the detriment of the company or the shareholders? And when the insider has in fact used the information for his own personal gain and caused prejudice to the company or to some other person, what do we do? How do we ensure that everyone is treated fairly?

The problem of insider trading is dealt with in a rather rudimentary way in the Canada Corporations Act. Under the current provisions, directors, officers and shareholders controlling more than 10 per cent of the issued shares of a corporation are required to file reports with the company's secretary on a monthly basis disclosing the number of shares sold or purchased during the preceding month. The secretary must make the reports available for inspection by the shareholders and they are presented to the shareholders, whether requested or not, at the annual meeting. The secretary of the company must also, within a month of receipt by him, send copies of these reports to my department, where they are available for shareholders' inspection. Penalties for breaches of these provisions are imposed by way of summary conviction proceedings. There are a number of shortcomings in this approach: First, the act currently applies to a narrowly defined class of insiders. Second, the disclosure provisions are not satisfactory. The information disclosed is available only to the shareholders of the company and not to former shareholders, let alone to the investing public generally. Finally, there are not provisions for the recovery of the benefit or advantage received by the insider at the expense and to the detriment of the company or the persons who traded with the insider.

Bill C-4 proposes a comprehensive code to deal with the problem of insider trading. The proposed insider trading rules are substantially the same as those already found in the company law or securities legislation of Ontario and the four western provinces. The important features of the uniform provincial legislation in this regard have been adopted. The differences are only minor. Insiders would not under these provisions be prevented from trading in the securities of their company. The amendments would, however, improve the accessibility of insider trading reports by making them available to the public, and not only to shareholders as is now the case. Thus, the purposes of these disclosure requirements will be better served. The reports will provide an indication of insiders who might be liable for damages. They may also prevent insiders from engaging in improper trading they would be reluctant to disclose.

The amendments would also impose a statutory liability on the insiders, their associates and affiliates, including close members of the family as well as on any employee of the company or any person whose services are retained by the company, who take improper advantage of their inside knowledge. These people would be accountable to any persons who have suffered a direct loss because of the use by such insider of specific confidential information in connection with a transaction relating to the securities of the company. The insider would also be accountable to the company for any direct benefit received by him in similar circumstances. As this kind of abuse is likely to arise only in the case of a company whose securities are traded publicly, these provisions would apply only to public companies that have made or are making offers of their securities to the public. These new requirements should help to maintain a high degree of confidence in the investing public that all will be treated fairly and equitably. They should also militate against the undue enrichment of insiders through their confidential knowledge at the expense of the shareholders or other affected persons who lack the inside knowledge.

I now turn to the amendments which deal with proxies and proxy solicitation. As our economy expands and our companies grow larger and more complex, management seems further isolated from the shareholders in an increasing number of companies. For most of the year, corporation management can carry on without reference to the shareholders. Once a year, however, the shareholders have the privilege of deciding whether the present management should be continued in office. Relatively few shareholders actually appear at annual meetings and more are willing to give proxies to representatives of management. Unregulated, the proxy device thus tends to become a powerful instrument which management can easily use to perpetuate itself indefinitely. Furthermore, proxies are often solicited to approve management's action in cases where shareholders are not given sufficient information. An informed decision is often almost impossible. In practice, no alternative is offered to the shareholders. The proxy form they receive designates a management representative as nominee. He has full discretion to vote on behalf of the shareholders.