

Senator PROWSE: Have you any information to tell us how many vacancies on the board of directors of Canadian banks will be created by this legislation?

The CHAIRMAN: Senator, I think there is another condition you will have to insert in your question before anything can be said with respect to it. This legislation, if it is implemented, says that if you are a director of a trust company you are eligible to be a director of a bank.

Senator PROWSE: That is right.

The CHAIRMAN: Now then, if you have people who are directors of a trust company and of a bank, you will have to know which directorship they will give up. It is only in that way that you can determine what vacancies there are going to be.

Senator PROWSE: There is going to be a vacancy, one way or another.

The CHAIRMAN: That is correct.

Senator PROWSE: How many people are going to have to face this choice? How many people are we arguing about.

The CHAIRMAN: Nobody is arguing, unless you are.

Mr. PATON: I do not have that information. I would venture a guess that there might be 50 or 75. Perhaps I am too high, but perhaps not. I am not aware of the figure because we have not obtained the relative statistics.

Senator PROWSE: In other words, if this goes through the banks might have to go out and find—how many banks are there altogether?

Mr. PATON: Eight banks, and two new ones.

Senator PROWSE: Ten banks, then, are going to have to find 75 new directors from somewhere in Canada?

Mr. PATON: I think it may be the converse. It may be that the trust companies will have to go out and find new directors.

Senator PROWSE: Or, the trust companies will have to find 75 new directors out of the whole Canadian business community? That is what we are talking about?

The CHAIRMAN: You are talking about it in the context of the representation of the financial interests.

Senator PROWSE: This legislation would do one or two things. This legislation attempts to cut down in the public mind a conflict of interest, either real or imaginary. At least, I presume that that is what it is for. Now, it is going to create a problem for either the trust companies or the banks because they will have to find 75 new people. This is the maximum, would you say?

Mr. PATON: That is purely an estimate. I might be out a bit, but I would think it is around that figure.

Senator PROWSE: You said between 50 and 75, and I took your highest figure. That means that we are saying that in the Canadian business community at the present time it would work a hardship on the banks and trust companies to find 75 new persons to be directors.

The CHAIRMAN: No, I do not understand that to be the question, senator. I think it is rather whether this action is supportable or arbitrary.

Mr. PATON: I think there is one major point we have not discussed this afternoon which I believe the Chairman referred to this morning, namely that the chartered banks permitted to keep 10 per cent of their investment in trust companies.

Senator McCUTCHEON: If they have a trust company.

Mr. PATON: If they have a trust company. But they will be precluded otherwise from having any representative on the board once this becomes law.

Senator McELMAN: Do the banks not have a number of investments in which they do not have more representation?

Mr. PATON: Yes, they have an investment portfolio.