

tional notes of their own there-against. Annual reports to the Minister of the fair market value of real and immovable property held by the banks for their own use were required. Banks were empowered to lend to farmers upon the security of their threshed grain. As a war measure the provision for emergency circulation was extended in 1914 to cover the whole year and banks were further authorized to make payments in their own notes instead of in gold or Dominion notes.

The fifth revision of 1923 (13-14 Geo. V, c. 32) resulted in numerous important changes. The qualifications of provisional directors were re-defined, while provision was made for keeping records of attendance at directors' meetings and bringing them to the notice of shareholders. Annual and monthly statements were given further attention and more complete returns required, including statements of controlled companies in the names of which any part of a bank's operations was carried on. Other or special returns were to be made if called for by the Minister. Two auditors were now to be appointed by the shareholders instead of one, and the qualifications, duties and responsibilities of auditors were more clearly defined. The personal liability of directors in case of distribution of profits in excess of legal limits was also more definitely expressed. Regulations regarding loans were amended and advances to any officer or clerk of a bank could not, in any circumstances, be granted in excess of \$10,000. Registration of security for loans under sec. 88 was provided for. It became necessary for guarantee and pension funds to be invested in trustee securities. The punishment of directors and other bank officials for making false statements of a bank's position was provided for in sec. 153. In 1924, as a result of the failure of the Home Bank of Canada, provision was made for periodical examination of the chartered banks by an Inspector-General of Banks, who was to be an officer of the Department of Finance.

Banking Statistics.—In Table 10 is given a historical summary of Canadian banking business since Confederation. In order to afford a clear view of the nature of banking transactions in Canada, bank liabilities have been classified in two main groups, liabilities to shareholders and liabilities to the public, the latter group only being considered when determining the ordinary financial position of any such institution. Assets are divided into four groups, other assets being included in the total. As of interest to students of banking practice, the relative rates of increase of capital and reserve funds may be noted on the accompanying graphs, also the great increase in the proportion of liabilities to the public to total liabilities, and the gradually increasing percentage of liabilities to the public to total assets. The declining proportion of notes in circulation to total liabilities to the public is also characteristic of the evolution of banking in recent times. Holdings of Dominion and Provincial Government and of municipal securities were relatively insignificant prior to the Great War.