

Mr. R. B. BENNETT: That is the specific attribute of debenture stock, and that is why "stock" is different from "debenture," because "stock" implies exercise of voting power, and common stock or common shares carry with them always voting power.

Mr. A. K. MACLEAN: In certain events.

Mr. R. B. BENNETT: Always, unless there be certain limitations placed upon a certain class of shares such as Bethlehem Steel the other day. The word "stock" implies a power to vote and assist in the control of the enterprise; "debenture stock" means a security with the attributes of a debenture plus the right, under certain conditions, to exercise voting power and thereby control the corporation. But to eliminate the use of the word "bond" in this country would be destructive of the very purpose for which this Act is being framed; for if I undertook to create in a trust deed purely debentures and never had the right to create bonds, I am satisfied that, with respect to certain enterprises with which I am quite familiar, you would have exceeding difficulty dealing with them, and especially if you were issuing, say three series of bonds. I have in mind two companies both of which have issued three series of bonds as authorized under trust deeds. The issues may be up to \$3,000,000. They have exercised the power to issue to the extent of three-quarters of a million dollars under series A, three quarters of a million dollars under series B and three quarters of a million dollars under series C. If we come in and pass this Act and call these securities "debentures," and debentures only, we shall bring about a state of affairs that I think the law officers would say would not be what was intended. Rather I think that "bond" and "debenture" should be synonymous, "debenture" being the English term and "bond" being ours.

Mr. CURRIE: Mr. Chairman, I wish to draw your attention to the fact that there is no quorum.

Mr. REID: There is a quorum.

The CHAIRMAN: There is a quorum, twenty-three or twenty-four.

Mr. A. K. MACLEAN: I have sent over a suggested amendment to the Secretary of State.

Mr. MEIGHEN: Perhaps we could return to sub-clause 2 and add that there be added thereto the following as sub-section (h), "debenture" includes bonds."

Mr. A. K. MACLEAN: "Debenture" includes debenture stock and bonds."

Mr. R. B. BENNETT: "Debenture" includes debenture, debenture stock, and bonds."

On section 69 K—Payments of certain debts out of assets subject to floating charge in priority to claims under the charge:

Mr. R. B. BENNETT: This gives preference claims the right to be paid out of floating charge property; that is those having prior claim in point of law, wages and, under certain conditions, rent.

Mr. MACDONALD: The language is rather peculiar "the debts which in every winding-up." There ought to be some more definite indication that this refers to wages or rent.

Mr. MEIGHEN: One would think it should be just "in winding-up." I am inclined to agree with my hon. friend. The British Act used the words "every winding-up."

Mr. A. K. MACLEAN: What is wrong with it?

Mr. MEIGHEN: It does not seem good drafting.

Mr. MACDONALD: In England, there are questions of winding up, but they have only one jurisdiction there. Here it might be urged that the Act is broad enough to cover any provincial winding-up act. It is intended to avoid litigation.

Mr. CARVELL: We would have no jurisdiction to interfere with provincial legislation or a provincial company.

Mr. R. B. BENNETT: Unfortunately we have power to interfere with provincial companies. The courts have held—and the decisions have been sustained—that a liquidator under the Winding-up Act cannot bring an action except with the consent of the court, and the court must be the one where the original order was granted. I had to come to Ontario to get a right to sue in a winding-up proceeding which was started out West.

Mr. MEIGHEN: It seems to me we cover the case by striking out the word "every" in line 34.

Subsection amended and agreed to.

On section 10—Restrictions on appointment or advertisement of director:

Mr. MACDONALD: What is the theory at the base of this proposition? You have