

The Chairman: It also covers the amalgamation of two or more existing banks.

Mr. Read: That is right.

The Chairman: So I take it they wanted their view on these particular provisions, since they were in an area that could be said to be a new procedure; is that right?

Mr. Read: Yes.

The Chairman: Are there any further questions?

Senator Benidickson: Mr. Read, you heard my question with respect to the option in a transitional period for loans to be made, either under the terms of the Bank Act or by a subsidiary of IAC, that would be subject to the Small Loans Act. I was informed that chartered banks cannot make loans beyond about 13 per cent. Do you see any unfairness in chartered banks—in this 10-year period, where another chartered bank would be wholly owned by a company that would have subsidiaries subject to the Small Loans Act—making loans to borrowers at higher rates of interest?

Mr. Read: Not offhand, senator, no.

The Chairman: The proposed amendments deal with clause 7(4)(a); clause 10; clause 11; clause 11(a); clause 12(1); clause 15(1); clause 16(1); clause 17(1), (2) and (3); clause 18(d); clause 19; clause 20 and clause 23—of which we have been told that only the amendments to clauses 7 and 23 might, in some way, get into the category of being non-drafting. All of the other amendments are of a drafting nature. Many of them simply provide the proper description of other statutes that are referred to in the bill.

These amendments will be incorporated in the proceedings of the committee of today's date.

Proposed Amendments to Bill S-30

"An Act to Incorporate Continental Bank of Canada"

1. Page 3: Clause 7(4)(a)

Strike out lines 38 to 45, inclusive, and substitute therefor the following:

"(a) IAC Limited may, notwithstanding sections 53 and 54 of the Bank Act,

(i) subscribe for shares of the capital stock of the Bank at not less than par value and cause to be registered in the name of IAC Limited the shares issued pursuant to such subscriptions, and

(ii) exercise, in person or by proxy, the voting rights pertaining to shares of the capital stock of the Bank registered in the name of IAC Limited;"

2. Pages 5 to 7: Clause 10

Strike out lines 17 to 49, inclusive, on page 5, all of page 6 and lines 1 to 31 on page 7 and substitute the following:

Amalgamation

"10. (1) IAC Limited and the Bank shall, within ten years after the coming into force of this act,

(a) subject to subsection (2), amalgamate in accordance with the *Canada Corporations Act* or the *Canada Business Corporations Act*, whichever Act applies to IAC Limited at the time of the amalgamation, as if the Bank were a corporation subject to the Act that applies to IAC Limited, or

(b) amalgamate in accordance with sections 100 to 102 of the *Bank Act*, as if IAC Limited were a bank to which that Act applies,

and, subject to subsections (4) to (6), the Bank after the amalgamation is subject in all respects to the *Bank Act*.

Where *Canada Business Corporations Act* applies

(2) If the *Canada Business Corporations Act* applies to IAC Limited at the time of the amalgamation and if, immediately prior to the amalgamation, IAC Limited owns all of the outstanding shares of the capital stock of the Bank,

(a) subsection 178(1) of that Act applies to the amalgamation, and

(b) the resolutions referred to in paragraph 178(1)(b) of that Act may vary from the requirements set out in that paragraph to the extent necessary to give effect to section 11 of this Act.

Where *Bank Act* applies

(3) Prior to an amalgamation under paragraph (1)(b), the Governor in Council may, by order, prescribe that, notwithstanding subsection 101(2) of the *Bank Act*, the terms of the proposed amalgamation agreement need not be submitted to the shareholders of IAC Limited.

Outstanding indebtedness

(4) Subject to subsection (6), if, when an amalgamation under subsection (1) takes effect, there is outstanding any indebtedness of IAC Limited, other than the debentures referred to in subsection (5), that is of a kind that the Bank is not permitted to incur under the *Bank Act*. Then, notwithstanding the *Bank Act*, any such indebtedness incurred prior to October 28, 1975, remains outstanding after the amalgamation as indebtedness of the Bank and is binding upon and enforceable against the Bank in accordance with its terms, including any terms as to security.

Exercise of Rights of Conversion

(5) Subject to subsection (6), if

(a) an amalgamation under subsection (1) takes effect prior to July 15, 1984, and

(b) on the day when the amalgamation takes effect there are outstanding any debentures that carry rights of conversion into shares of IAC Limited to be issued on such conversion

then, notwithstanding the *Bank Act*, during the period from the day the amalgamation takes effect until July 15, 1984, the rights of conversion under any of those debentures that were issued prior to October 28, 1975 remain outstanding as rights of conversion into shares of the Bank and shares of the Bank may be validly issued during that period upon the exercise of the rights of conversion except that shares of the Bank may not be so issued to a person from whom a subscription for a share of the capital stock of the Bank could not, by reason of paragraphs 53(4)(a) or (b) or subsection 65(2) of the *Bank Act*, be accepted by the Bank.