

Clause 16: "Vacancy in office of president or vice-president." Shall the clause carry?

Carried.

Clause 17: "Branch offices and local boards." Shall the clause carry?

Carried.

Clause 18: "General powers of directors." Shall the clause carry? Are there any questions on that clause?

Carried.

Clause 19: "Treasury board certificate." Are there any questions on that clause?

Carried.

Clause 20: "Delegates." Shall the clause carry?

Carried.

Clause 21: "Meetings." Shall the clause carry?

Carried.

Clause 22: "By-laws." Shall the clause carry?

Carried.

Clause 23: "Effect of by-laws." Shall the clause carry?

Carried.

Clause 24: "Powers of directors to make by-laws."

The WITNESS: That is the same as in the Loan Companies Act.

Carried.

The CHAIRMAN: Clause 25: "Copy of by-laws to be filed with superintendent." Shall the clause carry?

Carried.

Clause 26: "Capital stock." Are there any questions on capital stock? You mentioned something of interest being paid on capital stock. Would you care to elaborate on that at all?

The WITNESS: I doubt whether I can add much to what I said this morning, Mr. Chairman. One of the basic principles of cooperatives is to distribute their profits not primarily to the shareholders but to the members in proportion to the business that each member gives to the organization; so, instead of paying dividends in the usual sense or share capital, interest at an average prevailing rate is usually paid instead, and by subclause (5) of clause 26, the maximum rate that may be paid is fixed at five per cent, which is consistent with the practice throughout the credit union field.

The CHAIRMAN: Shall clause 26 carry?

*By Mr. Macdonnell:*

Q. I have a question on clause 26: "(5) not more than 10 per cent of the issued shares of an association may be redeemed pursuant to this section in any financial year and no such redemption shall be made when the association is insolvent . . ." Is there any provision for publicity in the case of redemption? What is the relevant provision in the case of the Companies Act, do you recall?—A. I cannot say offhand, but in this case or in the case of any credit union, of course, the shares are held by members and it is their privilege to withdraw if they desire to cease to be members.

Q. Yes, but these provisions about redemption have regard to creditors always?—A. Yes.