

*Bank Act*

ties that could be reasonably explained and understood, an additional two-year exemption could be granted.

Such an approach is compatible with the special acts that were passed earlier for the incorporation of banks. Moreover, motions Nos. 52 and 56, that will come up later, protect the persons holding more than 10 per cent of the capital stock of Mercantile Bank and Continental Bank. Certainly, every member here understands that we could not enact legislation that would be unfair to institutions established under agreements that were negotiated under specific circumstances and according to specific understandings. Those understandings the government is determined to respect. The government therefore propose to amend the legislation to insert paragraph 110(1) I just referred to.

I would now like to turn briefly to motion No. 52. It is also linked to motion No. 17 limiting to 10 per cent the percentage amount of a bank's capital stock that may be held by any one person. The proposed amendment concerns paragraph 305(2) of the legislation and would allow Citicorp to detain more than 10 per cent of the capital stock of Mercantile Bank, as I referred to earlier. That provision, it will be remembered, was introduced in 1967 under the last Bank Act revision, and we have no intention of amending it. Citicorp now holds less than 25 per cent of the capital stock of Mercantile Bank, and that percentage could be possibly reduced to 10 per cent to the extent that Mercantile would issue new shares to increase their capital. And I would like to call upon hon. members to view this in light of the historical context I just explained, when the Citicorp-Mercantile understandings were negotiated.

Now, Mr. Speaker, I should like to deal briefly with the other amendment affecting the Quebec Savings Banks which has reached a point where one of the shareholders holds more than the 10 per cent limit of total shares, and this amendment is similar to the general amendment we are seeking to the Bank Act. There is a first period of five years which is granted to dispose of all shares in excess of the 10 per cent limit; wherever special circumstances warrant, a two-year extension could be allowed to avoid causing unduly serious prejudice to the institution.

Mr. Speaker, motion No. 59 is also consequential on the general amendment and concerns the legislation incorporating the Continental Bank of Canada. Its purpose is to make sure that the government's policy to strengthen the provisions concerning the effective holding or owning of more than 10 per cent of total shares of an individual bank are not unfair to the shareholders of IAC Limited following its amalgamation with the Continental Bank. The proposed amendment will provide IAC shareholders with the same rights to own shares and the same duties to dispose of their excess shares as those which are provided to the bank's shareholders under motion No. 17.

The government proposes to amend accordingly the act incorporating the Continental Bank of Canada. Mr. Speaker, I have attempted to reconstruct the context in which we dis-

cussed in committee, the obvious difficulty of respecting in every detail the 10 per cent ownership of bank shares, in compliance with the spirit of the law. We have seen, upon examination, what consequences that amendment can have on existing institutions.

The government is proposing an amendment that is intended to be fair in that, on the one hand, it will allow financial institutions to adjust and adapt to the spirit and the letter of the law while, on the other hand, allowing those institutions which were granted a special regime on incorporation, as a result of negotiations leading up to that incorporation, to be treated fairly and reasonably without suffering undue damages. I could have added that penalties have been provided for in the bill. Suffice to say, on concluding, that the provision is strengthened which stipulates that no one person or group of persons shall hold more than 10 per cent of the shares of any given bank; this, I believe, will meet the wishes and the will of the standing committee as well as the spirit of the act as it now stands. Mr. Speaker, I urge all hon. members to support the four motions I have just dealt with.

**Hon. Marcel Lambert (Edmonton West):** Mr. Speaker, first of all I should like to congratulate you for agreeing to chair our sitting this evening. Since the minister spoke in French, I shall make my few remarks on his proposals in English.

[*English*]

These rather long amendments, particularly motion No. 17, were actually prompted as a result of questioning that I started one morning. It took us about two to two and a half hours to get the information. I do not know what the reluctance was. Perhaps it was a lack of knowledge.

It seemed when I started questioning to try and get information about the Montreal and District Savings Bank that there was some sort of either—

**Mr. Blenkarn:** Cover-up.

**Mr. Lambert:** I would not say cover-up. There was some sort of embarrassment or reticence about giving the information.

**Mr. Blenkarn:** Cover-up.

[*Translation*]

**Mr. Bussièrès:** Mr. Speaker, I rise on a question of privilege. I have heard totally unacceptable expressions used about the way both the Inspector General and I behaved as witnesses in committee.

In no way can the Inspector General of Banks or myself be accused as witnesses of not answering the questions of the committee members as fully as possible. Mr. Speaker, I reserve the right to raise the question of privilege about the words used.

**Mr. Lambert:** Mr. Speaker, it is not I who accuses. I talked about a certain reticence and I explained. Perhaps the facts