

declaration that may be required of the subscribers and, in all cases, the declaration necessary in the case of transfers. Rules are established prohibiting the company from accepting subscriptions for common shares not fulfilling the established rules, and the invalidating of certain transactions or transfers of common shares when rules and by-laws are not complied with on the transferability of preferred shares.

The voting principles are: One share, one vote on common shares; and no voting rights on preferred shares.

Because of control possibilities, the sections on elections of directors may be of special interest to the Senate. The holders of common shares of the company who fulfil the statutory conditions may exercise voting rights only for the election of the number of directors to be elected by them. Telecommunications common carriers that are holders of common shares may exercise voting rights only for the election of the number of directors to be elected by them. The validity of a transfer or a subscription for shares is not affected by the holding of such shares in contravention. If common shares held in contravention are voted at a general meeting, no proceeding, matter or thing at that meeting is void by reason thereof, but such proceeding at any time within a year is voidable at the option of the shareholders by a resolution passed at a special general meeting of the shareholders. Persons who fulfil the statutory conditions may hold common shares. The allotment shall be approved by the minister.

Part III of the Canada Corporations Act does not apply to the company. The parts of the Canada Corporations Act that are applicable are listed in subsection 2. This will require considerable time for study on the part of the Senate, and it is intended, with your approval, to refer the bill to the Standing Senate Committee on Transport and Communications. It may be sufficient to state here that all references to the Canada Corporations Act are made because of the special type of company created and the necessity of certain controls by government and the international involvements.

No act relating to the solvency or winding up of a corporation applies to the company, and in no case shall the affairs of the company be wound up unless Parliament so provides.

Section 16 of the Canada Corporations Act applies to the company, except that subsec-

tion 1 does not apply in respect of subscriptions of common shares of the company by Her Majesty in right of Canada or an approved telecommunications common carrier, and a reference to the letters patent in paragraph (a) of that subsection shall be construed as a reference to the by-laws.

With two-thirds of the votes it will be possible to extend the objects of the company, to reduce, limit, amend or vary the objects or powers, reduce the number of shares, increase, decrease or alter the authorized capital, cancel unsubscribed capital, diminish the amount of authorized capital by the amount of shares cancelled.

As I said previously, this company will not be a crown corporation. There are regulations on necessary expropriation by the company, and the Exchequer Court is to hear all cases not agreed, and may set compensation for land taken, damage to lands and all claims against the company.

A copy of the annual report of the company is to be tabled before Parliament when submitted to the shareholders.

Subject to limitation on the extent of holdings, with the approval of the Governor in Council the minister may from time to time subscribe for, acquire and hold common shares for the Government of Canada, at a price approved by the Governor in Council for the common shares or preferred shares. Common shares acquired may be transferred with the approval of the Governor in Council.

In connection with disclosures, section 98 of the Canada Corporations Act with respect to the transactions applies. Shares acquired by the Minister of Finance or an agent of Her Majesty in right of Canada may be voted in the first case by the Minister of Finance and, secondly, by duly authorized proxy of the corporation. The extent of the holdings shall not exceed \$30 million.

On the recommendation of the minister, the Minister of Finance may lend money on terms and conditions approved by the Governor in Council and acquire or hold securities therefor. Subsection 2 authorizes the guarantee by Her Majesty in right of Canada of the repayment of any moneys borrowed by the company and the payment of interest thereon, and may approve or decide on the form, manner and conditions of such guarantees, which shall not exceed at any time \$40 million.

The company may enter into contracts with departments or agencies of the Government