

of the months of July, August, September and October of 1838, during which period the banks paid out specie.

The legislature of Upper Canada met in extraordinary session on June 19th, 1837, to devise measures by authority of which the banks of Upper Canada might suspend specie payment, the law in their case making repudiation of notes to result in suspension of charter. Sir Francis Bond Head, the then Lieutenant-Governor, opposed the motion, but the Bill became law and one or two banks availed themselves of the Act. The Bank of Upper Canada desired to suspend, Sir Francis opposed and summarily closed the discussion by refusing to allow the suspension. The bank continued to redeem till 5th March, 1838, when it was compelled to suspend. Resumption took place on 1st November, 1839.

This was the first and only time the banks of the Province of Canada suspended specie payment, one of the causes of the suspension being the purchasing of their notes by the banks of the United States at a premium, the notes being then sent to the province and gold demanded to be withdrawn from the country.

During the rebellion of 1837 the Lower Canadian banks placed their specie in the Citadel in Quebec for safe keeping, and a law was passed relieving them from loss of charter for repudiation of their notes, which continued to be legal tender.

With two exceptions, all the banks, prior to 1841, had the limited liability clause. In 1841, in the first session of the legislature after the union, the Committee on Banking reported 13 resolutions on which to found a uniform system of banking. The double liability clause was then generally introduced.

The Banking Act of 1841 imposed a tax of 1 per cent upon the banking circulation.

In 1836 Right Honourable W. E. Gladstone wrote a letter to Earl Cathcart, then Governor General, containing 20 regulations, compliance with which Her Majesty's Government considered necessary to the security of the communities in which banks may be established, and more especially to the poorer classes of such communities.

In 1850 a new Act was passed prohibiting any banks other than those incorporated by Act of Parliament or by Royal Charter from issuing notes. The tax on bank circulation was abolished, and instead thereof a deposit with the Government of provincial debentures to the extent of \$100,000 was required. According to a plan fixed by the legislature, bank statistics to be monthly forwarded to the Government were required in that year. In the Banking Act of 1871 it was provided that banks should not issue notes of a less denomination than \$4, and that they should hold, as far as practicable, one-half their cash reserve in Dominion notes, and never less than one-third. Business could not be engaged in until \$500,000 of stock had been subscribed, \$100,000 paid up in cash, and a certificate to that effect procured from the Government Treasury Board. The amount of notes in circulation was not to exceed the amount of unimpaired capital. No dividend was to be paid that impaired paid-up capital, and no division of profits greater than 8 per cent per annum could be paid, unless, after paying the same, the bank had a reserve fund equal to one-fifth of its paid-up capital. In the Act of 1881 it was provided that banks could not issue notes of less