suspension of licence or in fines. Likewise, the primary regulator will have the right to suspend or remove BCRC members for violation of statutes, regulations and guidelines.

RECOMMENDATIONS AND OBSERVATIONS

39. The Committee proposes that, upon the application of a member of the public or the regulatory authorities, the legislation confer on the courts the power to set aside improper related-party transactions and to direct that the related party account to the institution for any profit or gain realized in such transaction. This type of remedy is already available under the Canada Business Corporation Act (CBCA), but it should apply to all regulated financial institutions.

Recapitulation

The Committee believes that with these provisions in place, all third parties and regulators would have a high degree of assurance that any self-dealing transactions are in the best interests of the institution, its shareholders, and its customers and are being carried out at prices that would fairly reflect those which would occur in arm's-length transactions.

Moreover, the Committee believes that in addition to being effective these provisions will, after some period of learning and education, prove to be not all that onerous. The earlier recommendation for indemnification of directors will help ensure that qualified persons will be attracted to serve on the BCRCs

However, in the final analysis it probably will be true that institutions will have to conduct their affairs with considerably more concern for their customers and for their minority shareholders. This is entirely appropriate if, at the same time, they are to be granted greater flexibility and maneuverability in the market-place.

RECOMMENDATIONS AND OBSERVATIONS

40. The Committee believes that with these provisions in place, all third parties and regulators will have a high degree of assurance that any and all self-dealing transactions are in the best interests of the institution, its shareholders, and its customers and are being carried out at prices that would fairly reflect those which would occur in arm's-length or market transactions.

41. Beyond some learning period, the Committee is of the view that financial institutions will be able to cope rather well with these provisions. Undoubtedly, it will be the case that these institutions will henceforth have to conduct their affairs with considerably more concern for their customers and minority shareholders. However, this is entirely appropriate since, as will be detailed later, the *quid pro quo* is greater flexibility and maneuverability in the market-place.

F. SELF-DEALING WITHIN A CONGLOMERATE

Should Holding Companies be Regulated?

The Green Paper proposes that a federally incorporated and regulated holding company would be required if a federally incorporated financial institution were among a group of two or more financial institutions that shared a common substantial shareholder. The definition of a substantial shareholder is one that holds more than ten per cent of the voting shares of each of the companies involved. The Ontario Task Force recommends that a provincial