chartered banks to own more than 10 per cent of the voting shares of other corporations.

Mr. FULTON: Clause 76?

Mr. SHARP: Yes. We have been giving very careful consideration to this clause in the light of the comments made in this Committee and also made to the government directly by the banks. We are particularly concerned about the effect that this clause might have upon certain institutions like RoyNat, Kinross and UNAS, the three leading examples of enterprises owned by the banks which have been carrying on a business, not in competition with the banks, but supplementary to their other activities. So far as I have been able to learn, these institutions have been doing a useful job of work.

It must be said, however, that when this bill becomes law, the banks will have much less reason to continue to work through institutions like RoyNat or Kinross than they have now. In some respects, RoyNat and Kinross were created because the bank's powers, particularly in the mortgage field, were very limited. Now, it might be that there would be no harm in limiting the banks to 10 per cent of the voting shares of all corporations including that class. On the other hand, the government does not want to make proposals that have an unnecessarily limiting effect upon a useful activity being carried on by the banks through these institutions. So I am proposing that in principle amendments should be made which accomplish the following: that a bank may not hold more than 10 per cent of the voting shares of a Canadian corporation accepting deposits from the public—that represents no change from the intent of the bill; and may not hold more than 10 per cent or $5 million, whichever is the greater, of the shares of any other Canadian corporation.

The effect of the acceptance of this principle would be to enable the banks to continue with their investments in RoyNat, Kinross, and UNAS, but would place some limitation upon their expansion, and would also enable the banks, if the occasion arises, to make relatively small investments in corporations if that happens to be a necessary consequence of their ordinary banking business. This follows, generally speaking, the recommendations of the Porter Commission in this respect. The Porter Commission, I think, said $10 million or $5 million. We believe that all that is necessary by way of exemption is $5 million.

Mr. MACKASEY: In other words, Mr. Sharp, RoyNat does not accept desposits and, therefore, it wou'd be exempt that way, but because of the $5 million clause or the 10 per cent clause, its growth would be limited to a level which you think is desirable.

Mr. SHARP: Perhaps I should clarify that point. The growth of RoyNat would not be limited, but the investment of a bank in RoyNat would be limited.

Mr. MACKASEY: I am sorry; knowing RoyNat I would have never known there was a difference, but there could be in the future, in other words.

Mr. LAMBERT: Mr. Sharp, I take it that this would apply to both portions of clause 76, both in the domestic and the non-Canadian corporations.

Mr. ELDERKIN: The non-Canadian corporations are controlled on'y to the extent that they control Canadian corporations. If you are looking at clause 76(2), this is really only to cover a loophole, Mr. Lambert. If it was not there, all