

list of incorporators; the cooperative organizations that one declared to be eligible to become members are listed in the schedule; (3) relates to provincial directors; (4) capital; (5) requirements before an association may commence business; (6) head office, and (7) the general Act which applies.

Q. But there is nothing here that refers to its powers at all?—A. Clause 7, states that the Cooperative Credit Associations Act shall apply.

*By the Chairman:*

Q. Do you have anywhere the power to revoke the charter for an infraction of the Act.—A. Not the charter, Mr. Chairman, but the procedure that will be followed where a Dominion central is incorporated will be somewhat similar to that followed for insurance companies and banks. They will not be able to commence business until, as this bill provides, they receive a certificate from the Treasury Board, and there are provisions in this bill for including appropriate limitations or restrictions in the certificate from time to time, or for the complete withdrawal of the certificate.

Q. The certificate has a provision providing for revocation or withdrawal of the certificate.—A. The Act so provides, or rather the bill before us.

Mr. Low: If any of the prerequisites for the granting of the charter were to fall below the specified ones in this bill, then of course the charter could be invoked, would automatically be invoked.

The CHAIRMAN: The certificate would be withdrawn and the revocation would be automatic.

The WITNESS: It would be the certificate that would be revoked rather than the charter.

*By Mr. Macdonnell:*

Q. Referring to the bona fide subscription, can you say what has to be paid up.—A. In clause 4 the authorized capital stock of the association is \$1 million. In clause 5 it states: "the association shall not accept money on deposit, or lend money or otherwise carry on business until (a) the board of directors has been duly elected or appointed; (b) not less than \$250,000 of its capital stock has been bona fide subscribed;" and so on. That is the standard requirement for incorporation of loan companies, trust companies, and insurance companies doing only one main class of business.

The CHAIRMAN: Are there any further general questions. Shall we carry on then?

*By Mr. Macdonnell:*

Q. Under 9 (a) it states: "No association has the power to make a loan upon the security of a mortgage;" and so on. Supposing the provincial body has power now, does it take it away from it? I suppose it does.—A. I think not sir. Clause 9 is not one of those named in clause 79 which I mentioned this morning, as being made applicable. Clauses 6, 8 and 10 are. It was not intended to withdraw their mortgage lending powers now, but I may say that so far as these provincial centrals are concerned, the trend now is to get out of mortgage lending altogether. They realize that their main function is short term lending, leaving to insurance companies and trust companies and others the business of lending on mortgage, and the fact is that not many of the provincial centrals have any substantial proportion of mortgages at all. Nova Scotia has, but the specific policy there is to reduce their proportion and the expressed intention of all of them is virtually to get out of mortgage lending altogether; hence there seemed to be no compelling need, as we saw it, to force them out, so to speak.