amended version, which appeared in the now deleted Clauses 10, 44, and 51 of Bill C-56, went far beyond the notion of control and resulted in a requirement for ministerial approval in any situation where a person or associated group acquires more than 10 per cent of a financial institution or increases its holding to more than 10 per cent of any class of shares in a financial institution. The seemingly innocuous amendment—this portion of the Bill which had been played down by the Minister and his officials—in fact introduced a new and quite extraordinary breadth to the measure. It prematurely raised important public policy issues that should not be rushed through in what we had been given to understand was a housekeeping or mechanism Bill.

The Bill set at 10 per cent the threshold at which share transactions would be subject to ministerial approval, but the broad definition of "associated persons", as it applies to the transfer of ownership proposals, would have meant that transactions would become subject to review in companies that had only a marginal connection with the financial institution.

The committee heard some graphic examples of hypothetical share transactions that would be subject to review under former Clause 10 because somewhere in the corporate family tree was a federally-regulated financial institution.

There are two problems with this: First, what the Bill attempted to do; and second, the manner in which it was attempted.

That one small change in the predecessor Bill, which became Bill C-56, would have so amplified the ministerial review process as to enable full implementation of the Government's policy, as described in its December, 1986, discussion paper pertaining to the participation of commercial enterprises in the ownership of financial institutions.

• (1110)

The commercial links policy is something I expected, as I believe most Members of this House expected, to see in the draft Bill which is to appear later this summer and which is supposed to contain all the major public policy proposals, including the Government's over-all policy on ownership of financial institutions. The Government has said it intends to release a draft Bill, hear public response on its major reform proposals and then come back with a Bill in the fall.

However, what appears to have happened with Bill C-56 is a subversion of that process whereby something which should have been in the upcoming major piece of draft legislation was instead craftily insinuated into Bill C-56, which we were told was a "no surprises" Bill that had to be passed quickly to allow the securities deregulation to proceed on June 30, today.

I have maintained from the outset that the Government would have done better to table all its reform legislation at once so that the various proposals could be examined in context. Indeed, the Minister, in appearing before the finance committee on Bill C-42 and Bill C-56, said they need to be placed in the context of the upcoming third legislative package which we have not yet seen. The fact that the Minister and his department are not apparently well enough organized to provide us with that context is no justification for this attempt to bring in by the back door an important policy proposal which deserves more examination and debate than we have been able to accord it under the rushed conditions imposed by the Government.

Essentially, that is why the members of the finance committee were not willing to approve the Bill as it was and why they insisted on the removal of three clauses. I am pleased that the Minister finally agreed to that removal. As it is now, Bill C-56 more closely matches the description given by the Minister in one of his appearances before the finance committee.

Bill C-42, which has already been passed, realigns the structure of the supervisory system and the deposit insurance system. Bill C-56 primarily sets out new powers for the Minister and the chief regulator within this new system.

I will not go into great detail about these new powers and provisions to which I referred in my speech at second reading. They include the power for the regulator to issue cease and desist orders against institutions carrying on unsafe business practices and the power for the regulator to get independent valuation of real estate assets held by financial institutions. The Bill also raises the financial standards of federally-regulated insurance companies and clarifies the conditions under which a mutual life insurance company is deemed to be a Canadian company. These are proposals we regard as sound and necessary and we do not oppose them.

The measures I have just mentioned are those which give Bill C-56 the character of a "mechanism" Bill. The one remaining exception to that, now that Clauses 10, 41, and 55 have been removed, are the measures allowing federally-regulated financial institutions to own securities dealers.

I raised a number of concerns about this at second reading of this Bill and, based on what the finance committee heard from witnesses who commented on these proposals, and on more recent events in the industry, it seems that we have here yet another situation where the Government is being overtaken by events. Having waited so long without acting, it is now moving ahead in a way that raises a lot of questions about how much thought has gone into its course of action.

For example, late last week the Government approved by Order in Council a share transaction, the effect of which will be to give the large New York based investment house of Goldman Sachs and Co. a Canadian subsidiary. This has been done through a provision of the Bank Act. Although Goldman Sachs and Co. is an investment house, it is deemed to be a "foreign bank" because it happens to own a merchant bank incorporated and carrying on business in the United Kingdom. Since the parent company is considered a foreign bank, it