

Mr. SHARP: No.

The CHAIRMAN: And it is for this reason that you do not have a text to distribute to us at this time?

Mr. SHARP: That is right. I put this forward in principle to make it quite clear that our intention was that shares sold by a bank that is owned to the extent of more than 25 per cent by any single shareholder shall be acquired by residents and not by non-residents. Mr. Elderkin, who was the Inspector General of Banks but is no longer, had pointed out to me that in the course of discussions in the Committee, this loophole in the act had been detected, and I can assure the Committee that it had not been the intention of the government to permit such a loophole to be there.

Mr. LAMBERT: I wonder if either the Minister or Mr. Elderkin have given thought to providing within the legislation some yardstick for the determination of competing claims or competing priorities. In the event that there are concurrent transactions, who shall be entitled to be registered once the bank has been able to reduce the foreign holdings to 25 per cent. I ask this because I think you could get competing claims quite innocently, and I would feel that if there were a statutory yardstick, it would be of great assistance to the banks in determining who should have the priority, rather than they themselves setting up their own particular yardsticks.

Mr. ELDERKIN: Yes, Mr. Lambert; this was considered very seriously because we realize it is quite a serious problem. It is presumed that the way the banks would operate on this is that if the bank was any place near such a limit of 25 per cent, they would notify their transfer agents not to make a transfer without checking it with the main shareholders' list. This they actually do every day; normally they check every day with the main shareholders' list and, I suppose, under those circumstances that it would be first come, first served. There is no way that I know of—perhaps you can think of a way—that there could be priority. I think it is a situation that could come into effect, but I do not know how you would determine which one of the applicants would get priority.

Mr. LAMBERT: Well, somewhere it has to be arbitrary, so why not be arbitrary in the act? Then the banks are taken off the hook as being arbitrary themselves.

Mr. ELDERKIN: No; we thought the banks ought to take that.

Mr. LAMBERT: Surely you are creating the possibility of separate standards in different banks?

Mr. ELDERKIN: When you come to the point where you have two or three applicants to transfer, which might, in total, take the limit off the 25 per cent, there has to be a choice made. There is no other way, that I know, around it. I assure you that we have thought of it very deeply, but I cannot think of any statutory way that you could do it, except first come, first served.

Mr. LAMBERT: Well, say so in the act.

Mr. ELDERKIN: Well, we will let the banks determine it.

Mr. MACKASEY: May I ask a question? Again I stress the fact that I know very little about banking, but presuming someone in the United States owns 8,