

Mr. HARKNESS: Quite, are those in all the other company acts?

Mr. CONNOLLY: Yes. As a matter of fact, there are fewer provisions in this bill than there are in some of the bills, but generally speaking the same treatment has been given all of the bills.

Mr. GREEN: Would you give us a brief explanation of each of those items in section 8?

Mr. CONNOLLY: Yes, I would be glad to. First, section 158 deals with preference shares.

Mr. GREEN: What does that do?

Mr. CONNOLLY: It sets out how the directors can create preference shares and how such preference shareholders can get voting rights in certain cases. There are certain powers required from time to time which have to be obtained through the governor-in-council. The provisions of section 59 are more elaborate than those contained in section 158. Section 59 deals with the same subject matter as section 158.

Mr. GREEN: They deal in—

Mr. CONNOLLY: The same subject matter but not in exactly the same detail.

Mr. GREEN: What about the other two?

Mr. CONNOLLY: 163 is a very short section in part III, which provides that at least 10 per cent of the issued preference shares of a company shall be called each year. These are the redeemable shares. I am informed that that is a section which has been in the Act for many many years and it is rather obsolete from the point of view of present day practice. It has been eliminated here, and I think very wisely eliminated. It is neither a useful nor a practical provision. Section 180 deals with preference shares again, and it is replaced by the provisions of section 59 which is referred to in the previous section of the bill.

Mr. GREEN: With regard to these preference shares, is the position that your company is going to have wider scope in dealing with the preference shares than it would have if it had been incorporated under the ordinary Companies Act?

Mr. CONNOLLY: No, but the effect of this section is that the provisions which ordinarily apply to commercial companies with reference to this matter of preference shares will be applied to this company under the provisions of part I of the Companies Act.

Mr. GREEN: Then the ones you are leaving out are more restrictive than the ones you are leaving in?

Mr. CONNOLLY: I do not think "restrictive" is the word to use. I think from the point of view of practice—you see the first part of the Companies Act was revised a good deal, and part III takes care of other powers—the purpose of the whole thing is simply to make it more workable. That is the point.

Mr. GREEN: What about the other two?

Mr. CONNOLLY: Yes. 180 I think is the next one—no 190. Section 190, and this is from part III, provides in effect, that the company shall not use any of its funds in the purchase of shares in any other corporation unless in so far as such purchase is specially authorized by a special act. The practice in other companies is that when they prosper and move ahead, that is what they do.

Mr. GREEN: Oh, that is the section which permits you to invest funds in your associated companies?

Mr. CONNOLLY: Oh, no—this is only the power to invest—in other companies generally.

Shall section 9 carry?

Carried.