Remember, as I told you in the beginning, that Part II, which provides for certificates of registry and the machinery for the revocation or for the revocation and re-issue of those certificates with conditions, or for the cancellation of these certificates with certain consequences—that that Part will not come into force for two years. Therefore, in relation to what must be done under Part I, there is no sanction if you do not do it—if you do not have a certificate, and you are not required to have one, there is nothing they can cancel and so stop you from doing business.

Then, we move into Part III, which is the other condition, to come into force by proclamation. Part III is a general part, and of course immediately it becomes concerned with the cost to the Superintendent of Insurance and his department in the administration of the provisions of this act arising by reason of the inspection and other requirements. It provides a basis under which those administration costs will be assessed, and on which they shall be apportioned against all the various investment companies which are subject to this act. Thus, whatever that obligation is, it becomes a debt of the company and it must pay it.

There was some discussion earlier in this debate as to the arbitrary nature of that provision; but again I say there is nothing new in it. If you want to go back and find precedents, you can go to the Insurance Act, under which similar provisions occur for defraying the cost of administration on inspection, etc, in relation, among other companies, to life insurance companies under the Canadian and British Insurance Companies Act and the Trust and Loan Companies Acts. So, in that regard it is not stepping out of line in deciding that the cost of the administration should be borne by the companies that are subject to this measure.

As a matter of fact, I am very happy to see that, because in some cases and in relation to some aspects of fees that are charged for services in Canada, and in some of the provinces, the measure of what you are called on to pay, on the amalgamation of companies or otherwise, in my submission, bears no relationship to the administrative cost of doing the things that you are called upon to do or, in other words, the services you render. They are much more substantial, and when you find them being increased at a time when the department is more than paying its way on the original scale of charges, one is very happy to see them revert to this principle that it is the cost of administering this statute that is to be determined and assessed on this formula basis against the companies subject to the provisions of this act. True, it might work a hardship in some regard, because it might be some smaller companies or one or two instances where time has to be spent and a lot of inspection done, and yet all the other companies who are toeing the line are called on to pay the cost of doing it. However, the answer is that generally it is good for the business of those companies to have an orderly and honest operation. So, this is one of the items covered in Part III.

One of the other things that is covered in Part III is that there are penalties provided if directors or officers make false statements, if they resist the inspectors who come in, and all such things. This is in Part III, and there is no particular objection to that.

As I will develop later, the particular clause in Part III that is objectionable is clause 22. Really, that clause provides for the laying down of guidelines on investment policy and the percentage relationships between outstanding debt and paid up capital. All those things are laid down by regulation and must be followed by all the investment companies subject to the provisions of this act. I will have something further to say about that later.

If we only bring into force Parts I and III, except for educational purposes we have not accomplished much. The reason for not bringing Part II into force until a period not earlier than two years from the date of proclamation, I do not know at the moment, but I expect that will be clarified.

The only other thing I wish to tell you before I state some of my conclusions is that Part II is the part which provides for registration. Every company which is an investment company under this bill must procure a certificate of registry—in other words, a licence to do business. The way in which the minister controls such a company is by the granting or the withholding of, or the suspending of or refusal to renew the certificate of registry. There is nothing new in that. If you read the Canadian and British Insurance Companies Act you will see that it has been in force for a long time. If you read the Trust Companies Act or the Loan Companies Act, you will see this provision and this control. So, a certificate of registry is the method used, and I have no objection to that. I think it is a reasonable method of controlling the situation.