were adjudged bankrupt. The new provision would include the giving of any security to a bank under section 88 of The Bank Act or by way of additional security. The giving of such security could be treated as an act of bankruptcy if any creditor other than the bank asserted that it would delay or defeat him in his efforts to collect an alleged debt. It would be opening the door very wide if a man giving security to his bank in the usual course of business could be thrown into bankruptcy by a creditor although the transaction was an ordinary banking one which took place in complete good faith on both sides. Banks make advances to customers frequently and take only a promise to give security on goods to be purchased with the money and a promise to give additional security if required. The giving of either type of security for which provision is made in the Bank Act should not constitute an act of bankruptcy. Again, a bank, noticing changes in general market developments or in the customer's business, might deem it advisable to obtain more specific security as an added safeguard. The taking of additional security in such cases should not expose the customer to bankruptcy proceedings. The effect of so broad a change would tend to make it more difficult for certain types of businessmen to obtain credit.

Section 3(i)—"bulk sale"

This would be an act of bankruptcy differing altogether from the corresponding present one, which constituted the making of a bulk sale without complying with the relative provincial Bulk Sales Statute. The new provision would make any bulk sale under provincial legislation an act of bankruptcy if the sale price proved insufficient to pay all creditors in full, and in view of the broad definition of "creditor" already referred to this would include secured as well as unsecured creditors. The definition ignores the possibility that the bulk seller may have outside assets, including bank deposits, from which the balance of his creditors' claims could be paid, but the definition could result in a man being forced into bankruptcy regardless of his real financial position.

Section 3 (1)—"ceasing to meet liabilities"

The enlargement of this definition from "ceasing to meet liabilities generally as they become due" to the inclusion of failure to pay any particular debt after repeated demands for payment, would constitute a very serious encroachment on the right of an individual to contest claims of debt on sound legal grounds. It would expose him to threats of bankruptcy proceedings at the hands of an unscrupulous creditor unwilling to establish his claim to the debt in the civil courts. The banks would not like to have their customers subjected to unjustifiable bankruptcy proceedings for the collection of such a debt.

PART II

Composition, Extension or Scheme of Arrangement

Section 18(11)—"pending disposition of proposal, property of debtor under custody of court"

As this new subsection stands it would be too broad for it purports to nullify any alienation of a non-bankrupt person's property pending the disposition of the proposal. As worded it is wide enough to cover any disposition of property by a creditor such as a bank which has been given security thereon. While the exception of an alienation in the ordinary course of business might suffice it would probably be better to clarify the wording by stating "any alienation by the debtor", to cary out the true intention of the provision.

Section 19(1)—"approval binding on creditors but does not release debtor from liabilities mentioned in section 154"

In view of the definition of "creditor" to include secured creditors, in section 2(*o*), and the broad phraseology "shall be binding on all the creditors with