

they would have to do, was to invest in a holding company in the United States and evade the whole clause. So it applies right through.

The CHAIRMAN: Are there any other questions about this proposed amendment?

Mr. LAMBERT: Did I not hear you say that it would apply to any other Canadian corporation, so if subsection (2) applies to non-Canadian corporations, the amendment would not apply to subsection (2).

Mr. ELDERKIN: To the extent that they hold in Canadian corporations.

Mr. FULTON: Mr. Chairman, I would think that the committee would wish to know what the effect is of the second part of the proposal,

and may not hold more than 10 per cent of \$5 million, whichever is greater, of the shares of any other Canadian corporation

because, I confess frankly that at the moment I do not know what the capital structure of RoyNat is. It is before us somewhere, but at the moment I do not have it in mind. What is the effect.

Mr. ELDERKIN: The \$5 million will exempt RoyNat and Kinross.

Mr. FULTON: What about UNAS?

Mr. ELDERKIN: And UNAS. You see, whichever is greater, Mr. Fulton, and the \$5 million will exempt all three.

Mr. FULTON: Yes, I appreciate that.

Mr. SHARP: But it is not so large that it will permit too large an increase in the investment of these banks in these institutions, because we do not believe that with the enlarged powers of the banks these corporations need be used as extensively as they have been in the past.

Mr. FULTON: Possibly so. What I am concerned about, and I am sure you are too, Mr. Sharp, is the avoidance of compulsory divesting of shares, which brings great problems on the market.

Mr. ELDERKIN: There would be no divesting in the case of the ones that are mentioned. There would be in the case of some of the holdings of the trust companies, because in the first part of the amendment which the minister has put forth, there is no exemption from the 10 per cent in the case of the deposit-taking institutions.

Mr. FULTON: No. I will come back to that, but I am dealing with the second part. The three companies named are presented with no immediate problem except with respect to expansion.

Mr. ELDERKIN: That is right.

Mr. FULTON: And then they will know what their terms of reference are.

Mr. ELDERKIN: That is right.

Mr. FULTON: Coming back to the first part of the proposed amendment, we have had difficulty before about naming the particular companies. Mr. Elderkin, are you in a position to give us a general idea of what is involved?

Mr. ELDERKIN: The first part of that proposal would affect possibly three investments, but may I mention, as you know probably, Mr. Fulton, that they