

circulation ; 2nd. Claims of Dominion Government ; 3rd. Claims of Provincial Government ; 4th. Depositors ; 5th. Shareholders. By July, 1895, this Bank had paid off 50 per cent of its liabilities. The Banque du Peuple suspended July 15th, 1895.

1091. The chartered and incorporated banks of the Dominion are governed by the Banking Act, 53 Vic., Chap. 31, the principal provisions of which are :—

1. The capital stock of any bank hereafter incorporated shall be not less than \$500,000, in shares of \$100 each.

2. Five hundred thousand dollars must be subscribed and \$250,000 paid to the Minister of Finance, who is also Receiver-General, and a certificate of permission obtained from the Treasury Board* before business can be commenced.

3. Bank directors must hold capital stock as follows:—On a paid-up capital stock of \$1,000,000 or less, stock on which \$3,000 has been paid up ; on a paid-up capital stock of over \$1,000,000 and not over \$3,000,000, stock on which \$4,000 has been paid up ; and on a paid-up capital of over \$3,000,000, stock on which \$5,000 has been paid. A majority of the directors must be British subjects.

4. The capital stock may be increased or reduced by the shareholders, subject to the approval of the Treasury Board.*

5. No dividends or bonus exceeding eight per cent per annum shall be paid by any bank, unless, after deducting all bad and doubtful debts, it has a reserve fund equal to at least 30 per cent of its paid-up capital.

6. Every bank shall, subject to a penalty of \$500 for each violation, hold not less than 40 per cent of its cash reserve in Dominion notes.

7. The amount of notes of any bank in circulation at any time shall not exceed the amount of its unimpaired capital, subject to penalties varying with the amount of such excess.

8. The payment of notes issued by any bank or circulation shall be the first charge on its assets in case of insolvency, any amount due to the Dominion Government shall be the second charge, and any amount due to any Provincial Government shall be the third charge.

9. Every bank shall pay to the Minister of Finance a sum equal to 5 per cent on the average amount of its notes in circulations, such sum to be annually adjusted according to the average amount of circulation during the preceding twelve months. Such amounts are to form a fund called "The Bank Circulation Redemption Fund," to be used when necessary, on the suspension of any bank, for the payment of the notes issued and in circulation, and interest. All notes in circulation shall bear interest at 6 per cent per annum from the day of suspension until redeemed. Payments from the fund are to be without regard to the amount contributed.

10. All notes issued for circulation shall be payable at par throughout Canada. †

* The Treasury Board consists of the Minister of Finance and any five Ministers appointed from time to time by the Governor-General-in-Council, with the Deputy Minister of Finance as secretary.

† Previous to this provision a discount was charged in Ontario and Quebec on notes of banks of Nova Scotia, New Brunswick, Prince Edward Island and British Columbia, in which latter province the banks charged discounts on the notes of all eastern banks.