operating in the country. What we are saying is that 8 per cent, which is 2 per cent less, is sufficient for foreign banks.

It is quite obvious that a judgment decision was made on that 2 per cent margin; in this instance it was the government which decided that it would be preferable for Canadians and Canadian financial institutions that the volume of business for foreign banks be limited to 8 per cent of the total domestic assets of Canadian banks.

• (2130)

[*English*]

**The Acting Speaker (Mr. Blaker):** Is the House ready for the question?

**Some hon. Members:** Question.

**The Acting Speaker (Mr. Blaker):** Is it the pleasure of the House to adopt the said motion? All those in favour of the motion will please say yea.

**Some hon. Members:** Yea!

**The Acting Speaker (Mr. Blaker):** All those opposed will please say nay.

**Some hon. Members:** Nay!

**The Acting Speaker (Mr. Blaker):** In my opinion the nays have it. I declare the motion lost.

*And more than five members having risen:*

**The Acting Speaker (Mr. Blaker):** Order please. I said I declared the motion lost, but perhaps I spoke too quickly. I see that several hon. members have risen. I will undo what I have done.

In accordance with Standing Order 75(11) the recorded division on the proposed motion stands deferred.

**Hon. Flora MacDonald (for Mr. Stevens)** moved:

Motion No. 51

That Bill C-6, an act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other acts in consequence thereof, be amended in clause 2 by adding immediately after line 48 at page 309 the following:

"(2.1) Where a foreign bank would be deemed to be a corporation associated with another foreign bank under section 303(2) by reason of any class of its shares being owned directly or indirectly by the other foreign bank and

(*a*) not more than fifty percent of the issued and outstanding shares of such class are owned directly or indirectly by the other foreign bank at the coming into force of this act;

(*b*) the issued and outstanding shares of any class of the first foreign bank owned directly or indirectly by the other foreign bank were owned by it prior to May 18, 1978; and

(*c*) each of the foreign banks owned one or more subsidiary corporations that carried on business in Canada prior to May 18, 1978;

the other foreign bank shall, for the purposes of this part, be deemed not to own any shares of the first foreign bank."

**The Acting Speaker (Mr. Blaker):** Is the House ready for the question?

**Some hon. Members:** Question.



**Hon. Marcel Lambert (Edmonton West):** Mr. Speaker, I am very pleased to see that those hon. members who do not know the first damned thing about this act are the first to call "question". The amendment proposed by my hon. friend from York-Simcoe (Mr. Stevens) is to protect the operation of Grindley's Bank. It introduces a "grandfather" clause. Grindley's Bank is caught in a bind. It has been operating for close to ten years and it has done some very good business. As a matter of fact, Mr. Speaker, I do not think there would be any Laser racing boats manufactured in Canada were it not for the financing provided by Grindley's Bank. That is only one item in the chapter, however.

The bank is owned 40-odd per cent by Citibank of New York, or what is known as Citicorp. and 50-odd per cent by Lloyd's Bank of England. That is a bank that is, frankly, caught by the legislation. We were hoping that we could let "grandfather" in.

The minister may have an answer that would satisfy my hon. friend. He had hoped to be here this evening but was detained in Toronto. On the basis of the progress made this afternoon, we anticipated that this legislation would not get through tonight so I put forward this explanation of the amendment. If the minister can give what he understands to be the solution, I shall be very glad. I think it would be Canada's loss if Grindley's Bank were to disappear.

[*Translation*]

**Hon. Pierre Bussières (Minister of State, Finance):** Mr. Speaker, I shall speak to the provisions dealing with the authorization for two foreign banks, which are associated, to have one subsidiary each in Canada; we know that under the bill now before us this cannot be done. Still, upon examination of the provisions of section 303, if I remember correctly, under paragraph (4), it is indicated that, notwithstanding paragraph (2) which restricts affiliations very severely, that "where less than 50 per cent of the issued and outstanding voting shares of a corporation that is a foreign bank are owned, directly or indirectly, by a foreign bank, the Minister may"—discretion is clearly indicated here—"by order, deem that corporation and foreign bank, not to be associated for such period ending not later than ten years after the coming into force of this Act as specified in the order and for the purpose only of allowing the corporation and the foreign bank each to have a foreign bank subsidiary and for such other purposes as may be specified in the order."

I have had talks with people who are close to the institutions that could be affected. We discussed the bill in general terms. They are aware that, by demonstrating the will and a plan to change their portfolio in such a way as to meet the requirements of section 303(4) that could be considered as a way out, of the problem created by the act as it now stands. And after discussing and examining this provision, it appeared to me that this type of possible alternative seemed quite acceptable to them.