

That notation appears at page 10 of their 1965 annual report.

It appears to be clear therefore that there is room for more banks in Canada, and that existing bankers are not opposed to such a development.

Let us turn to the second question, namely, what is the procedure for forming a new bank in Canada.

The Bank Act is quite clear in this respect, and in sections 8 to 18 inclusive sets down the method of incorporating and organizing such new banks.

These provisions may be summarized as follows: First, capital of at least \$1 million must be subscribed and \$500,000 of this must have been paid in. Second, a bank must have at least five directors, a majority of whom are "subjects of Her Majesty ordinarily resident in Canada".

In addition, the founding group must satisfy the treasury board that the initial expenses of the bank are reasonable.

In this respect, on page 114 the Porter report states:

"The Inspector General told us that apart from expecting the bank to have somewhat more capital than the law requires and having an interest in the character and standing of the group making application, the government does not set out other requirements."

Dealing on page 385 of the report with legislation for the incorporation of banks, it is stated:

"The present Bank Act requirement that a new bank have paid up capital of at least \$500,000 as a minimum legal requirement seems appropriate. Other qualifications for a charter or incorporation should be kept at a minimum, although we feel the Act should require that applicants be of sound reputation and proven business experience."

The method for forming a new bank as laid down in the Bank Act is relatively simple and, in addition, the Porter report does not suggest that there should be any change.

Believing that there is more room for banks in Canada and following the procedure laid down in our existing Bank Act we decided in 1963 to apply to incorporate a new bank. We believe a duly chartered bank could operate and be successful in any part of Canada. For example, my home is in Toronto and, in spite of the fact that we have three banks with their head offices in Toronto I believe that it would be possible to form a new bank in that city and that it would be successful.

● (10: 00 a.m.)

On the other hand, we noted that between Toronto and the Pacific, there is a stretch of 2,100 miles without the head office of a bank. We feel that this is unfortunate and unnecessary. Head offices of practically every other type of financial institution are found in this area, including insurance companies (life and general), mutual fund organizations and finance companies.

Accordingly, believing that there is room for more banks in Canada, we propose to establish our bank in what appears to be the most obvious area, namely the Canadian west. The suggested head office for the bank is Winnipeg and from that base it is felt that the proposed bank will be able to serve efficiently its customers within the 2,100 mile area I have referred to from west to east.