

under clause 53(1)(a) anyway. It is a back door approach to applying the law to them. At the same time we are spoiling our own reputation because I believe we are leaving ourselves wide open to the accusation of being discriminatory in this legislation as it is stated in clause 75(2)(g).

Mr. SHARP: I see no difference in the discriminatory or the retroactive character of the legislation if we had a clause somewhere else in the act that said that the National City Bank must, on peril of losing their licence, reduce—

Mr. THOMPSON: You do not say that. All you have to do is to put in a general regulation, because there is no reason at all under the present legislation why one of the present banks cannot divest themselves of their Canadian shares and become foreign-owned.

Mr. SHARP: Mr. Chairman, perhaps I should add that there is nothing in the act which prevents Mercantile from operating in Canada. What clause 75(2)(g) does is to limit their growth in Canada and they—

Mr. THOMPSON: Well, it is the back door approach of using the club.

Mr. SHARP: In either event there is a club if we say that the National City Bank must divest itself of 75 per cent of its shares. It would take offence to that just as it has to clause 75(2)(g) because it would argue—as it has argued in connection with clause 75(2)(g)—that they purchased the Mercantile Bank with the expectation of continuing to be the sole owner.

Mr. MACKASEY: Mr. Sharp, is it not also a fact that—following Mr. Thompson's argument—clause 75(2)(g) would not apply anyway?

Mr. THOMPSON: No. Mr. Mackasey, what you are doing here is applying a discriminatory law against one institution that will force them into a position—

Mr. MACKASEY: —where they will have to become Canadians. It is about time, too.

Mr. THOMPSON: Why do we not come in the front door and put down just what we mean, then?

The CHAIRMAN: Gentlemen, perhaps we could save our debate on this issue for the clause-by-clause stage, which we will probably begin in a few days.

Mr. THOMPSON: May I ask one more question, Mr. Chairman?

The CHAIRMAN: Yes. You have the floor as far as questions are concerned.

Mr. THOMPSON: What is there in the legislation that will prevent a Canadian who purchased shares in a Canadian bank from reselling them to an American or to a non-resident?

Mr. SHARP: There are several provisions in the law that limit this right. They can sell if they wish, but the total of the ownership—I suppose it is of the voting shares—

Mr. THOMPSON: Where is it?

The CHAIRMAN: It is clauses 53, 54, 55 and 56.

Mr. SHARP: The general rule in the act, apart from clause 75(2)(g), is that the total of the foreign ownership of any of our chartered banks shall not exceed 25 per cent, and therefore a transfer made to a non-resident which went beyond that would be in contravention and could not be consummated.