Mr. MacGregor: The interest earned by the common fund would be allotted pro rata to the various accounts in the fund in proportion to the book value of the trusts included in the common fund.

The Chairman: Are there any further questions with respect to section 9? Shall section 9 carry?

Carried.

Section 10.

Mr. Fraser: What was the amount permitted to be carried by stock companies before this 30 per cent of the total issue of the stocks of any corporation? What was the limit before?

Mr. MacGregor: It has always been 30 per cent in the case of insurance companies and loan companies; and it was always 30 per cent in the case of trust companies from the beginning in 1914 until the amendments of 1947 when, for some unexplainable reason in the revision of the Act in that year, 20 per cent was written into this section. The change to 30 per cent now merely restores it to what it is in all other comparable Acts and to what it was in this Act until 1947.

Mr. Fraser: With respect to your stipulation to pay dividends on common shares of at least 4 per cent of the average value at which the shares were carried etc. etc., that has to be carried for seven years?

Mr. MacGregor: This clause, sir, relates to the investment of the company's own funds. Heretofore, the dividend required was 4 per cent of the par value, in the case of shares of par value, or $4 per share in the case of shares of no par value, and in each case for seven consecutive years prior to the date of the investment. The change now being made is to bring the test for no par value shares into line with the test for par value shares, being in each case 4 per cent of the average value at which the shares are carried in the issuing corporation's own books. There is no change with respect to shares of par value.

Mr. Fraser: It is simply a change in the terminology or wording?

Mr. MacGregor: In substance there is no change in relation to par value shares, but there is a change—

Mr. Macnaughton: This is a more conservative policy than is followed in the United States, generally speaking?

Mr. MacGregor: The laws in the United States vary so that it is rather difficult to make a general answer. In some states, common shares are excluded altogether. There would be no change here in the seven year record required or in the basic test of 4 per cent. It is partly to meet the practical situation caused by splits in recent years. The effect is that the $4 test has become very arbitrary and has ruled out a great many of the very best stocks.

Mr. Adamson: It does not mean that the trust company would have to buy stocks yielding 4 per cent?

Mr. MacGregor: Not in reference to the price paid for the stock.

Mr. Adamson: It means that the test is that the company would have to pay 4 per cent on the value of the stock, of its own common stock which it carries on its books?

Mr. MacGregor: That is correct.

Mr. Adamson: Do not many companies carry their common stock at a very nominal sum on their books?

Mr. MacGregor: It is not possible to change the value easily. Where shares are sold, the whole of the proceeds less a certain margin must be included in the corporation's capital account, and it is not generally possible