company—without going into bankruptcy, except under the terms of the Companies' Creditors Arrangement Act. Therefore the provisions of that act were taken advantage of not only by the type of company for which it was fundamentally intended to serve, but by a great many other companies.

Investors, bondholders, debenture holders and shareholders have methods of organizing trustees for bondholders and so forth and are in a position to safeguard their interests; but the ordinary trade creditor does not have an organization of that kind, and so I think it is fair to say that in larger cases, the type with which my association is concerned, the act on the whole has worked reasonably well. In the case of smaller companies, who were trying to make a composition with their creditors, it did not work so well. We should consider what happens in England, where a company reorganization will come before a very small group of extremely experienced judges; it is handled by qualified people and the practice is very closely supervised by the court. Here we have the act administered from one end of the country to the other, and it is inevitable that in some cases applications are brought before judges who are not very experienced in such matters and who do not realize that because the application is unopposed it is not necessarily an application that should properly be granted. At any rate, there is the feeling that procedure probably should be tightened up, and we are proposing amendments for that purpose, which do not disturb the basic principle on which the act proceeds.

The basic principle of the Companies' Creditors Arrangement Act is reorganization and composition by consent. What the act does is to enable the consent and approval of a certain specified majority to be applied to everybody of the same class. That is necessary, because in the case of bondholders and bearer bonds widely scattered one never could possibly locate them all, and therefore anything that approached 100 per cent agreement would be physically impossible. Nevertheless, the whole procedure is based upon consent, and there is no suggestion of disturbing that principle.

It is proposed to introduce an initial and additional steps in the procedure by way of preliminary hearing, and it is provided that representatives of the different classes of security holders or creditors shall be given notice of such a hearing and will have an opportunity at that time to present to the court, before any expenses are incurred or meetings called, any objection or comment on the company's proposals. We think that will be of considerable practical advantage in all cases, not only in the cases in which abuses have occurred. At the present time, and even in the larger cases, the whole carriage of the proceedings is in the hands of the company's lawyers; if they make a decision which on the final motion to the court for approval turns out to have been unwise because they have called their meetings on too short notice, or persuaded the court in respect of some technical flaw, the only thing then to do is commence the proceedings all over again, resulting in great expense and loss of time.

Another point on which abuse and difficulties have occurred was in connection with amendments. Under the present Companies' Creditors Arrangement Act there is nothing to prevent a plan being amended at a meeting of creditors—and of course it is inadvisable to prevent all amendments. The suggestion is that if any amendment is to be made at a meeting, which substantially and adversely affects the interests of the creditors, that the chairman must go back to the courts for direction as to how long the period of adjournment should be and what additional notice should be given and so forth. This is what has happened before: A plan would go out which was quite favourable to the creditors, and they would all send in proxies voting in favour of the plan. When the meeting was called and the men with the proxies were there, amendments would be made which totally changed the whole basis of the plan, and the votes would be given in favour of it; and as this feature was not drawn to the attention of the court