

Bill reported, read the third time, and passed.

#### COMPANIES' ACT AMENDMENT.

On motion of Mr. Meighen Bill No. 129 (from the Senate), to amend the Companies Act so as to provide for the incorporation by Letters Patent of Corporations for "purposes other than that of gain," was read the second time and the House went into committee thereon, Mr. Rainville in the Chair.

On section 1, short title:

Mr. MEIGHEN: Ordinarily an Act of the importance of this would scarcely demand the attention of the House at this stage of the session; but this Bill comes to us from the Senate, where it has engaged attention since the beginning of June. As the Bill is a necessary Bill and in one sense a very important Bill, it seemed desirable to proceed with it in this House, as otherwise the labours of the Senate would have been lost. The purpose of the Bill is to amend the Companies Act so as to embody in it principles that of recent years have been embalmed in legislation in Great Britain in their Companies Act, and for the most part have also been accepted by our provinces. Our own Companies Act, as a consequence, has become rather out of date; at least it has got to be entirely out of consonance with the provincial Acts. This Bill is intended to bring our Act more into conformity with the Imperial legislation and with provincial legislation.

The first principle introduced is a provision for the incorporation of associations without share capital, and, associated with that, a provision for the incorporation of companies with shares without any par value. With regard to the first of those two principles, there is a Bill now before this House, from the Senate, providing for the incorporation of voluntary associations. That Bill will not be necessary if this is passed. The method proposed for the incorporation of associations without share capital follows the Industrial and Provident Associations Act of the United Kingdom.

Mr. CARVELL: Would the proposed amendment cover such a Bill as was put through the committee this afternoon regarding the Army and Navy Veterans?

Mr. MEIGHEN: Yes. I did not know that that was put through, and supposed that if this Bill passed it would not be necessary.

[Mr. Pugsley]

The provision for the incorporation of companies with shares without par value is the introduction of a principle that has found its way with very great success into enactments of various states, California, Delaware, Maryland, New Jersey, Maine and Massachusetts, and of the state of New York, which took the lead in 1912. In my review of the Act, I came to the conclusion that this principle was of an importance transcending that of the others. It seems to me it has in it possibilities looking to the elimination of undue capitalization, that will be of very great value.

The third principle has regard to prospectuses. Hitherto there has been no provision, practically, limiting the issue of prospectuses and their contents and the regulation of prospectuses. This is to provide for such regulation and for the liability of directors who are named in a prospectus. It provides that every prospectus shall be filed with the Secretary of State, and that the memorandum of agreement shall be embodied in it, signed by all who are named thereon and named as directors to be, or on the authority of their agents, which authority must, in that event, be filed.

Mr. A. K. MACLEAN: Is the English section pretty well followed in that?

Mr. MEIGHEN: As to that, it follows with slight alteration the section of the British Act of 1908. This legislation has been adopted without substantial modification by Ontario, British Columbia, Saskatchewan, Alberta, and to a modified extent, by Nova Scotia. This Bill simply brings the Dominion Act into conformity with more advanced legislation in the United Kingdom and in some of the provinces of Canada, and more definitely fixes the liability of directors and regulates the contents and filing of prospectuses.

Mr. CARVELL: How far does it go with respect to the liability of directors?

Mr. MEIGHEN: That is covered by section 43 A. Section 43 defines what a prospectus is. Section 43 A reads:

"43a. (1) Every prospectus issued by or on behalf of a company or in relation to any intended company shall be dated, and that date shall, unless the contrary be proved, be taken as the date of publication of the prospectus.

"(2) A copy of every such prospectus, signed by every person who is named therein as a director or proposed director of the company, or by his agent authorized in writing, shall be filed for registration with the Secretary of State of Canada, on or before the date of its publication, and no such prospectus shall be issued until a copy thereof has been so filed for registration.