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Ontario Legislation to Protect Investor

Bill as Now Drafted Provides for Appointment [of Commissioner With Wide Powers—Includes All Bonds and Stocks Except Government, Municipals and Bank Shares—Similar to Manitoba Act—Strong Objection Being Registered.

THE proposed "blue sky" legislation of the province of Ontario has now taken shape in the form of a draft bill which has been revised and has been submitted to the House by the attorney general. The bill was discussed with representatives of the Toronto Stock Exchange, the Standard Stock Exchange, the Bond Dealers Association, the Canadian Bankers Association and mining interests of Northern Ontario. The latter, of course, are most directly interested in the legislation as the development of the entire mining community is dependent upon the flow of capital into its industries and mining issues are most in danger of being restricted by such legislation as is now under discussion.

The bill is similar in most respects to that which was passed by the province of Manitoba in 1913, under the title of the "Sale of Shares Act." The Ontario act is to be cited as the "Sale of Shares Act, 1919." After preliminary clauses dealing with interpretation, etc., and authorizing the lieutenant-governor to appoint a commissioner of shares, the bill proceeds as follows:—

4. This act shall not apply to the sale of any shares:—

(a) Of or guaranteed by the Dominion of Canada or of or guaranteed by any province in Canada;

(b) Of any Dominion or Provincial governmental commission.

(c) Of or guaranteed by any municipal corporation in Canada;

(d) Of any school corporation in Canada;

(e) Secured by and payable out of the proceeds of any rate levied by any municipal corporation in Canada on property situate in the municipality.

(f) Of any bank incorporated under the laws of the Dominion of Canada.

(g) Authorized by the commissioner to be sold or listed on any stock exchange which has been approved of by him for the purposes of this section, nor shall this act apply to commercial paper or mortgages or real estate in Canada.

5. (1) With respect to a company incorporated by or under the authority of the parliament of Canada or under the authority of the legislature of Ontario or licensed under The Ontario Insurance Act or The Extra Provincial Corporations Act, it is declared that it shall not be a violation of this act for any such company or its officers or agents or for any person who owns shares in such company to sell or attempt to sell such shares when such sale or attempt to sell is not made in the course of continued and successive acts.

(2) The printing, publication or advertisement in any newspaper, magazine or other periodical, or by any other means of display whatsoever, or the issue, putting forth or distribution of any advertisement, circular, letter or other paper containing any offer to sell or solicitation to purchase or intimation of the fact of the issue of any of such shares,

or solicitation by agents or employees or persons to buy, acquire or invest money in or upon the security of such shares shall be evidence of an attempt to sell in the course of continued and successive acts and in violation of this act.

6. Subject to the provisions of this act no shares of a company shall be sold or offered for sale in Ontario until the company has been registered under this act.

7. No printer, publisher, newspaper proprietor, or other person shall print, publish or advertise in Ontario, in any newspaper, magazine or other periodical printed and published in Ontario, or otherwise in Ontario, issue, put forth or distribute, any advertisement, circular, letter or other document containing any offer to sell or solicitation to purchase any shares, unless the company whose shares are so offered for sale is registered under this act.

Procedure to Obtain Registration

8. (1) Any company desiring to be registered, or any person desiring to have a company registered, shall pay the prescribed fee and shall file in the office of the commissioner, unless the commissioner sees fit to dispense with the filing of the same or any of them:—

(a) A statement showing in detail the plan upon which the company proposes to transact or is transacting business;

(b) A copy of all contracts, shares or other instruments which the company proposes to make with or sell to its contributors.

(c) A statement containing its name and head office;

(d) An itemized account of the company's financial condition, and the amount of its property and liabilities, and

(e) Such other information touching the company's affairs as the commissioner may require;

(f) In the case of a co-partnership or an unincorporated association, a copy of its articles of co-partnership or association, and all other papers pertaining to its organization.

(g) In the case of a company not incorporated or licensed under the laws of Ontario a copy of the law under which it exists or is incorporated, and also a copy of its charter, articles of incorporation, constitution and by-laws and any amendments thereof and all other papers pertaining to its organization.

(2) Such statements and documents shall be verified by oath in the prescribed form.

(3) When the charter, articles of incorporation, constitution and by-laws of any such company are filed under this act, any amendment thereof affecting the plan upon which a company transacts its business, or its shares, or its name and head office, shall immediately be filed with the commissioner for his approval, and until the same are filed and are approved by the commissioner the registration of the company shall be suspended.