

any way their buying stock in an existing bank and thus acquiring an established position in the Canadian banking system. Having regard to the large concentrations of economic and financial power which are sometimes centered in large foreign banks, we regard this as an anomaly which should be corrected.

As concerns the purchase of a majority of shares by residents or non residents, the provisions of Clause 54, sub-clause 2 of this bill would prohibit such a purchase.

"Subclause (2) of clause 56 provides as follows, with regard to a non-resident, a group of non-residents or a foreign bank which held stock on September 22, 1964."

Where more than fifty per cent of the issued and outstanding shares of the capital stock of the bank were held on the 22nd day of September, 1964 in the name or right of or for the use or benefit of one non-resident, sections 53 and 54 do not apply to or in respect of the bank; but if at any time thereafter there is no one person in whose name or right or for whose use or benefit more than ten per cent of the issued and outstanding shares of the capital stock of the bank are held, those sections apply from and after that time to and in respect of the bank.

And the following amendment was approved by the committee:

Where more than twenty-five per cent of the issued and outstanding shares of the capital stock of the bank were held on the 22nd day of September, 1964, in the name or right of or for the use or benefit of any one non-resident, the bank, so long as the total number of shares of the capital stock of the bank held by non-residents exceeds twenty-five per cent of the total number of issued and outstanding shares of the capital stock of the bank,

(a) shall refuse to allow a transfer of a share of the capital stock of the bank to a non-resident to be made or recorded in a register of transfers of the bank unless the transfer is from a non-resident and to any associates of the non-resident; and

(b) shall not accept a subscription for a share of the capital stock of the bank by a non-resident; but if at any time after the 22nd day of September, 1964, there is no one person in whose name or right or for whose use or benefit more than ten per cent of the issued and outstanding shares of the capital stock of the bank are held, this subsection ceases thereafter to have any force or effect.

Note that should this amendment be passed by parliament, it will no longer be possible for the First National City Bank to dispose of 75 per cent of its shares in the Mercantile Bank of Canada to enable the latter to increase the amount of its total assets (including paid up capital, general reserve and undistributed profits) to more than 20 times its authorized capital to other non-residents, whereas it could so at the present time.

The committee also approved an amendment to section 75 (2) (g) which is very important. It was moved by a government member, seconded by a member of the opposition and unanimously endorsed by the committee.

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Bank Act

Clause 72 will change the amount of cash reserve of the bank, which is now the equivalent of 8 per cent of its deposit liabilities and which is payable on demand, in Canadian currency, to make it 12 per cent of its deposit liabilities, which is payable on demand in Canadian currency, and 4 per cent of its deposit liabilities, which is payable after notice in Canadian currency; this gives an average of about 6.6 per cent.

That cash reserve which the bank has to maintain according to subclause 1 of clause 72,—during any month following the 12th month posterior to the coming into force of the present bill, if the Bank of Canada so requires, must not be inferior on the average during each of these two separate periods constituted, the first one by the first 15 days of the said month and, the second, by the remaining days of the said month.

If the Bank of Canada so requires, the bank shall maintain, in addition to its cash reserve, a secondary reserve.

In concluding, Mr. Chairman, I suggest to the hon. members to read—as the member for Perth (Mr. Monteith) has also suggested—the recommendations of the 22nd report of the committee on finance, trade and economic affairs, tabled on March 10, 1967.

[English]

Mr. Lambert: Mr. Chairman, as has been indicated by my hon. friend from Perth and again by the hon. member for Labelle, the committee met on some 70 occasions, as reflected in about 36 reports of its proceedings, to consider Bills C-222 and C-223.

It is true there were some odd interludes at times and one in particular which I thought was out of place. Somehow or other, because the committee happened to be sitting it was felt that it should be used as a forum for the airing of private views with regard to internal matters in connection with a chartered bank. I trust that particular incident will not serve as a precedent for any other type of organization which may be remotely connected with finance, trade and economic affairs, and that committees will not be used to provide a forum for the settlement of domestic disputes. Such a practice ought to be stringently applied by other committees of the house, including that on broadcasting.

• (4:30 p.m.)

I would add my words to those of the hon. member for Labelle with respect to the good working spirit that developed among the members of the standing committee, and I