could go ahead and buy out all the shares of the new corporation, Goldman Sachs Canada Ltd. without having to go through Investment Canada.

In this roundabout but perfectly legal way, a large international investment dealer has arranged direct access to the Canadian market. Of course, the plan hinges on the passage of Bill C-56. All this manoeuvring is explained in a regulatory impact analysis statement which is attached to, but not part of the Order in Council. The impact statement says that undertakings have been provided by Goldman Sachs and Co. in respect of this arrangement and it directs further inquiries to the Office of the Inspector General of Banks. However, from inquiry at that office it seems the undertakings will not be made public.

I wonder how long the Government thinks it can continue in this furtive fashion? I understand that yet another Order in Council on a similar basis will be passed today. How long does the Government think it can continue to make these cosy, private deals, its private undertakings which are not made public without having the other companies raise the issue and demand disclosure?

Foreign firms are now lining up to participate in the Canadian securities industry, yet there is no clear policy in place with regard to ownership of Canadian financial institutions. We have just seen an attempt to bootleg into C-56 a very far-reaching ownership proposal without any warning or public debate. It did not succeed, but what we have left is a proposal which originated not with the Government of Canada but with a provincial Government, and which will allow banks, including foreign-owned Schedule B banks, trust companies and insurance companies to establish their own securities subsidiaries or to acquire 100 per cent ownership of an existing Canadian securities dealer as of today, June 30. Foreign firms will be allowed to participate as well. They are to be held to a maximum of 50 per cent ownership in the first year, rising to 100 per cent as of June 30, 1988.

I understand the Investment Dealers Association of Canada has 50 new applications for membership, more than half of them from large international security firms. According to Bill C-56, foreign firms must have ministerial approval to enter the Canadian securities industry, but the Bill does not set out any criteria under which approval would be granted or denied. Given the magnitude of the changes in store, it seems not only logical but imperative that there should be some criteria and that they should be set out in the legislation.

We are on the threshold of major change, starting today, June 30, with the opening up of the Ontario securities industry to new domestic and foreign participants. In the United Kingdom, the experience was called "the big bang". Whatever we call it here, it is certain that after today we will be seeing new activity and new levels of competition in the industry.

The question I have to ask is this. Is the Government ready for it? I have said there is no government policy regarding ownership of financial institutions. Neither do we see any criteria or guidelines to determine which foreign institutions will be permitted entry to the Canadian industry.

At this point only one province is affected but all provinces have securities industries which are provincially-regulated. At this point, when we are taking a first step onto the world stage to compete with international firms, it is appropriate to ask if the Government is giving any thought to the establishment of a national securities regulator, not to replace the Provincial Securities Commission but to speak for Canada outside her borders and to regulate the international calibre of competition we will have in our domestic markets.

• (1120)

The Minister did not seem very receptive to the idea when it was raised in committee. He said he did not want to alienate the provinces by putting the idea forward prematurely. But that is surely an untenable argument given that the provinces are now up in arms about the federal-provincial agreement with Ontario which was negotiated without consultation with them and which they feel the Minister would like to apply across the board. I understand that on June 11 nine provinces reached an interprovincial securities agreement which is their response to the Ottawa-Ontario agreement.

It seems to me that this is not a time for the Minister to back off. Canada is the only industrialized country in the world without a national securities regulator. It is not a new idea by any means, but I am inclined to think that it is an idea whose time has come, of course, after careful negotiation with the provinces.

Another concern which relates to the criteria for foreign firms and the possible functions of a national securities commission is that of access for Canadian institutions which want to do business outside Canada. This is also something that I raised in my speech at second reading. A number of witnesses who appeared before the finance committee and the Senate banking committee mentioned it as well. Some were of the view that reciprocity should be made a criterion for approval, or a condition for foreign companies to enter the Canadian market. Others thought that the next best thing would be for Canadian firms to be accorded national treatment. For example, a Canadian bank in Britain would be on the same footing as a British bank.

This is a matter of some importance, even urgency, because in Bill C-56 the Government may already be setting up situations that will put Canadian firms at a competitive disadvantage. For example, this Bill will allow foreign-owned Schedule B banks to own up to 100 per cent of a Canadian securities dealer in Ontario—50 per cent today and 100 per cent one year from now. Some American banks may well receive approval to do so. However, there is no legislative provision in the U.S. for Canadian banks engaging in securities activities under Canadian law to do the same thing in the U.S. Thus the American bank has the broader power.