

of issue. It was provided that 20 per cent of the notes issued should be covered by specie reserve and the remainder by Government debentures.

922. On the formation of the Dominion, the permitted issue by Act of 1868 was enlarged to \$8,000,000, any amount in excess of \$5,000,000 to be covered by 25 per cent in specie, or in specie and Canadian securities guaranteed by the Imperial Government, and for the remainder in unguaranteed bonds issued by authority of Parliament.

In 1870 the issue was fixed at \$9,000,000, with a 20 per cent specie reserve, any excess to be fully covered by specie. In 1872 the issues in excess of \$9,000,000 were required to be covered by specie to the extent of 35 per cent. In 1875, 50 per cent specie reserve was required for \$3,000,000 above and beyond the \$9,000,000, any excess over \$12,000,000 to be fully covered.

In 1880 the law authorized the issue of \$20,000,000, to be covered by, at least, 15 per cent of gold, 10 per cent addition in gold or Dominion securities guaranteed by Great Britain, and the remainder in unguaranteed Dominion bonds, any excess above \$20,000,000 to be covered fully with gold.

In 1895 an Act provided that the issue may exceed \$20,000,000, provided that in addition to any amount required to be held in gold under previous Acts, a further amount in gold equal to the excess of issued notes over 20 millions shall be held.

923. These notes are full legal tender, redeemable in specie on demand, and are of the following denominations: 25 cents, \$1, \$2, \$4, \$50, \$100; \$500 and \$1,000; occasionally old issues, called provincial notes, of \$5, \$10, and \$20 are met.

On the 31st December, 1895, \$14,358,500 of the Dominion note circulation were in notes of \$500 and \$1,000. These are principally held by the chartered banks as part of their cash reserves, because by the Banking Act 40 per cent of the reserve cash must be in Dominion notes, and are chiefly used in the settlements between banks.

On the 31st December, 1894, and the same date 1895, there were held in connection with the Dominion notes:—

	1894.	1895.
	\$	\$
Specie.....	9,470,919	10,650,702
Guaranteed sterling debentures.....	1,946,667	1,946,667
Unguaranteed debentures.....	17,250,000	17,250,000
Total.....	28,667,586	29,847,369

This was in excess of the amount required to be held of \$4,865,125 in specie and guaranteed debentures, and of \$1,318,618 in unguaranteed debentures in 1894, and of \$5,183,368 in specie and guaranteed debentures, and of \$2,250,000 in unguaranteed debentures in 1895. Compared with 1893 the figures of 1895 show an increase of \$4,087,511 in specie and of