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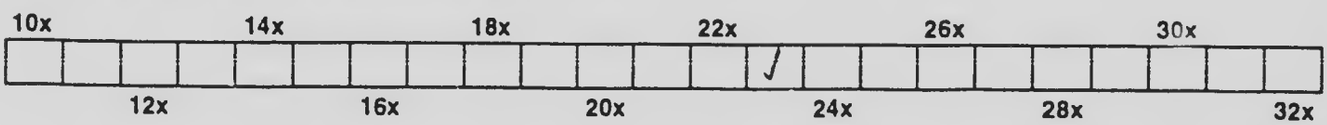

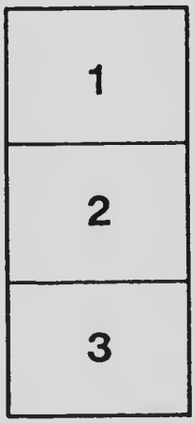

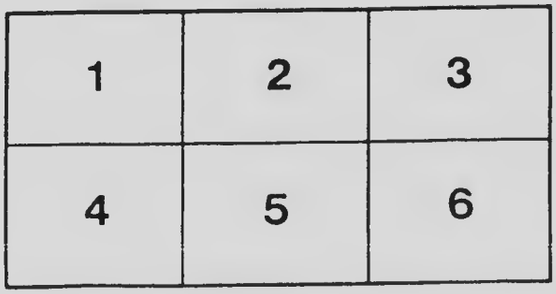

1914

British Columbia

THE

Trust Companies Act

AND ITS OPERATION

ADDRESS BY

Lieut.- Col. G. H. Dorrell

TO

Managers of Trust Companies

MAY 4, 1914

Canadian Financiers Trust Company

830 Hastings Street West Vancouver, B. C.

1914

The following pages have been compiled by

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of the Middle Temple, London, Barrister-at-Law,
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from the notes of an Address given by him to the
MANAGERS OF TRUST COMPANIES,
at Vancouver on the 4th May, 1914,

presided over by

PATRICK DONNELLY, Esq.,

And are Published by

Canadian Financiers Trust Company,

in response to the unanimously expressed desire of the Meeting, in the hope that they may be of service t ıose concerned in the direction and management Trust Companies.

Vancouver, May 21, 1914

British Columbia

THE TRUST COMPANIES ACT AND ITS OPERATION

The passing into law of the Trust Companies Act of British Columbia may be said to mark an epoch in the history of financial institutions of the Province. It is only in quite recent times that any effort has been made by the Provincial Government to legislate for or control Trust Companies and to give them a status and a standard of their own. Until 1913 any individual who wanted to incorporate a Company with Trust objects had only to get four nominal subscribers to join him in signing a Memorandum of Association, file it with the Registrar of Joint Stock Companies and pay the necessary fees, and the result was a Trust Company.

The evil of this in a country where financial, real estate and other companies with general objects were being promoted in large numbers grew more and more apparent. In many cases, whether or not their promoters were fitted to handle Trust business, or even to be entrusted with other people's money, they took, among the objects of their companies, the power to act as Trustees, Executors, Administrators, etc., and to take deposits, and frequently included the word "Trust" in their companies' names. It is said that 480 companies have been incorporated in British Columbia with Trust objects.

In 1911 the first attempt to control Trust Company business was made in the form of the "Trust Companies Regulation Act." That Act defined, somewhat imperfectly, what was intended by the term "Trust Company," and provided for the filing of quarterly reports, for the inspection of all companies doing Trust business, and for their suspension in the event of irregularities. But these regulations were quite inadequate. Nothing was done to restrict the taking of Trust powers, and so-called "Trust Companies" continued to multiply until 1913, when an amendment to the "Companies Act" gave the Registrar power to refuse incorporation to any company which included Trust objects in its Memorandum of Association.

