

*Private Bills*

• (6:30 p.m.)

At the moment I must say that it is difficult to follow all the intricacies of these various companies. I have had the situation explained to me on three or four occasions. I have read the documents and have listened to the hon. member for Vancouver Quadra (Mr. Deachman) explain it, but still it escapes my grasp unless I look at a chart which shows me the interconnection between some of these companies. United Funds Management Ltd. owns 100 per cent of United Investment Life Assurance Company, which is the company to be incorporated here. United Funds Management Ltd. is owned to a degree of approximately 19 per cent by Canadian residents and approximately 81 per cent by Waddell and Reed Inc. which is the parent company in the United States. When the bill which seeks to incorporate this company was before the house during the last session, it was one of those which did not pass at the end of the session because of the concern expressed about the simple question of Canadian ownership. As a result of a declaration on the part of some hon. members that they were concerned about Canadian ownership, the sponsors and promoters of the company made a proposal to Waddell and Reed, Inc. in the United States, the parent company of United Investment Life Assurance Company, about the question of Canadian ownership, following the pattern established in respect of the Mercantile Bank.

The pattern established in respect of the Mercantile Bank was that there would be a period of time in which the degree of foreign ownership which now exists would be dispensed with; in other words, over a period of time this company would cease to become a foreign owned company and would become a Canadian owned company by the offering of share capital to Canadians. It was as a result of this expression of desire by some hon. members that the provision relating to Canadian participation in ownership which was made by the hon. member for Vancouver Quadra came into being.

I believe it is worth while to read this memorandum again in order to underline the approach of this company in this regard. Waddell and Reed, Inc. is the parent company in the United States which owns United Funds Management Ltd. to the extent of 81 per cent and thereby, through it, owns United Investment Life Assurance Company to the extent of 100 per cent. One of the first things that will occur is that within two years of the commencement of business United Funds

[Mr. Howard.]

Management Ltd., which is the company which owns United Investment Life Assurance Company to the extent of 100 per cent, will offer to sell to officers, directors and employees of the company and, if necessary, others who are Canadian residents 25 per cent of the capital stock of the insurance company for the same price. This means that within a period of time this 100 per cent ownership by United Funds Management Ltd. will become 75 per cent.

If I keep reading this document and continue to refer to the graphs, I will come to understand at least one aspect of the operation of the company by repetition, if through no other means. Waddell and Reed, Inc., the parent United States company, will within two years of commencement of business of the Insurance Company—and I wonder here whether I am speaking about the same thing because the statement refers to the insurance company with the “i” in “Insurance” a capital letter yet the company which is sought to be incorporated is not to be called an insurance company but rather an assurance company. It may be that the reference to “insurance company” merely relates to United Investment Life Assurance Company, although the writing here is sufficient to make us pause to see whether this is what we are talking about. The statement says that Waddell and Reed, Inc., will, within two years of the commencement of business of the Insurance Company make a public offering to Canadian residents of a sufficient number of the shares of United Funds Management Ltd. to bring its share ownership to below 75 per cent. Accordingly, within two years of the insurance company commencing business, the indirect ownership of Waddell and Reed, Inc., in the insurance company will be reduced to a maximum of 56.25 per cent, with practically all the balance owned by residents of Canada.

That is to say, instead of Waddell & Reed Inc. owning 81 per cent of the company which owns United Investment Life Assurance Company to the extent of 100 per cent, within two years, through the distribution of the share ownership, the indirect ownership by Waddell & Reed Inc. of United Investment Life Assurance Company will be reduced to a maximum of 56.25 per cent, which is getting close to the margin required for full Canadian ownership.

United Funds Management Ltd., according to this statement, will undertake to sell to Canadian residents within ten years of the commencement of business of the insurance