important, the paper work or trying to hit the market at the right time in offering shares to the public.

The bill as it came to us provided that where there was an obligation under a provincial authority or under a foreign authority to file a prospectus or other document in connection with the offering of shares to the public, the requirement that you file under the federal Companies Act was waived. Then there was provision under which you could deposit a copy—true, as it came to us, it said "certified copy"—a copy certified by that public authority. That presented difficulties.

In addition we thought of cases where, under the provincial securities laws and under foreign securities laws, there are exempt transactions; that is, they have in their statutes transactions in respect of which you are exempt from the requirements of filing a prospectus. We thought that in those cases the exemption should also apply in relation to the obligation to file under the federal Companies Act. Therefore, we amended the section in the bill so as to provide this exemption or waiver, not only where there was an obligation to file but also in respect of transactions, offers of shares to the public, where the transactions were exempt.

We felt we could do this quite safely because there is a subclause in this particular clause of the bill which gives to the Secretary of State, notwithstanding this right of waiver, authority to demand that a prospectus, if he deems it to be in the public interest, be filed under the federal act in any event. We leave the matter of the requirement of procuring a certified copy of the filing with the provincial securities commission or the foreign securities commission. We toned down the requirement which was that you must produce a copy certified by that public authority, the obtaining of which might make for lengthy delays at times. Alternatively, the secretary of the company may certify under the seal of the company that this is a copy of the prospectus or other document that was filed and in that form is acceptable to the Secretary of State.

The next item is one which sparks a lot of interest these days, namely, the subject of disclosure. In the hearings which we had —and the members of the committee will recall this—we heard representations from quite a number of organizations, including The Canadian Bar Association, the Institute of Chartered Accountants, the Board of Trade of Metropolitan Toronto, and a number of other organizations. We also had submissions from a number of legal firms across Canada whose practice takes them into this field. We had recommendations on this question of disclosure, in the sense of what information those who are running the company should be obliged to disclose to the shareholders of the company.

I should tell you what our present law is under the Companies Act. It is that a director or officer who has been buying and selling shares of the company of which he is a director or officer during the year, must furnish to the secretary of the company, before the annual meeting, a statement of those tradings, and that statement is to be available at the annual meeting if any shareholder wants the information. That was felt to be a sort of haphazard, lackadaisical way of doing things. The bill went on to add another class, that is, any shareholder of the company who holds more than 10 per cent of the voting shares must furnish a statement of trades within 30 days of the trades to the secretary of the company, who must enter those in a book kept especially for this purpose, and that book is to be available for inspection by any shareholder during normal business hours of the day. Then it went on to require that the directors shall present the information which is contained in this book to the shareholders at the annual meetings.

Some of the objections that we had, especially from the chartered accountants, were to the effect that this might pile up a tremendous amount of paper. Their suggestion was that the obligation to file this information with the secretary of the company should be one where those officers and directors, and shareholders having more than 10 per cent of the outstanding voting shares, should file this information with the secretary of the company within 30 days from the end of the month in which the transactions took place.

Then we went on to recommend to this effect: instead of saying that the directors "shall present", we said "the directors shall disclose" to the shareholders at each annual meeting what is in this book. Then we put in another provision requiring the secretary of the company within 30 days after he has received this information on tradings to furnish a copy thereof to the Secretary of State so that it gets into a public place. There we make that information available without charge only to the shareholders of the company.

The concept that we had, if I may elaborate briefly, is that the Companies Act is intended to deal with relationships between shareholders and their company; we also felt that if you have directors and officers in a preferred position as to information with respect to the day-to-day operations of the company and its success or lack of it, and you have shareholders who have a commanding stock position as a result of which they might be in a position to get this information—in some