This power, though useful as a check, was doubtless only intended as a temporary expedient until the Provincial Government could for-

mulate measures for dealing with the whole question in a comprehensive manner. These appeared in the first draft of the Trust Companies Bill of 1914. It was founded to some extent on the Trust Company legislation of Quebec and Ontario, and also on that in operation in certain of the United States, and though stringent and drastic to a degree, the underlying principles were undoubtedly aimed in the right direction. The Dominion Government about the same time introduced a Bill relating to Trust Companies into the Parliament of Canada, which, though differing widely from the Provincial measure, had the same objects in view. The Provincial Bill became law in a remarkably short time; too short, indeed, for those who wished to see it perfected and made workable from the start. It was first printed and specially circulated by the courtesy of the Attorney-General among Trust Company managers and others interested toward the end of February. Within a week the Attorney-General received a deputation of Trust Company managers and their counsel, and adopted numerous amendments proposed by them, the fairness of which he readily recognized. Another few days saw the Bill re-printed and re-distributed. A further crop of amendments was accepted, and on the 4th of March, within a fortnight of its first introduction, the Bill passed into law.

OBJECTS OF THE ACT.

The main objects that the framers of the Act set out to accomplish were:—

1st. To put Trust Companies into a class by themselves and stamp them with a distinctive title.

2nd. To secure financial stability by prescribing the minimum subscribed and paid-up capital with which a Trust Company could be incorporated or registered, and, following the precedent of Insurance Company legislation, by insisting upon a deposit of substantial amount being lodged with the Government.

3rd. To limit the investment of Trust funds, money on deposit and the Company's own funds to certain defined classes of securities.

4th. To secure efficient and capable management and to ensure

that the Directors of Trust Companies should keep themselves fully cognizant of the affairs of their companies.

5th. Inspection and control by the Government through the Minister of Finance, the Attorney-General, the Registrar of Joint Stock Companies and an Inspector of Trust Companies.

6th. To limit the number of companies operating.

7th. To prohibit the lending of Trust Companies funds to Directors and officers and to subsidiary companies and other concerns controlled by the same individuals.

These objects the Government are endeavoring to accomplish through the machinery of the Act before us. It is described as "*An Act Relating to Trust Companies*," and it received the Royal Assent on the 4th March, 1914, at which date nearly all of its provisions came into operation. This is a point which must be steadily kept in mind, for there has been much misunderstanding regarding it. The impression appears to have prevailed among some Trust Company managers that, owing to the date for the deposit with the Government being fixed for not later than the 1st of July, 1914, and to 18 months from the passing of the Act being allowed for companies lawfully carrying on business in the Province to obtain Registration under the Act, existing companies could continue to carry on their businses until the 1st July, 1914, exactly on the same lines as they had been doing, and that, having then made the required deposit with the Government, they would have a further period until the 4th September, 1915, to decide whether or not they would "come under the Act" by registration.

That is very far from being the exact state of affairs. As we shall see later on, it is scarcely a case of Trust Companies electing to come under the Act. The Act from the day it passed spread over and covered them all. A careful perusal of the Act itself will show those sections which apply at once to "Trust Companies," i.e., Companies having Trust objects in their Charter, and those other sections, few in number, which apply only to "Registered Trust Companies." i.e., to Companies which have obtained registration under the Act. It would be more correct to say that companies with mixed Trust and other objects had 18 months allowed them in which to get out of the Act.

ARRANGEMENT OF THE ACT.

The arrangement of the Act itself is simple and clear. After the interpretation clauses, it is divided into nine parts and five schedules, the more important of the latter being schedules A and B. Parts I. and II. deal with the incorporation of new and the registration of existing companies; Part III. with the prescribed Government deposit, applicable to all Provincial and extra-Provincial companies desiring to carry on Trust business in the Province; Parts IV., V. and VI. respectively with the manner in which Trust funds, money on deposit, and the company's own funds shall be managed and invested; VII. with an obligatory annual inspection and report by the Directors; VIII. with the powers and duties of the Inspector of Trust Companies; and IX. with important general provisions. The Schedules A and B at the end of the Act set out fully the objects and the only objects which a Trust Company may have.

In the interpretation clause two definitions demand special attention:—First, the definition of "Trust business" as meaning and including any business or office or appointment embraced in the objects set out in Schedule A to the Act; and secondly, the definition of "Trust Company," which includes, briefly speaking, any company which has power under its charter to carry on Trust business with the exception of any Chartered Bank in Canada and any Loan Company approved by the Lieutenant-Governor and previously incorporated by Private Act either of the Province or the Dominion.

