satisfaction here. We feel that it is most important that this Act should be retained, certainly as far as securities and obligations of corporations are concerned.

By Mr. Martin:

Q. That is, retained without this amendment?—A. We are in agreement with the amendment, because the amendment retains the Act for corporate securities and obligations. In certain situations there is no other legislation available which will meet the requirements. Very often a sale or realization can be avoided, and the Act provides a ready means for reorganization which will preserve the credit and standing of the corporation, preserve the value of its securities, and will enable the reorganized corporation to go on without any disturbance; and it is absolutely essential from the standpoint of the investor that such a reorganization should be carried through, when you once start to carry it through, without any delay or litigation, without any liquidation or bankruptcy. If there is the slightest prospect or fear of a company going into bankruptcy, you will find that the holders of the securities are simply not interested in any reorganization that will be put forward. There are many issues of bonds of Canadian companies which do not contain any provision for modification by vote of the majority; and that is necessary, unfortunately, because a great many of our securities are held in the United States, and the American institutions will not purchase bonds that are secured under a trust deed which enables the majority to coerce the minority. The reasons they give are perhaps somewhat technical; but they are advised, and they take the position, that if you have such a position, it affects the negotiability of the bonds. And the fact remains that the American investor will not purchase such securities; his legal advisors will not permit him to do so.

By Mr. Martin:

Q. Have the Americans any scheme corresponding to this?—A. They have what is called section 77 (*b*) of the Bankruptcy Act.

By Mr. McLarty:

Q. It is receivership?—A. No, there is no receivership. The procedure is really quite simple. You have a plan. The plan is put forward by the company. The plan is prepared. It is submitted to the court. The court gives the plan a very preliminary hearing, and then permits the company to circulate the plan and to obtain the consent of the different classes of creditors. If two-thirds of each class of creditors affected consent in writing to the plan, the plan is then submitted to the court for consideration, when any one who wishes to oppose it can do so. The court makes an order and the plan then becomes effective. It is substantially the same procedure as we have, except that the consents of the creditors are substituted for a meeting of security holders. I think, personally, that that is undesirable, because I think it is desirable that the persons affected should have the opportunity of going and hearing arguments for or against the plan, rather than that they should simply be asked to sign a paper consenting to it or failing to consent to it. Under section 77 (*b*) there are no bankruptcy proceedings necessary at all.

By Mr. Bertrand:

Q. Mr. Fraser, in the English law there is nothing corresponding to subsection 2 of section 11 of our Companies' Creditors Arrangement Act?—A. What is that?

Q. I say in the English law there is absolutely nothing that corresponds to subsection 2 of section 11 of the Companies' Creditors Arrangement Act, which is a new departure altogether. As I said at the outset, it is an open door to