

The CHAIRMAN: This is an administrative procedure which does not have to be covered by the act.

Mr. FULTON: I am sure that would be the intention of the Governor in Council in the spirit of what is being done here, but it is rather awkward because when you require that these shares be issued there are all sorts of things that can go wrong and it would enable the bank it seems to me, to raise a genuine difficulty with you if you are going to require in effect a guarantee that these shares will be issued and sold. How do they know the market will absorb them? They have every reason to expect it—

Mr. SHARP: I can think of one method, and that is to bring forward a firm underwriting contract.

Mr. FULTON: Mr. Elderkin, I may be getting into a pretty binding situation with you here—

Mr. MACKASEY: Is this why you have included the words "rest account" in clause 75 (2) (g) in the bracketed area of total liabilities?

Mr. ELDERKIN: Yes. You understand that "rest account" is actually an accounting phrase that is used almost exclusively by banks. It comes down from an old Scottish term, if I understand it correctly, and in most corporations it is usually referred to as "surplus".

Mr. MACKASEY: My interpretation of it on a balance sheet is that it is authorized shares that have not been issued.

Mr. ELDERKIN: No, not at all. No, it is a surplus. For instance, if we are discussing the Mercantile case, it is the surplus, if you will, that arose out of premium on shares issued over and above par.

The CHAIRMAN: Gentlemen, it is six o'clock. I suggest it would be convenient to recess our meeting now until eight o'clock when I hope we can continue moving along to the amendments which the Minister wishes to suggest. We are recessed until eight o'clock this evening.

EVENING SITTING

The CHAIRMAN: Gentlemen, I think we are in a position to resume our meeting. When we recessed for the supper period, I believe that we were discussing with the Minister under the general heading of agencies and branches some rather interesting related matters regarding the scheme of the bill with respect to foreign banking.

Do we have any further questions on this particular issue? We appear to have no further questions at this point on the topic of agencies and branches and the related issue that we were discussing this afternoon. Before inviting the Minister to tell us about the amendments that he has in mind, I understand Mr. Lambert has a question that he had hoped to deal with this morning but was not able to do so because of lack of certain material; I think, as a courtesy to him we might let him pose it at this time.

Mr. LAMBERT: Thank you, Mr. Chairman. I believe this morning, when we were discussing the definition of banking, Mr. Minister, we had resolved the position to the point that the government would like to limit itself to the present