It will be seen, therefore, that wherever in the Act the words "Trust Company" are used, all companies having Trust objects in their charter have to take heed.

INCORPORATION OF NEW COMPANIES.

Part I., as has been said, deals with the incorporation of new Trust Companies. It is scarcely likely, for some time at least, to be made great use of for that purpose; but its provisions are nevertheless very important because of their prohibitive aspect. It lays down the conditions with which any 25 or more persons desiring to form a new Trust Company must in future comply, and is a most important factor in maintaining one of the objects of the Act: viz., the limitation of the number of Trust Companies. It also contains provisions relating to borrowing powers and to certain essential Articles of Association that

are applied later on by reference to existing Provincial Trust Companies desiring registration.

REGISTRATION OF TRUST COMPANIES.

Part II. deals with the registration of Trust Companies. These are divided into classes:—

(a) New Trust Companies.

(b) Existing Provincial Trust Companies.

(c) Trust Companies incorporated by or under any Act of the Dominion.

(d) Extra-Provincial Trust Companies created for certain definite objects.

(e) Other Trust Companies, which include Extra-Provincial Companies, not coming within the foregoing classes.

The scheme of this part of the Act is to compel existing Trust Companies with mixed objects to do one of two things—either to abandon all objects except the Trust and other limited objects set out in Schedules A and B, or to abandon all of the Trust objects which they may have that are included in Schedule A and confine their future operations solely to such other objects as they may have in their charter.

Eighteen months from the 4th March, 1914, are allowed to them to decide which of the two courses they will adopt, but one or the other they must definitely decide upon within that period, and in the meantime they must comply with the general provisions of the Act. In the case of Provincial Trust Companies it is not sufficient for them not to exercise any Trust objects contained in their charter. If they elect not to apply for registration, or cannot obtain registration within the time allowed, they must definitely abandon them.

In like manner they must on abandoning their Trust objects within eighteen months, change their names so that the words "Trust," "Trusts" or "Trustee" form no part of them.

This change of name is a marked feature of the Act. Genuine Trust Companies in the past have suffered in reputation in consequence of the loose use of those words as part of their title by concerns whose promoters were unfitted both as regards qualifications and intentions to conduct Trust business. In future registered Trust Companies are to

have uniformity of title. They are to be styled "..... Trust Company" without the word "Limited"; and no other companies may be so styled.

In addition to altering and restricting their Memorandum of Association so that their objects shall not exceed the objects set out in Schedules A and B, existing Provincial Trust Companies desiring registration must also alter their Articles in certain minor but important details which are referred to again later.

A useful sub-section 27 (8) under this part of the Act empowers existing Provincial Trust Companies to incorporate new companies, either under the Trust Companies Act or under the Companies Act, to take over part of their business and undertaking so as to enable them to comply with the Trust Companies Act. This sub-section makes such incorporation subject to the approval of the Lieutenant-Governor in Council and to such conditions as may be prescribed in the Order; but it simplifies the transfer and substitutes a nominal fee of $50 in lieu of all fees that would otherwise be payable upon incorporation, and limits the fees payable to any Land Registry Office to a like sum. Under this section a Trust Company having assets representing a paid-up capital of at least $100,000, without counting that part of its business and undertaking proposed to be transferred, would probably be allowed to accept fully-paid stock in the new company as the consideration for the transfer.

The minimum subscribed capital which any Trust Company must have in order to qualify it for registration is fixed at $250,000, of which $100,000 at least must be paid up, with an additional $10,000 for every branch. New Trust Companies must have their share capital paid in cash—Sec. 20 (2); but the power to pay commission for placing shares of existing companies, if provided for in the Articles, remains unaffected.

DEPOSIT WITH GOVERNMENT.

Part III. is confined to the deposit which every Trust Company must hereafter lodge with the Government. It varies in amount from $25,000 to $200,000 according to a graduated scale. It may consist of

(a) Cash.

(b) Bank deposit receipts.

(c) Securities in which a Trust Company is allowed to invest its own funds.

(d) Bonds of approved Guarantee Companies.

