

Section 8 page 4, relates to the investment of trust funds. The change here is to authorize the trust companies to invest guaranteed trust funds in income producing real estate. This is similar to the authority given for the investment of the company's own funds.

Section 9, page 5: The present Trust Companies Act authorizes only one general trust fund with a limit of \$3,000 as the total of any one trust that may be invested in such fund. This section has been found to be of practically no use and it is proposed here to enlarge the powers of a trust company to permit the maintenance of one or more common trust funds for the investment of trust moneys, subject to the limitation prescribed by the laws of the province where the trust is administered.

Also on page 5, section 10: It is proposed to permit the trust companies to invest their own funds in real estate for the production of income. It is also proposed to change the basis of determining the eligibility of no par value common shares to a 4 per cent basis on the capital stock account of the company. These particular revisions are the same as have been proposed for Canadian Insurance Companies.

Section 11 on page 7: The Act now makes provision for the acquisition by agreement of other trust companies; however, the investment by a trust company in the shares of other trust companies is prohibited. To put Dominion companies on a competitive basis with provincial companies it is proposed in this section to permit the acquisition of other companies through the purchase of their shares, subject however to prior authorization in each case by the Treasury Board; also the requirement that the purchased company must be taken over completely within a two year period.

Those, gentlemen, are the more important points of the bill.

The CHAIRMAN: Thank you, Mr. Warwick.

We have with this morning also Mr. L. G. Goodenough, Counsel for the Dominion Mortgage and Investments Association and also for the Trust Companies Association of Ontario; Mr. Jules E. Fortin, Secretary Treasurer of the Dominion Mortgage and Investments Association; Mr. C. N. Bissett, the Eastern Trust Company, Montreal; and Mr. E. L. Parent, Guaranty Trust Company, Ottawa; and Mr. J. S. Shakespeare, of the Ottawa Valley Trust Company, Ottawa.

Would any of you gentlemen wish to make any representations to the committee?

Mr. GOODENOUGH: Mr. Chairman, both the Dominion Mortgage and Investments Association and the Trust Companies Association of Ontario are interested in the Trust Companies Act. As you know, the Trust Companies Act was first enacted in 1914 and it was not until 1947 that there were any amendments to any of the sections of that Act, and naturally during the intervening thirty-three years a considerable number of sections became obsolete, inadequate and out of date, due to changes in business methods and methods of financing and procedure. In 1947, as Mr. Warwick mentioned, a number of amendments were made with a view to bringing the Act up to date and more into line with corresponding provisions in the Insurance Companies Act. At that time the companies would have liked to have had a few further amendments with respect to investment powers, but those matters were deferred pending consideration of the investment powers of insurance companies, and this year the amendments that are being made follow along the lines of those made in the Insurance Companies Act a few days ago, and also are to tidy up a few other sections that were overlooked in 1947. The representatives of the companies have during the last few weeks been discussing the proposed bill very thoroughly with the department, and the companies are in agreement with the amendments as proposed.