The Commission argues throughout its report that the best way of reconciling the need to protect the public with the need to keep the financial system flexible enough to serve the changing requirements of the economy is through high standards of self regulation and disclosure backed by a thorough, but not rigid, system of government inspection (pp. 140-1, 380-2); in this connection, the government authorities must have adequate powers to enforce sound practices (p. 381). The Commission explicitly rejects rigid asset ratios (such as those which limit the type and amount of securities and loans that insurance companies or Quebec Savings Banks may invest in) since such ratios do not protect the public against loss and only serve to reduce the flows, and increase the costs, of credit to borrowers (pp. 152-3, 358).

In recommending that all institutions, particularly the banking institutions, should have broader investing and borrowing powers than any of them has at present in order to promote a more competitive and flexible financial system, the Commission also recommends that steps be taken to guard against excessive concentration of the financial system and to outlaw price agreements among financial institutions (pp. 369-73). As the Commission puts it ... "competition is an uneasy state, and however much they may thrive under it, businessmen have an inclination to protect themselves against it." (p. 369). The Commission thus recommends that the Minister of Finance be granted the necessary powers to prevent lending and borrowing agreements among banking institutions (p. 369-70), that there be a limit on the extent of interlocking directorates between banking institutions and that (subject to certain exceptions) mergers or share acquisitions between banking institutions be subject to approval of Treasury Board (pp. 370-3). The Board should also be granted power to review past transactions and to order such remedy as is necessary to protect competition in the public interest (p. 372). In addition, the Commission recommends that limits be placed on the banking institutions' investments in non-financial and non-banking concerns (p. 371, 372).