A company may, with the approval of the Inspector, substitute from time to time other securities for those on deposit, but even with this proviso the compulsory deposit of perhaps one-quarter of a company's assets must undoubtedly hamper and delay the operations of the smaller concerns, particularly those not located in Victoria. It was thought that the difficulty might have been satisfactorily met by depositing the bond of a Guarantee Insurance Company, until the nature of the bond that would be required came to be more closely considered. Such a bond is not an annual risk expiring if not renewed. It is to take the place of a permanent deposit of cash or other convertible securities, and is to be held forever against all the company's obligations. Clearly the object of the Act would not be attained if the bond could be cancelled through non-payment of the renewal premium, or dissatisfaction of the Guarantee Company with the condition of the Company's affairs. Consequently, the obligations of a Guarantee Company must last either until other securities were substituted for its bond or the Company's business brought to a close, whether any renewal premiums had been paid or not. That is not a liability easy to frame conditions for or to estimate the possible risk under, and it is not surprising that Guarantee Companies should be slow in fixing terms. No doubt the risk of ultimate loss would be very small indeed, for with its limited field of operations and the prohibition against speculative business and the obligation to obtain security from those having custody and control of its funds, a Trust Company in the future should scarcely be able to imperil any great part of its capital before the state of its affairs became apparent to the Inspector.

In the case of existing Trust Companies, the deposit must be made by the 1st July, 1914. It is not clear what would happen in the case of a company with a number of partly executed trusts on hand if the deposit were not made within the prescribed period. That it could undertake no new Trust business nor accept any money on deposit is, however, certain, and it would probably be held guilty of an offence against the Act under Sec. 84; but what would happen to the partly executed trusts is not so apparent. Companies which do not obtain registration within eighteen months are permitted to fully execute the

office of executor of any will, probate whereof was granted to them as sole executor prior to the passing of the Act, notwithstanding such non-registration—Sec. 24 (4)—but there is no similar provision in the case of failure to make the deposit, although Sec. 31 of Part II. (dealing with registration) allows the Registrar to extend the time for compliance with the provisions of the Act on the written request of the Inspecto .

On the other hand, if a Company deposits the necessary security with the Government, it can continue to carry on its business within the restrictions imposed by the Act until eighteen months after the passing thereof, without obtaining registration, a provision which is chiefly useful as allowing time to companies with insufficient subscribed or paid-up capital to increase it to the requisite extent.

MANAGEMENT AND INVESTMENT OF TRUST FUNDS.

The provisions of Part IV. with regard to the management and investment of Trust Funds apply to all Trust Companies from the passing of the Act, whether registered or unregistered. Investments of such funds are confined to securities similar to those permitted by law to private Trustees. A separate bank account must be kept for all funds held in trust, and no moneys, properties or securities received or held by a Company as trustee may be mingled with the investments of the capital or with other moneys or property belonging to or deposited with the Company. Trust moneys and securities must be kept in separate accounts in the books of the Company, and must be clearly marked for each particular trust so as to allow of their being readily identified at all times. In order, however, to enable the Company to deal more conveniently with small amounts, a general Trust Fund of the Company may be established for the investment of trust money provided that the total amount of any one trust so invested does not exceed Three Thousand Dollars—Sec. 40 (1).

This part of the Act also makes it quite clear that Trust Funds and funds held as agent are not liable for the debts of the Company. [Sec. 40 (3)].

MANAGEMENT AND INVESTMENT OF DEPOSITS

Moneys deposited with the Company have, under the provisions of Part V, to be dealt with in a separate department of the Company's business. The provisions of this part of the Act came into

operation from the passing of the Act, and are extremely stringent in character. What constitutes deposits is defined, and all moneys coming under those definitions must, if placed with the Company's bankers, be deposited in a separate account. They can only be invested by the Company in securities similar to those permitted by law to private Trustees or in other securities approved by the Lieutenant-Governor in Council, and a Reserve equal to at least 25 per cent. of the total amount of deposits withdrawable on demand, or within 30 days after demand or notice, must be kept in hand in cash or on deposit with a bank. These moneys or the securities representing them, must be kept separate from any other funds under the control of the Company and are applicable primarily to the repayment of the deposits with interest thereon. It is only after deducting the expenses and losses incurred in the management of the deposit department and the payment of interest to depositors that the income received from investments can be transferred as profit to the Company's general funds. The deposit business of a Company has, in other words, to be treated as a distinct business in itself, as a business within a business.

