

Continental Bank of Canada

ment to provide for an orderly transfer. The reasons for that transfer were four-fold. The first is that the security indebtedness of IAC would not be permissible in the case of a chartered bank. It is impossible for an ongoing institution to be able to convert that kind of indebtedness to the type of indebtedness permitted under the Bank Act. Secondly, IAC has outstanding convertible securities which would not be permissible for a chartered bank under the Bank Act and these could not be immediately redeemed. Thirdly, the leases IAC has entered into are held for a certain time and could not be eliminated immediately. Fourthly, there are other aspects of IAC's capital structure and operations which would create serious difficulties with this procedure.

● (1750)

The form and development of the transformation that was looked at I cannot describe in detail, but basically they are to set up a chartered bank as a sister company of IAC; this was found to be impossible to accomplish. The second was to organize the chartered bank as a parent of IAC and then convert the business to the bank. The third was to create a situation where the business of IAC is funneled to the bank, the bank becomes a subsidiary of IAC and over a ten-year period absorbs the whole company so that the surviving institution is the bank. This is the only way that technically a conversion could work within the terms of the Bank Act. If the amendment were permitted its effect would be to strike the whole structure of the bill to the ground, because then IAC could not have a bank that is a wholly owned subsidiary owing to the difficulty of having directors hold shares outside.

I know that this is a technical matter, but it is one that would put the company in conflict with the provisions of the Bank Act. I therefore request that this motion be struck down.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I put my argument in the form of a simple question. If this is a point of order, what will the hon. member say when he gets to the substance of the motion?

Mr. Speaker: Order, please. Hon. members recognize that the question to be asked about the orderliness of the amendment is not really what type of corporation this is going to be and what its business and restrictions will be. The intent of the amendment, on the face of it, is somehow to interfere with that description of the privileges and powers that is envisaged in the bill. Surely that is the power of a motion at this stage, or at least the capacity of a motion at this stage.

Whether or not that turns out to be to the convenience or to the preference of the proponents of the bill is a matter for discussion on the substance, and it may be a matter for division in this House in this individual case. There may be other instances in these motions which in fact, by deletion, run an expanded negative, but in my opinion motion No. 1 does not fall within that category.

We are now approaching six o'clock and obviously hon. members have their basic right to make a speech on motion No. 1. However, may we call it six o'clock?

Some hon. Members: Agreed.

[Mr. Reid.]

Mr. Lambert (Edmonton West): Subject to the effect of motion No. 1, Mr. Speaker. There again, this could in effect be an expanded negative in that if the effect of the hon. member's amendment is to remove ownership of shares which are a condition precedent in the bank, the bill would not provide for the ownership of shares. After all, clause 2(1) is subject to subsection (2). The hon. member's motion seeks in effect to eliminate subsection (2), and therefore this would mean that the directors of IAC are named as directors of the bank but would have no shareholdings in the bank. That is contrary to section 10 of the Bank Act. There is a requirement in section 10(2) of the Bank Act that a provisional director of a bank be a subscriber to stock of that bank. With the greatest respect, it would make nonsense of the whole bill because some of the provisions of the Bank Act are negated.

I find that this is the consequence of almost every one of these amendments. Your Honour has pointed out, quite rightly, that you are not concerned with the form of the bank, but it must be a bank within the general framework of the Bank Act. There is nothing that says that amendments cannot be made to the Bank Act or that the shareholding must be this or that. The bill provides that the directors of IAC will be the provisional directors, and their shareholdings in IAC shall be the qualifying shares for their directorships in the Continental Bank of Canada, pursuant to section 10(2) of the Bank Act. The hon. member would be eliminating the qualification of those provisional directors, and if he wants to do that his only clear course in this House is to vote against clause 2, and not amend it.

Mr. Speaker: Order, please. The hon. member for Edmonton West (Mr. Lambert) has gone directly to the procedural question. If it were to turn out that the effect of the motion meant that the bank could not in fact be incorporated at all, then that may transform the question of procedure. However, it being six o'clock, I will give the matter very careful consideration during the 14 days that presumably will elapse between now and the next time the bill is considered. It being six o'clock I do now leave the chair until eight o'clock later this day.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[English]

VETERANS INSURANCE ACT AND THE RETURNED SOLDIERS' INSURANCE ACT

MEASURE TO PROVIDE SETTLEMENT OPTIONS

The House resumed consideration of the motion of Mr. MacDonald (Cardigan) that Bill C-86, to amend the Veterans Insurance Act and the Returned Soldiers' Insurance