

THE SENATE

THE STANDING COMMITTEE ON BANKING AND COMMERCE EVIDENCE

OTTAWA, Wednesday, March 22, 1967.

The Standing Committee on Banking and Commerce, to which was referred Bill C-222, respecting Banks and Banking, met this day at 2.30 p.m. to give consideration to the bill.

Senator **SALTER A HAYDEN** in the Chair.

The **CHAIRMAN**: Honourable senators, I call the meeting to order. We have before us this afternoon Bill C-222. Having regard to the importance of the bill, may I have the usual motion that the proceedings be reported?

The committee agreed that a verbatim report be made of the committee's proceedings on the bill.

The committee agreed to report recommending authority be granted for the printing of 800 copies in English and 300 copies in French of the committee's proceedings on the bill.

The **CHAIRMAN**: Honourable senators, the Minister of Finance will attend the meeting this afternoon, but he will not be here until 3 o'clock. In the meantime, we might hear a statement from Mr. S. T. Paton, President of the Canadian Bankers' Association, on the particular clauses which were the subject matter of discussion this morning. We might move the discussion along to the stage where, when the minister arrives at 3 o'clock, we can hear what he has to say about it. Is that satisfactory?

Hon. **SENATORS**: Agreed.

Mr. S. T. Paton, President, Canadian Bankers' Association: Honourable senators, I appreciate very much the opportunity of being here with you today. I sat in on your deliberations this morning and was very much impressed with the representations made at that time on both these particular subjects which we are going to discuss now. Frankly, there is not much I can add to the excellent expositions made by your chairman and by honourable senators Leonard and McCutcheon.

With regard to directors and interlocking situations, this was not a subject which we specifically commented on in our brief to the parliamentary committee.

We referred to clause 76 and took an approach that this was not desirable legislation. The reason we did not refer to the limitations on the directorates of trust companies and other corporations, was, perhaps that we hoped we might be able to make some change in clause 76 itself, which probably would render clause 18 to some extent superfluous.

This did not come about. There was a change in clause 76, a very satisfactory amendment so far as the banks are concerned, with the exception that the limitation of ten per cent of trust and loan association shares remained as it is and as it was.

Dealing with the directorate situation, and I think I speak for the Bankers' Association when I say this, I have the feeling that any situation that might appear on the surface to be questionable with respect to the operation of these two institutions of different financial types is purely illusory. There has been absolutely no indication and no evidence at all that the fact that one individual was a director of a chartered