MANAGEMENT AND INVESTMENT OF COMPANY'S OWN FUNDS

Part VI, which deals with the management and investment of the Company's own funds, likewise came into operation from the passing of the Act and all Companies which have Trust objects in their charters, whether they are making use of them or not, are bound by, and must not loan or invest their funds except in accordance with, its provisions. If they wish to do otherwise they must abandon their Trust powers.

Narrow limitations are imposed by Sec. 48 on the investments which a Company may make of its own funds. These are set out in five classes, and permit, in addition to Trust securities as permitted to private Trustees, securities in real estate and any interest therein, including Agreements for Sale, the capital stock of any Chartered Bank in the Dominion, the Debentures and other securities of any Municipal Corporation in Canada, and such other securities as the Lieutenant-Governor in Council may approve.

Except for such widening of the powers of investment as may be afforded under the last paragraph, no Company after the passing

of the Act can lend money on or discount notes or bills of exchange, however unexceptional the names on them, or invest or lend on the shares of industrial enterprises or railways, or in many other directions which have hitherto been regarded as perfectly sound business, and it must not be forgotten that the prohibitions apply to all companies retaining Trust objects in their Charter, whether they are doing Trust business or not.

Section 50 in this part of the Act prohibits a Trust Company lending money to any Director or officer or employee or to any Company or firm controlled by them or in the management of which they are actively engaged. The aim of this section is to make it impossible in future for the intimate and favored dealings of Trust Companies with subsidiary or other companies in which their Directors are interested.

The total liabilities to any registered Trust Company of any person or firm, including in the latter the liabilities of all its members, must not exceed ten per cent. of the Company's paid-up capital, surplus and undivided profits.

A Trust Company may accept any securities whatsoever to improve its position with regard to a debt previously contracted in good faith, but personal property so acquired which it could not otherwise hold must be set out in detail in the Directors' reports of the Company and sold within a year or within such further time as the Inspector may allow. A Trust Company may, however, continue to hold indefinitely any personal property in the Province which it had acquired before the passing of the Act.

The amount of real estate which a Trust Company may hold is limited to twenty-five per cent. of its capital and reserve, but this prohibition does not apply to real estate held by the Company before the passing of the Act. Such real estate it can hold indefinitely, but it cannot acquire further real estate so long as its total holding exceeds the limit. The latter restriction does not, however, extend to any real estate which is acquired for the protection of its investments, but such real estate must be sold within seven years or within such further time as the Inspector may allow.

ANNUAL REPORTS

Under part VII. the Board of Directors of every registered

Trust Company must cause a committee of at least three Directors to examine carefully into the affairs of the Company in the month of March of each year and report to the Board, and a copy of such report must be sent to the Inspector by the 10th April in each year accompanied by a copy of the Company's last annual report to its shareholders. The nature of the Committee's report is fully set out in Section 56. This requirement is an innovation on the practice which has previously prevailed with regard to the duties of Directors. It puts the onus of knowledge of the Company's affairs directly on the Board. In future no Director of a Trust Company can plead ignorance of the internal affairs of his Company or take shelter behind the auditors' certificate. This report is an entirely different matter to the annual report and accounts certified by the auditors which have under the Companies Act to be furnished to the shareholders. It has to be made by a Committee of the Directors themselves.

INSPECTION

Part VIII provides for the appointment and regulates the powers and duties of the Inspector. All "Trust Companies," whether registered or not, are subject to inspection. Wide powers are given to the Inspector to make enquiries of any Company or of any officer of any Company concerning its affairs and the Company or person in question must furnish the information required. In the case of Companies that have not obtained registration, refusal or neglect of the Company or of any officer to reply constitutes an offence under the Act, and if the condition of the Company's affairs are shown to be unsatisfactory, the refusal of registration would no doubt follow. In the case of a Company which has been registered, whose affairs are shown to be in an unsatisfactory condition, the Minister of Finance and the Attorney-General can, on the report of the Inspector, cause the registration of the Company to be suspended or cancelled.

