

Mr. Deputy Speaker: It being 5 o'clock, the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

• (1700)

PRIVATE MEMBERS' BUSINESS--MOTIONS

[English]

FINANCIAL INSTITUTIONS

ADVISABILITY OF INFORMING DEPOSITORS WHEN DEPOSITS ARE UNINSURED

The House resumed from Tuesday, July 5, consideration of the motion of Mr. Riis:

That, in the opinion of this House, the Government should consider the advisability of co-operating with the provinces in establishing a system whereby those individuals who deposit money in financial institutions not covered by deposit insurance be required to sign a waiver form indicating that they are fully aware that their deposits are not insured in the event that the institution goes bankrupt.

Mr. Rob Nicholson (Niagara Falls): Mr. Speaker, I am pleased to enter this debate. I think this is a subject that is very important and one that in the past has caused considerable hardship. I think of my own riding of Niagara Falls a number of years ago and the provincially regulated company by the name of Astra Trust. I am sure there are Members in the House who will remember that incident.

The common complaint among a number of the individuals in that case was that they bought certificates, had invested money with the company and thought that they were covered by the Canada Deposit Insurance Corporation and the protection given under that particular Act. They assumed in dealing with this company that there were either federal or provincial regulations and laws in place that would protect their investment. They unfortunately found out that they in fact were not covered. The story did not have a completely unhappy ending since there was government assistance in that case, but it pointed out the need at both levels of government to act in a way that would help protect individuals from that circumstance.

I am pleased that this subject, as well as other issues within the financial sector, has been under review by the Government. I believe there has been substantial progress made in it.

The Government has already implemented a number of measures to enhance consumer protection. As part of the financial sector reform package contained in the December 1986 policy document, Bill C-42 and Bill C-56 received Royal Assent just over a year ago. I think they go a long way to addressing some of the concerns that many of us have in this particular area.

I suggest as well that the federal Government has addressed the problems not only with its jurisdiction, it has encouraged and participated in discussions with its provincial counterparts.

Financial Institutions

In the area of financial sector change, the Government has met the challenge. Bill C-42 is a good example. The House should reflect for a moment on what measures have been taken by the Government of Canada in this area. Bill C-42 has an extension of the ban on unauthorized presentations of the insurance status of member institutions or of deposits received by them to persons acting as agents of such institutions.

In addition, that Act includes the incorporation in the CDIC Act itself of an existing regulatory requirement that when institutions take deposits which are not insured they must indicate that fact in writing on the deposit in contract. That is a very substantial and important change so that people see on the face of the contract whether or not they are protected.

In addition, there is a new requirement that member institutions who solicit funds for investment on behalf of their investment company subsidiaries or any other non-member of the CDIC give notice to investors that such funds are not covered. These new measures are in addition to the existing prohibition against anyone, other than a member institution, from representing itself or other member institutions as being insured by the CDIC.

As Members are aware, the Government is currently in the process of implementing the remaining measures contained in the December 1986 policy document. Among other things, these measures will grant broader powers to federal financial institutions, enabling them to provide their clients with a much wider range of financial services. The Government views the formation of such groups as a healthy development for Canada's financial markets.

In addition to providing Canadians with more choice and convenience in obtaining financial services, the diversification of financial institutions into new lines of business should enhance their ability to meet the challenge of increasing international competition as well.

The Government is well aware of the potential problems that are entailed in trying to protect the consumer. Consequently, the need for additional measures to address potential problems has been recognized in the draft of the proposed new Trust and Loans Companies Act which was released on December 21, 1987. By expanding the powers of trust and loan companies to provide various sorts of financial services to their clients, the draft legislation would also enable the Governor in Council to make regulations imposing terms and conditions with respect to those activities.

It is important to remember that these measures of consumer protection belong in the context of a major overhaul of the potential Prudential safeguards of our financial system. Bill C-42 has created the office of Superintendent of Financial Institutions, and Bill C-56 gave that office stronger powers than its predecessor organization.

I believe it is fair to say that the CDIC is hard at work at improving public awareness about what it insures. Readable and detailed information brochures are being produced and the