

Canada Corporations Act

trol of the holding company were to fall into the hands of non-residents.

Hon. members will recall that Bill C-4 contains provisions that would allow a shareholder entitled to vote at a meeting to present a proposal called a shareholder's proposal to a meeting of the company. Upon receipt of the shareholder's proposal the company will have to decide whether it accepts or opposes the proposal. If the management of the company opposes the proposal put forward by the shareholder and makes a solicitation of proxies, the company will be required to include in its information circular a statement to the shareholders of not more than 200 words in support of the proposal.

Bill C-4 as presented to the House and passed contains a number of safeguards against shareholders presenting frivolous or vexatious proposals. An amendment has been made in this respect in the other place adding additional safeguards and providing, in effect, that if a shareholder makes more than two proposals within five years he would be required, when the two first proposals have not been accepted by the shareholders, to deposit with the company a sum of money sufficient to cover the costs of circulating any additional proposal to the shareholders, the money deposited as security being returned by the company to the shareholder.

On the other hand, if the proposal is not accepted the company will reimburse itself of the cost it incurred in circulating the proposal, any surplus being returned to the shareholder. This seems an appropriate addition to the safeguards already in the bill.

Hon. members will recall that the House committee put in additional safeguards against frivolous shareholder proposals in addition to those originally contained in the bill; the other place has put in further safeguards. None of these impairs the right and opportunity of legitimate shareholders to put legitimate proposals before their fellow shareholders.

Amendments have also been made to the provisions regarding the investigation and inspection procedures which involved the attention of the House committee as well as the Senate committee. I do not wish to refer to all of them here; it might be sufficient for me just to mention briefly those that I think are the most important and which have the greatest bearing on the investigation and inspection sections.

Hon. members will recall that an application for an investigation of the affairs of a

[Mr. Basford.]

company could be made to the Restrictive Trade Practices Commission by five or more shareholders holding a specified number of shares in the company, or by the minister on his own initiative. As the bill was originally drafted, such an application for an investigation would have been ex parte or upon such notice to such person as the commission may have required. An amendment made to the bill in the other place would, in effect, turn this around and provide that a notice of the application be given to the company and other interested parties unless—and I think that this is an important proviso—the commission is of the opinion that, in view of the allegations contained in the application, the giving of a notice would unduly prejudice any investigation that might be ordered by the Restrictive Trade Practices Commission.

Turning the onus around and requiring notice to the company and to interested persons unless the Restrictive Trade Practices Commission sees good reason to the contrary better expresses in my view, the intention behind the words of the provision as originally drafted, and will provide some specific guidelines to the commission as to the manner in which it should exercise its discretion as to whether or not a notice of the application for an investigation should be given.

Other amendments made in the other place, and in which concurrence is asked this afternoon, would require an application by shareholders for an investigation to be in the form of a "solemn declaration".

Mr. MacLean: Mr. Speaker, may I just rise on a point of order. I do not wish to interrupt the minister, but I should like to suggest to him that in referring to the amendments he refer to their being made "in the Senate" rather than "in the other place", so that it is clear to readers of *Hansard* what is meant. I think I am correct in assuming that there is no objection under the rules to this practice.

• (3:00 p.m.)

Mr. Speaker: I am sure the hon. member is not asking me to make a ruling on this. My understanding is that the other place is referred to as "the other place" in debate, although in practice I suppose it does not make too much difference. The minister may use his own good judgment in this regard.

Mr. Baldwin: When the minister speaks of "the other place" we know what he really has in mind.