

ties. They also use the term "debenture stock" with respect to securities issued by railway companies under certain conditions as distinguished from debentures as used with relation to English securities, the English word being always "debentures" and ours "bonds." As long as the Under Secretary of State satisfies the minister that the use of the word "bond" has not been disparaged by this legislation I am satisfied.

Mr. MEIGHEN: That might be amended by adding the word "bonds" to 69a near the bottom of page 15.

Mr. A. K. MACLEAN: No, to paragraph 2f.

Mr. MEIGHEN: Yes, but my hon. friend (Mr. Bennett) refers to its special application to the provisions which are added to section 69 of the present Act. Section 69 of the present Act provides for the issue of bonds and debentures. The point raised by the hon. member for Calgary is that the Bill ought to use the words "bonds and debentures" throughout.

Mr. R. B. BENNETT: I am referring to it as touching on these specific sections only; they limit it to the word "debentures."

Mr. A. K. MACLEAN: I think it would be most important to use both words, "bonds and debentures," or "bonds or debentures." You could add another clause to the interpretation clause.

Mr. MEIGHEN: We have no interpretation clause in this Bill. That is in the main Act.

Mr. A. K. MACLEAN: It is in the main Act, but it would apply to this.

Mr. MEIGHEN: We could, of course, add a new clause amending the interpretation clause of the old Act.

Mr. A. K. MACLEAN: We might add to the interpretation clause of the old Act a sub-clause (h) "debenture includes debentures, debenture stock and bonds."

Mr. MEIGHEN: Is that not the definition in the old Act?

Mr. A. K. MACLEAN: There is no definition; otherwise the objection of the hon. member for Calgary (Mr. R. B. Bennett) would not be substantial.

Mr. MIDDLEBRO: You claim there is a difference between "bond" and "debenture"?

[Mr. R. B. Bennett.]

Mr. R. B. BENNETT: In some particulars. "Debenture" we say should include "bond."

Mr. MIDDLEBRO: There is a definition in the Companies Act, and if you amend this it might change the meaning of other parts of the original Companies Act.

Mr. MEIGHEN: I had occasion to go into this question of the difference between bonds and debentures about four years ago, and I came to the conclusion that while, geographically, there is a difference in the ordinary understanding of the words, the term "debenture" is founded more on the note without specific security, while "bond" is founded on the notion of the basic specific security on which it rests. But I cannot see how a court could distinguish between them now.

Mr. R. B. BENNETT: And yet the character of the instrument must at all times determine the character of the security based upon it. The word "bond" is based on the old assumption that the individual was by this bond bound, and the bond was based on a specific security. The debenture originally had no security necessarily behind it, and hence you have no security specifically charged. You frequently had the use of the words "municipal debenture," being a charge on all the property of the municipality without specifically describing it as such, and you frequently got the word "debenture" referring to a floating charge more accurately than "bond." Without going into the historic side or attempting to define the exact difference between them at common law—and there are decisions in the Court of Appeal and one in the House of Lords—the real fact is that the words "bond" and "debenture" have become more or less interchangeable in use. In America they prefer to use the word "bond" with respect to securities that are emitted by a company secured by a specific charge or mortgage in trust upon its property, together with a floating charge; and "debenture stock" has the attributes of a bond or debenture and in addition to that, certain voting powers in the event of certain contingencies arising. Hence it is that the four per cent perpetual debenture stock of the Canadian Pacific railway may, under certain conditions, exercise voting power.

Mr. A. K. MACLEAN: That is like a deed.