

OVERSEAS INVESTMENT GUIDES

Canada's guide-line programme limiting certain overseas investment has been clarified by a list of comments issued recently by the Department of Finance. The guide-lines were laid down in 1968 after Canada was exempted from the United States balance-of-payments measures affecting capital flows administered by the Department of Commerce or the Federal Reserve Board. They limit the flow of capital outside Canada and the United States, and fulfill an undertaking that the exemption will not result in Canada's serving as a "pass-through" by which the U.S. measures are frustrated.

POINTS CLARIFIED

A number of questions having arisen concerning the application of the guide-lines, the following clarifications were announced by Finance Minister E.J. Benson, and Industry, Trade and Commerce Minister Mr. Jean-Luc Pepin:

- (1) Adherence to the guide-lines is expected to be continuous - that is, institutions and corporations are expected to manage their affairs so that they are observing the guide-lines at all times and not only on reporting dates.
- (2) The guide-lines agreed to by the chartered banks apply only to the operations of their head offices and branches in Canada. Foreign branches and agencies of Canadian banks are not residents of Canada. Therefore, Canadian investors transacting business with foreign branches and agencies of Canadian banks must look upon these transactions as being with residents of overseas countries for purposes of the guide-lines.
- (3) The acquisition of assets in countries other than Canada and the United States by banks and other

financial institutions is limited to the increase in liabilities to residents of overseas countries, the proceeds from the sale of shares to such residents and net earnings in overseas countries. In the case of non-financial companies, such sources of financing may be supplemented by transfers of funds from Canada or the United States under prescribed circumstances, but it is not intended that the transfers from Canada or the United States be used to increase holdings of bank deposits or money market assets above minimum working requirements.

Mr. Benson recalled that, in March 1966, his predecessor, Mr. Mitchell Sharp, had announced that the Bank of Canada and the Department of Finance were discouraging the issue of securities in Canada by foreign borrowers. This policy is being continued. However, this request will not apply to the sale to Canadians of shares of mutual or other investment companies resident or incorporated outside Canada or the United States on the condition that such companies invest in Canada or the United States amounts at least equal to their sales in Canada. Companies planning to issue such shares in Canada are asked to discuss their plans with the Department of Finance, and to report regularly to the Department on their operations. Investments in U.S. "off-shore" securities, that is securities denominated in Canadian or United States dollars which are issued by United States corporations or their non-Canadian subsidiaries and which are subject to the United States interest equalization tax if purchased by United States residents, will not be considered as investments "in Canada or the United States".

GALLERY BUYS JORDAENS PAINTING

The National Gallery of Canada recently bought at auction at Sotheby's in London, Jacob Jordaens' As the Old Sing, so the Young Twitter, from the collection of the Earl of Wemyss and March. The Gallery's director, Miss Jean Sutherland Boggs, was in the audience when the purchase was made for £79,000.

The large canvas was one of the more memorable paintings in the exhibition of the work of this seventeenth-century Flemish artist, held at the Gallery last November to January.

Mr. Gyde Shepherd, the Curator of European Art, pointed out that the painting would bring an entirely new flavour to the National Gallery collection. "It is," he observed, "a fine seventeenth-century Flemish *genre* painting on a monumental scale. The figures of the grandparents, parents and children are virtually lifesize, suggesting a complete environment of a room beyond the gallery wall. The still-

life is resplendent, in luscious colours and paint, glittering with reflections. The rendering of the animals, particularly the owl, the parrot and the dog, is characteristically strong."

Miss Boggs, has pointed out that the trustees of the National Museums of Canada, who are responsible for the National Gallery, are anxious to give as many Canadians as possible a chance to see this important new acquisition, and even though its size (57¼ by 85¼ inches) creates a problem, it will tour the country. It will be seen first at the new Edmonton Art Gallery this month.

This is the second painting by Jordaens to be acquired by the National Gallery. The first, Young Cavalier, from the collection of Captain E.G. Spencer-Churchill at auction, was bought in 1965 at Christie's in London. With both works the Gallery has a remarkable representation of this ebullient contemporary of Rubens and Van Dyck, who outlived them as the last great exponent of the Flemish baroque.