

as I gather it has been pointed out in the Committee, is faulty in this respect. During the examination before this Committee, a loophole was discovered whereby it would be possible for these shares, if we did not make this amendment, to be transferred to non-residents. This is not our intention. Our intention is that any shares which are transferred or sold by a bank that is more than 25 per cent owned shall be to Canadians, that is, to residents in Canada. This would then prevent the Governor in Council from increasing the authorized capital of the Mercantile Bank, for example, in such a way as to enable the National City Bank to issue additional shares to itself.

Mr. MACKASEY: May I ask a supplementary? Such an amendment would permit the authorized shares to be increased, provided they remain in the hands of Canadians?

Mr. SHARP: Such an amendment would not prevent the shares being sold to residents of Canada. It would prevent them being sold to residents of the United States, including the present owner of all the shares. However, the decision on whether to permit an increase in capital per se remains within the discretion of the Governor in Council.

Mr. MACKASEY: What you are making sure of is that if he does decide to do this that it will not be to foreign hands, it will be to Canadian hands, and you are taking further action to make sure that those Canadians then do not transfer them to foreigners? In other words, the onus is on Mr. Rockefeller to get rid of some of his marbles that he was talking about the other day and stop playing with them. If he wants to increase the authorized shares of capital, the only way he can do it is to let Canadians participate in his bank.

Mr. SHARP: That is right.

Mr. MACKASEY: Which comes back to Mr. More's problem, and I do not want to get into that and force you into a position where you could be misinterpreted.

The CHAIRMAN: Have you completed your questions, Mr. Mackasey?

Mr. MACKASEY: Yes, Mr. Chairman.

The CHAIRMAN: I just want to draw to the attention of the Committee, and I think Mr. Elderkin will agree, that in clause 52 on page 28 of the English text of the bill there are definitions of "resident" and "non-resident" which bring into account the concept of "ordinarily resident in Canada". Clause 54 would appear to be designed to prevent voting by resident nominees of non-residents.

Mr. FULTON: But at the same time, Mr. Chairman, "resident" means an individual corporation or perhaps it means "not a non-resident". You have to go back to the law as it is interpreted by the courts.

The CHAIRMAN: Mr. Fulton, if you will look higher up on the page, they then define "non-resident" as:

an individual who is not ordinarily resident in Canada.

Now, as a person who does not spend his time drafting laws, I may wonder why they did not put that concept in the definition of "resident" instead of going about it in a convoluted way like that, but perhaps this is the way parliamentary draftsmen have worked for generations and I suppose it would not be proper for us to attempt to jolt them out of their appointed paths.