

Statement on Bank Shares

hon. member might perhaps give notice and present his motion at another time.

[Translation]

Mr. Grégoire: Very well, Mr. Speaker. In that case I give notice of the motion so that it may be discussed within the next 48 hours.

[Text]

Mr. Speaker: The hon. member will have to give written notice in accordance with the rules.

PENSIONS

Third report of special joint committee on Canada pension plan—Mr. Cameron (High Park).

FINANCE

STATEMENT RESPECTING HOLDING OF BANK SHARES

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I am hopeful that the parliamentary schedule will make it possible for the house to deal with the important revisions of the Bank Act and the Quebec Savings Banks Act, and amendments to the Bank of Canada Act early in the new session. In the meantime I wish to make a short statement respecting the holding of shares in our chartered and savings banks.

The house will recall that on September 22 last when Bill C-123, an act to amend the insurance, trust and loan companies act administered by the department of insurance, was introduced I mentioned that provisions similar to those limiting non-resident shareholdings in federally incorporated insurance, trust and loan companies would be contained in amendments to the bank acts which would be introduced later, and that these new provisions would also be effective as from September 23 last.

It was fortunate that the government's intention in this regard was made known at that time because I have reason to believe that if this had not been done, effective control of one of our chartered banks with facilities all across the country would by now have been acquired by non-resident interests.

In recent months there has been considerable discussion concerning possible concentrations of domestic ownership and control of Canadian banks and the ownership of bank shares by provincial governments. Traditionally, share ownership of Canadian banks has been dispersed among a great many investors

so that no small group of shareholders has had effective control of any of the major Canadian banks. The government feels it is desirable to ensure that this situation will continue. Accordingly there will be included in the proposed amendments to the two bank acts limitations on the number of shares of a bank that may be registered directly or indirectly for the benefit of any one resident as well as for any one non-resident shareholder. The proposed limit applicable to any individual or corporation will be 10 per cent of a bank's total outstanding shares, with special provision for temporary exemptions in the case of a newly formed bank and an exemption for any existing holdings that may be in excess of this 10 per cent.

The British North America Act clearly assigns to parliament exclusive jurisdiction over banking and the incorporation of banks. It is the intention of the government that this responsibility of parliament and of the government under the authority of parliament shall be maintained and not be eroded. Even a limited ownership of shares of a bank by another government, whether it be a foreign government or a provincial government, could place such government in a special position of power or influence in relation to that bank. Such a situation might lead to differences of opinion between this government and another government, and to confusion over who exercises authority in regard to the bank. In order to avoid this danger, the proposed amendments will provide that no shares of a chartered or savings bank may be registered in the name of any government or its agents.

If any transfers of shares of a bank are registered after this date and before the coming into force of the revised bank acts, which would have been required to be refused under the revised acts, it will be provided that such shares not have voting rights.

I should add that the government would welcome more competition in the banking field and is hopeful that private members' bills proposing the incorporation of two new banks might be dealt with expeditiously.

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, the statement just made by the Minister of Finance is one of substantial importance and I think it deserves careful consideration. I have not as yet had an opportunity to consider it, but we are told that certain amendments will be brought before us at an early date, so I will defer any comments in this regard until that time.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I listened with a