

In reply to my question why a company not offering shares to the public, but increasing its membership by more than ten, should be required to file a prospectus, Mr. Mulvey answers, as I understand him, that the Imperial Act, 1900, because its provisions relating to prospectuses did not include statements issued by brokers disposing of shares was a failure, whereas the Ontario Act does cover and include advertisements by brokers. This is not a good reason why a company not offering shares to the public should file a prospectus, but merely shews that a company bound to file a prospectus should not be permitted to escape from the obligation by employing a third person. There seems to be no good reason either in logic or practice why an increase in membership by more than ten should impose upon a company the obligation to file a prospectus which would not be equally applicable to an increase of less than ten; or, on the other hand, why if ten may be added without a prospectus, it should not be equally permissible to add twenty or thirty, or any other number. In other words, if filing a prospectus be a desirable practice, it should apply to any company which is at liberty to obtain new shareholders after incorporation.

In reply to my request for a definition of what amounts to "offering shares for public subscription," and my suggestion that individual subscriptions obtained by canvassers are not necessarily obtained through offering shares for public subscription, it is said by Mr. Mulvey that it is a question of fact whether in a particular case shares have been offered for public subscription. I submit that what amounts to offering for public subscription is a question of law purely, and that the only question of fact in a particular case would be whether things had been done which the law holds to amount to an offering for public subscription. In other words, in any action it would be necessary for the court to lay down some definition of what is public and what is private subscription. Now, deferentially, I suggest that if the offer of shares to one person by a director, or by an agent of a company, in a personal interview, would be a private subscription, and not an offering to the public, it would equally be an offering for private subscription if a thous-