limit. There are other time limits in the Act, six months, three months and so forth, but I should think a fair time limit could be set. I really have not had enough practical experience of bankruptcy matters to make a sound suggestion. So I would rather leave it to those who have greater knowledge, and wider experience. I am sorry, but I am afraid that is as far as I can go.

Now, section 124. As the explanatory note indicates, this is new and purports to do away with the law of set-off, which is said to differ in important respects in the several provinces. It is difficult to know just what is meant by "mutual dealings." The banks have the right of set-off, that is, the right of setting-off one debt against another, or one debt against a credit, and that sort of thing. Whether this section is intended to prevent that being done we do not know, but we feel that it might be looked at with more care to see what the effect might be. It might go further than was intended. We should not think that the ordinary rights of setting one account off against another would be intended to be interfered with, but the language and the explanation would indicate that the law of set-off is not to be observed except in accordance with section 124.

There is a little point in section 125, subsection 7:—

> The trustee shall not be liable for the costs of a creditor proving any claim if in the opinion of the court the trustee acted in good faith or was justified in requiring the claim to be proved before the court otherwise the costs of proving a claim shall be in the discretion of the court.

Our feeling is that if the trustee be given carte blanche he might go the length of contesting every claim and putting everybody to the proof, and the way the onus provisions have been changed it is going to be very difficult to sustain the validity of any transaction. The result would be the trustee would not be liable for any costs, and the effect might not be good. It seems to us that there ought to be something which would leave the trustee clearly in the hands of the court, and the court's discretion should govern the question of costs in all cases; otherwise the effect might be too sweeping. True, he is not going to be liable if the court feels he acted in good faith and was justified. We submit that the question of liability for costs should be left entirely in the discretion of the court, particularly if the onus is shifted as proposed in section 69 (2).

Section 126 deals with scheme of distribution. Subsection 1 provides:—

> Subject to the rights of contractual secured creditors the proceeds realized from the property of a bankrupt shall be applied in priority of payments as follows:—

It is realized of course that there has been a great deal of difficulty in establishing priority of claims, and there ought to be some such section as this, but the difficulty is the use of the words "contractual secured creditors" ignores certain statutory situations. For instance, under the Bank Act a bank is given a statutory lien on the shares of its shareholders. That certainly is not contractual and would not be covered by this section. Then there is a banker's lien at common law on the property of a debtor which may be in the bank's hands, such as securities, which perhaps may not have been hypothecated, but the bank has certain rights there just as the solicitor has at common law. Neither of these is contractual. It seems to us that the word "contractual" should go out. To make it doubly clear probably there should be a clarification with regard to the proceeds realized by the trustee. Certainly it is not intended, we think, to cover proceeds realized by secured creditors, because naturally those proceeds go to meet their claims, although of course if there is any surplus that must be paid