

in the Bill are not required for monetary control or liquidity purposes either.

Because it is your Committee's opinion that the proposed reserves on foreign currency deposits of Canadian residents are not in the public interest for the reasons indicated above, your Committee is opposed to this provision in Bill C-6.

9. RECOMMENDATION:

YOUR COMMITTEE RECOMMENDS THAT A BANK NOT BE REQUIRED TO MAINTAIN EITHER A PRIMARY OR SECONDARY RESERVE ON SUCH OF ITS DEPOSIT LIABILITIES AS ARE FOREIGN CURRENCY DEPOSITS OF RESIDENTS OF CANADA WITH BRANCHES OF THE BANK OF CANADA OR WITH OFFICES IN CANADA OF SUBSIDIARIES OF THE BANK, AS PROPOSED BY BILL C-6 IN SUBSECTION 208(1)(g) OF THE PROPOSED NEW BANK ACT; YOUR COMMITTEE THEREFOR RECOMMENDS THAT BILL C-6 BE AMENDED AS FOLLOWS:

CLAUSE 2

STRIKE OUT LINES 35 TO 40, ON PAGE 228, AND SUBSTITUTE THE FOLLOWING THEREFOR:

"DOLLARS".

STRIKE OUT LINES 33 TO 38, ON PAGE 230, AND SUBSTITUTE THE FOLLOWING THEREFOR:

"ITS DEPOSIT LIABILITIES AS ARE CANADIAN CURRENCY DEPOSIT LIABILITIES."

10. CONCLUSION

As noted earlier in this report your Committee has not gone so far as to recommend amendments on the following matters:

- (a) Ownership of banks' shares by Provincial Governments,
- (b) Prohibition of a penalty or charge for prepayment of loans to individuals,
- (c) Exemption of products of agriculture from Section 88 Security if purchase price unpaid at time of bankruptcy of a packer.

Your Committee feels strongly that these sections in Bill C-6 require to be reviewed, but having regard to the time factor and the length of time it has taken so far to bring the legislation to its present stage, your Committee is prepared not to press further at this time in connection with the above matters.

However, your Committee is agreed that it cannot do other than record its recommendation for the elimination of the proposed reserves on foreign currency deposits of Canadian residents in Canadian banks, because your Committee believes it is in the public interest to do so.

Your Committee wishes to express its appreciation for the services rendered in the review of the Bill by Messrs. John F. Lewis, C.A., and David W. Scott, Q.C.

Your Committee has examined and considered the subject-matter of Bill C-6 in accordance with its terms of reference, and, except as noted above, has no comment to make on the Bill.

Respectfully submitted,

SALTER A. HAYDEN,
Chairman.

APPENDIX "A"

FOREIGN CURRENCY DEPOSITS OF CANADIAN RESIDENTS BOOKED WITH CHARTERED BANKS IN CANADA AS AT APRIL 30, 1980 (1)

	Accounts		Amount		% of Aggregate Foreign Currency Deposits of Residents (2)
	Number	%	US\$ M.	%	
Personal Savings & Current Accounts	155,800	81.4	743	8.4	7.5
Personal & Non-Personal C/Ds	35,496	18.6	8,079	91.6	81.7
TOTAL (3)	191,296	100.0	8,822	100.0	89.2
Personal and Non-Personal C/Ds					
	Accounts		Amount		% of Aggregate Foreign Currency Deposits of Residents (2)
	Number	%	US\$ M.	%	
Less than \$100,000	30,345	85.5	658	8.1	6.7
\$100,000—\$499,999	3,576	10.0	733	9.1	7.4
\$500,000—\$999,999	448	1.3	314	3.9	3.2
\$1,000,000 and over	1,127	3.2	6,374	78.9	64.4
TOTAL	35,496	100.0	8,079	100.0	81.7