

related to the prospectus, was an utter failure. This was shewn from time to time, by the English financial journals from the time of its enactment to its repeal in 1907. This failure was well known to the legislature, while the Act was under discussion, and as the Imperial Act of 1907 had not yet come to hand, an endeavour was made to pass an effective measure. The simple device of making every company, the number of shareholders of which is increased by ten, file a prospectus was adopted. The Imperial Act applied only to an offering by the company itself and the provisions of the Act were avoided by the company entering into a contract with a broker for the whole amount offered. The broker then advertised untrammelled by the Act. This cannot be done under the Ontario Act. When the broker sells to ten persons, the company must file a prospectus. This is not as drastic as the Imperial Act of 1907, which compelled all companies, except private ones, to file a prospectus and it cured the defects of the Act of 1900. See s. 82 of the Imperial Act of 1908.

Every arbitrary rule, such as this, may be shewn to be illogical under some circumstances, but it is scarcely fair to say, for this reason alone, it should be changed. On the other hand, it is fair to say, in view of the recent police court proceedings against mining company promoters, that the clauses have served their purpose, when the Imperial Act of 1900 utterly failed. It is not possible to prevent fraudulent promotions, but a great deal has been done when investors are provided with a means of investigating the true inwardness of companies offering shares for subscription. It would be a fair criticism of the Act to shew that its provisions do not accomplish this; to shew that, under some circumstances, which are difficult to foresee in practice, some question may arise with respect to a subscriber, before the number is increased by ten, can scarcely be said to be so.

The criticism continues by pointing out that there is no definition of "offering shares for public subscription" and argues that this term does not cover the case of shares offered for subscription by canvassers.