GENERAL PROVISIONS

Part IX consists of a number of general provisions, the most important of which are those relating to the establishment of branches, which can only be opened with the approval of the Inspector (Sec. 68); the prohibitions against advertising the authorized capital of a Company or any statement to the effect that the Trust Company is

operated under government supervision; or that its solvency or financial standing is vouched for by the Inspector (Secs. 73 and 74); and the use of the words "Trust," "Trusts" or "Trustee" by any person, firm, association or company other than a registered Trust Company as part of its name (Sec. 75). Trust Companies carrying on business in the Province at the time of the passing of the Act with such words forming part of their name are, however, allowed eighteen months in which to change them; but this relaxation of the section does not apply to any person, firm, association or company not being a Trust Company. These must cease to make use of the words in question forthwith.

Section 79 provides that the minimum holding of the Director of a registered Trust Company shall be shares in his own right on which not less than one thousand dollars has been paid; and that the majority of the Directors of a registered Provincial Trust Company shall at all times be resident in the Province and be British subjects.

An important section (83) empowers the Lieutenant-Governor in Council to frame Regulations not inconsistent with the spirit of the Act, to carry its provisions into effect and to supply any deficiency therein; and upon the nature of these Regulations the smooth administration of the Act will in a large measure depend. This applies particularly to the deposit with the Government and to the securities, other than those enumerated, in which Trust Companies may invest moneys received on deposit and their own funds.

The penalties for an offence by individuals against the Act on summary conviction range for a first offence from $20 to $300, and for subsequent offences of the same kind to a term of imprisonment not less than three months nor more than twelve months, and for offences by other than individuals to a penalty not exceeding one thousand dollars. In addition, of course, a registered Trust Company is liable to have its registration suspended or cancelled.

A scale of fees is set applying to various registrations in connection with Trust Companies, the most important of which are the annual fees payable by registered Trust Companies on the 1st June in each year, ranging according to the amount of the company's assets from $100 to $300 with an additional fee of $50 as a fine if the company neglects to pay the annual fee by the prescribed date.

OBJECTS THAT A TRUST COMPANY MAY HAVE

As regards those all important portions of the tail of the Act, Schedules A and B, the inclusion of any one of the objects set out in Clauses 1 to 7 of Schedule A in a Company's Memorandum stamps it as a Trust Company and brings it within the operation of this Act. Schedule B enumerates and limits the objects that a Trust Company may have in addition to one or more of the objects set out in Schedule A. Therefore, the fullest list of objects which a Trust Company can have are those set out in Schedules A and B together. A Trust Company may have less than these, but it cannot have more.

Objects 9 and 10 of Schedule B which deal with the amalgamation of Companies or the acquisition of one Company by another may prove very useful to the smaller Trust Companies who find it difficult or unprofitable to seek registration. A Company selling its undertaking must obtain the consent of two-thirds in interest of its members to the transaction and the approval of the Inspector.

BORROWING POWERS

No borrowing powers are included among the objects in Schedules A and B which a Trust Company may have, but Sec. 27 (4e) gives Provincial Companies registered under the Act the same powers to borrow that a newly incorporated Company may take under Sec. 22. Though the section is not too clearly phrased, its intention seems to be that a Trust Company can mortgage or pledge its securities and borrow on them to the extent of not more than forty per cent. of its paid-up capital, if authorized by Resolution of "two-thirds in value of the subscribed stock of the company represented at a general meeting of shareholders." If by this is intended merely two-thirds in value of those present, either personally or by proxy, the ordinary quorum would apply, and it would not be difficult to secure the necessary authority, but if, as in the case of an amalgamation or sale, it is intended that the holders of two-thirds of the subscribed stock of the Company must consent, it is a very different matter. Any one acquainted with the management of Companies will know how difficult it is for any Company having its capital widely held to get so large a proportion represented. There seems no sufficient reason why the majority required to pass a Special Resolution might not equally well have served in this case.

This limit on borrowing powers is qualified by Sub-section 3 of Section 22, which expressly declares that nothing in the section shall limit or restrict the borrowing of money on bills of exchange or promissory notes. Sub-section 4 prohibits any Company incorporated under the Act from borrowing by issuing Debentures or Debenture Stock, and this prohibition is repeated in Section 27 (4c) in connection with Provincial Companies seeking registration.

