

that the Mercantile Bank, within a measurable time, would not be subject to the restrictions of 75(2) (g).

Mr. MORE (*Regina City*): This is exactly the point, Mr. Minister, that I want to get to. Provided the Mercantile made a proposal to divest itself the people who would buy those shares would want to do so with the understanding that this action would mean no restrictions. Do you really think they could be purchased to such an extent that it would lift the restrictions within one year or two years? Would it not take a period of five years for resident Canadians to make an investment of that nature; and would not the bank have to have freedom to improve its position during that time, if the shares were going to be interesting.

Mr. SHARP: I recognize that the Mercantile Bank and the National City Bank have a very serious problem.

Mr. MORE (*Regina City*): But under this bill, without amendment, would you be in a position to use your discretionary powers to help them solve the problem in the interests of arriving at what we want arrived at by this act. I take it, it would require an amendment.

Mr. SHARP: No. I must answer the question as I answered it originally. I can conceive of an arrangement under which it would be possible without any amendments to the act and to the bill for the Mercantile Bank to make offerings of shares to Canadians. I can also conceive of circumstances under which it would be easier for them to proceed to such a result by minor amendments to the act.

Mr. MORE (*Regina City*): This is what I mean. Amendments would be required to the act; otherwise the only way that they could divest themselves so that the restriction of operation would not apply would be to dump 75 per cent of their shareholdings on the Canadian market.

Mr. SHARP: No, I cannot agree with that statement.

Mr. MORE (*Regina City*): That is not right.

Mr. SHARP: No.

The CHAIRMAN: I gather that the Minister is trying to suggest that a lot depends on the particular type of proposal that is put forward.

Mr. SHARP: That is right. We are talking here in very vague terms, and since everything that I say may have to be read in the context of developments, I want my answers to be as accurate and as specific as possible.

Mr. MORE (*Regina City*): Well, I appreciate that and I am not trying to catch you off base, Mr. Minister, because I have the same concern that you and other members of the Committee have expressed. My thinking was different from Mr. Cameron's. I wondered if they could approach you and say, "We will put 25 per cent of our shareholdings on the Canadian market this year and would be prepared to put another 25 per cent on next year," and then the restriction that apply in the act would not apply. In this way Canadian resident investors would know that in a period of time they would be buying into an institution that was becoming a properly constituted one under the Bank Act, but its growth would not be impeded during this period. This is specifically the sort of thing that I had in mind in putting my questions to you.