

shares of the bank that, but for subsection (9), would be held or beneficially owned in contravention of paragraph (8)(a), may exercise the voting rights pertaining to any of those shares if the number of such shares being voted at any time by that person and by other persons associated with him, if any, does not exceed ten per cent of the issued and outstanding shares of that class.

(11) The Inspector may from time to time, in writing, direct the bank to obtain from any person in whose name a share of the bank is held or beneficially owned a declaration containing information

- (a) concerning the ownership or beneficial ownership of such share,
- (b) whether such share is held or beneficially owned by a person who is associated with any other person and the name of that other person where applicable, and
- (c) concerning such other related matters as are specified by the Inspector,

and as soon as possible after the receipt of a direction from the Inspector under this subsection, the directors of the bank shall comply therewith and every person who is requested by the bank to provide a declaration containing information referred to in this subsection shall forthwith comply with the request.

(12) Where, in the opinion of the minister, a person holds or beneficially owns shares of the bank in contravention of subsection (8), the minister may, by order, require the person or other persons associated with him, or both, to divest himself or themselves of such number of those shares as is specified in the order within such time not exceeding two years from the date of the order as is specified in the order and in such proportion, if any, as, between the person and those other persons, is specified, in the order and the person and those other persons shall comply with such order.

(13) For the purposes of this section,

- (a) "beneficially own" includes own through a trustee, legal representative, agent or other intermediary; and
- (b) a person is deemed to be associated with another person if there exists between those persons any relationship referred to in subsection 45(2) that, if both such persons were shareholders, would cause those shareholders to be deemed to be associated pursuant to that subsection.

(14) Everyone who, without reasonable cause, contravenes subsection (8), (11) or (12) is guilty of an offence and liable on summary conviction to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeding six months or to both." "

**Hon. Pierre Bussières (Minister of State, Finance) moved:**

Motion No. 59

That Bill C-6, an act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other acts in consequence thereof, be amended in clause 91 by striking out line 31 at page 446 and substituting the following therefore:

"tion.

(2.1) Subject to subsection (2.2), section 110.1 of the Bank Act applies to IAC Limited and in respect of the shares of IAC Limited.

(2.2) A person who immediately prior to the amalgamation under subsection (1) of this section was permitted by section 110.1 of the Bank Act to continue to hold or beneficially own shares of IAC Limited that but for subsection (2) of that section would be held or beneficially owned in contravention of paragraph (1)(a) of that section, may hold or beneficially own the shares issued to him under subsection (2) of this section after the amalgamation during the same period of time as he would have been permitted by subsection 110.1(2) of the Bank Act to continue to hold or beneficially own shares of IAC Limited had the amalgamation not occurred."

He said: Mr. Speaker, as you clearly indicated, the House is now called upon to proceed to the consideration of motions Nos. 17, 52, 55 and 59, which we shall consider together and

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which will be voted on later. I am convinced that, as we consider those motions, we shall recognize many concerns which were expressed this afternoon and this evening on the so-called excessive control over bank shares by particular groups or by a limited number of individuals.

We must remember, Mr. Speaker, and I wish to remind hon. members of this, that these amendments come from a situation described to the committee by the Inspector General of Banks following questions asked to the Inspector General and myself by members who sit on the committee. These questions clearly showed that the principle that an individual or a group must not hold more than 10 per cent of the shares of a bank could easily be evaded since the penalty attached to this provision was that these shares could not be registered and would therefore not carry a vote. We could therefore have a situation where a group or even an individual would hold 25 per cent, 30 per cent or 40 per cent of the shares of a bank.

Of course, the shares over 10 per cent were not registered and did not carry a vote. Therefore, they did not go against the letter of the law, even though they obviously exceeded the spirit of the law. Hon. members who were present at these proceedings, which were held before the House was recalled, in late September or early October as I recall, will remember that the committee unanimously took the position that some means must be found to strengthen the provisions of the legislation so that not only the letter of the law, but also its spirit could be respected and to specify that there is truly a limit of 10 per cent placed on the shares that an individual or group can hold, and the amendments contained in these four motions meet this requirement.

The first amendment, which is contained in motion No. 17, states that it would be illegal for a person and his associates to hold or to beneficially own more than 10 per cent of the shares of a bank. Moreover, with this amendment, the Inspector General of Banks would have the power to obtain any information necessary to determine who are the true owners of the shares of a bank. This new clause provides a mechanism to require someone to divest himself of those shares exceeding the 10 per cent limit. To protect temporarily the persons or groups of persons who hold more than 10 per cent of the shares of recently established banks, subclause 110.1 of this bill would allow these people to continue to hold their shares for a period of five years, and subclause 110.1(6) would include the possibility of granting an additional period of two years to divest themselves of these shares.

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To avoid any misunderstanding, if at the time the legislation now before us comes into force, a person or group hold more than 10 per cent of the capital stock, they would have an initial five-year period to conform to the 10 per cent limit. If after that five-year period that person or group experienced difficul-