Subsection 2 of Chapter 24 of the Statutes of 1882 reads as follows :—

Provided further that, with respect to any new shares issued under the provisions of this Act which have not been paid up in full, the holder thereof shall, in respect thereof, be entitled to as many votes at general or special meetings of the society or company as the amount paid up on such new shares held by him would represent in fully paid-up shares of the society or company, issued irrespective of this Act.

This subsection we purpose to repeal by this Bill. Clause 4 of the Bill is, I think, a very important one. It exempts executors and trustees from personal liability to the company for shares that may be uncalled or unpaid-up. I think it would be unfair if executors and trustees who do not own the shares they hold, were called upon to pay up such shares when in arrears, as they are liable to be under the old law, simply because they are acting the part of a friend to a widow or orphans. Clause 4 is as follows :—

No person holding stock or shares in such society or company as executor, administrator, guardian or trustee of or for any person named in the books of the society or company as being so represented by him, shall be personally subject to any liability as a stockholder, but the estate and funds in his hands shall be liable in like manner and to the same extent as the testator, intestate, ward or person interested in such trust fund would be if living and competent to hold the stock in his own name ; and if the trust is for a living person, such person shall also himself be liable as a stockholder or shareholder ; but if such testator, intestate, ward or person so represented is not named in the books of the society or company, the executor, administrator, guardian or trustee shall be personally liable with respect to such stock or shares as if he held it or them in his own name as owner thereof.

If the executor or trustee holds these shares, and those for whom he holds them are not named on the books of the company, it is taken for granted that he is the owner of the shares, and should be held liable for them, and responsible to the company for all calls made in respect of them. The next clause also, I think, is an important one.

5. No person holding stock of such society or company, as mortgagee or pledgee shall be personally subject to liability as a shareholder, but the person pledging such stock as such security shall be considered the holder thereof and shall be liable as a shareholder with respect thereto so long as he is entitled to redeem the said stock.

That means that if any shareholder pledges his stock or if any person holding stock pledges it to a third party, the person who pledges the stock is the one who shall be held responsible and not the party who lent the money upon it. I think that is a very important clause which those engaged in lending money will appreciate and understand. Another very important clause is the sixth, which provides :

6. If any such society or company issues partly called shares at a premium, and the reserve fund is afterwards reduced, the rate of premium payable to the society or company upon any subsequent call may be reduced in the proportion of the reserve at the time of such call to the reserve at time of issue,—the amount of the reserve in each case being taken to be the amount shown by the next preceding yearly audit.

It is well understood that societies of this kind have frequently increased their stock and at a premium. Some years past the capital stock of these societies sold at a very high premium, but unfortunately, of late years the premium has not continued as it was in former years. Therefore we think that it would be unfair that a man who subscribes stock when it was at a premium of 30, 40 or 50 per cent should be called upon to continue paying calls on the same basis.

There are further clauses I wish to add to the Bill, of which I gave notice in the Votes and Proceedings, on page 68. These additional clauses I propose to add to the Bill when we go into Committee of the Whole. I think that the Bill is one which this House should seriously consider and pass to its second reading and then refer to the Committee of Banking and Commerce, where, I have no doubt, it will receive proper attention.

At this late day I need not refer to the advantages which these loan societies have been to the country at large. In days gone by, when these societies did not exist, the farming community particularly had very great trouble in raising small loans from banks or individuals and had to pay very exorbitant rates of interest. Happily for the borrowing public, these days have passed away, and to-day, in consequence of the large amount of capital brought into this country by these loan societies, we can now borrow money on good security from most of them at from 5 to 6½ per cent. That is a very great improvement on the old days when you had to go to a private borrower and pay ten or twelve per cent, and then were required to have two or three endorsers. To-day a man can go to a loan society and if he has good security, he can get money at a reasonable rate of interest.

Motion agreed to, and Bill read the second time.

The PRIME MINISTER (Mr. Laurier) moved the adjournment of the House.

Motion agreed to, and House adjourned at 8.50 p.m.