STEPS TO BE TAKEN TO OBTAIN REGISTRATION

From the foregoing it will be seen that the steps necessary to be taken by any existing Provincial Trust Company prior to applying for registration are as follows:—

(1) The Company's name must be changed so that the words "Trust Company" form part of the title and the word "Limited" does not.

(2) The Memorandum of Association must be altered so that it does not contain any objects beyond those enumerated in Schedules A and B.

(3) The Articles of Association must likewise be altered to conform with Section 14 (2).

All the foregoing can be included in one special resolution. The company's articles should be carefully examined in connection with Section 14 (2), but most companies incorporated subsequent to 1910 which have articles founded on Table A of the Companies Act of that year will probably find the principal changes relate to Articles making provision for security to be taken for the fidelity of all having custody or control of the funds of the Company; for the audit of the Company's accounts by one or more competent accountants who must not be otherwise employed by the Trust Company or be otherwise officers thereof; and to sending to each shareholder with the notice of the Annual Meeting a properly audited statement of the income and expenditure of the Company (including the expenses of Management) and its liabilities and assets.

Having made these changes, the company can apply to the Registrar of Joint Stock Companies for initial registration on a form that will be supplied by him. The deposits with the Government will have to be made and the annual fees paid before registration (Sec. 89), when a Certificate will be issued if the Inspector has approved of the application.

COMPANIES WISHING TO ABANDON TRUST OBJECTS

Provincial Trust Companies with mixed objects which do not desire to continue Trust business under the Act, must likewise by Special Resolution change their name if the word "Trust," "Trusts" or "Trustee" forms part of it, and alter their Memorandum so as to definitely abandon any of the objects enumerated in Schedule A. Once this is done, they are free to carry on their other business without further reference to the Act; but they must comply with the provisions of the Act until the changes are made.

EXTRA PROVINCIAL TRUST COMPANIES

Sec. 27 (1c) provides that Trust Companies incorporated under any Act of the Dominion may be registered on due compliance with the provisions of the Act applicable to such Companies, and Sub-section 5c of the same section requires such Companies which at the time of the passing of the Act were not licensed or authorized to carry on business within the Province under any former Act, to file certain documents enumerated in Schedule D.

Other Extra-Provincial Companies which were authorized to carry on Trust business in the Province at the time of the passing of the Act, have, before registration, to satisfy the Inspector that the company and its Directors and Managers have the necessary qualifications for performing the duties of a Trust Company, and must give an undertaking not to exercise or carry on within the Province any power or business not included in Schedules A and B. They must also comply with any further terms and conditions that the Inspector may prescribe.

If the company was not authorized to carry on business within the Province at the time of the passing of the Act, it must advertise its intention to become registered in the *Gazette*, satisfy the Inspector that a Trust Company or an additional Trust Company is required in the locality where its Head Office in the Province is proposed to be situate, and file, as in the case of a Company incorporated by or under any Act of the Dominion, the documents set out in Schedule D.

An Extra-Provincial Company whose Charter authorizes it to carry on Trust business and also any other business may, subject to the laws of the Province, carry on such other business without being

registered if it gives an undertaking satisfactory to the Registrar not to exercise its Trust objects within the Province.

Extra-Provincial Trust Companies therefore have neither to change their names nor alter their Memorandum or Articles before registration, but the provisions of part IV as to the deposit with the Government applies to them in the same way as to companies incorporated within the Province.

CONCLUSION

It has been impossible in the foregoing remarks to touch on all the provisions of the Act. Only its framework could be dealt with and those interested in the working of it will no doubt study the Act for themselves and refer to their legal advisers for detailed advice. Enough, however, will have been said to make it apparent that if the provisions of the Act are kept in force Trust Companies in British Columbia will occupy in the future a very different position to that hitherto held, and that the name "Trust Company" will really signify, as it should do, an institution to which the public may safely extend its confidence.

The Act may press hardly on some of the smaller Companies and to those that have hitherto been doing a combined trust and general business; and its provisions will undoubtedly increase the cost of management. On the other hand, the added favor in which Trust Companies should in future be held, both by those who entrust them with their affairs and by their own shareholders, should go far to compensate the companies that continue to do Trust business for any temporary decrease of profits. The Legislature has made the enactment. It remains for the Executive to put it into operation.

Published by the Canadian Financiers Trust Company.

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