

lation of chartered banks were not to exceed their unimpaired paid-up capital from the time the Bank of Canada commenced business and were to be reduced by 5 p.c. per annum for five years from Jan. 1, 1936, and 10 p.c. per annum for five years from Jan. 1, 1941, so that at the end of ten years they should not exceed 25 p.c. of the paid-up capital. At the same time, the liability of shareholders under the double liability provision was limited to that proportion of the par value per share which the authorized note issue at the time bore to the paid-up capital of the bank. Other important changes in general provisions included: (1) the curator of a suspended bank was to be appointed or removed by the Minister of Finance, instead of by the Canadian Bankers' Association; and (2) the terms "bank", "banker" or "banking" could not be applied to any activities in Canada except those of chartered banks or approved savings banks; (3) a limitation of 5 p.c. of the paid-up capital (instead of 10 p.c. as formerly) was placed on loans to directors, or any firm, company or corporation in which the President, the General Manager or a director is a partner or shareholder, without the approval of two-thirds of the directors present at a regular or special meeting called for the purpose; (4) a director was prohibited from being present or voting at a meeting of the Board when loans to himself or any firm, company or corporation of which he is a partner or director, are under consideration, an infraction of this prohibition being attended by severe penalties as well as automatic disqualification of such director; (5) a bank was not permitted to allow its name to appear, except as banker for receiving applications, upon any prospectus or advertisement respecting the issue of securities apart from government or municipal issues and certain others of the specific type mentioned in the Act; (6) changes were made to permit of loans under Section 88 against seed grain, binder twine and fertilizer; (7) a definite prohibition was enacted against the charge of a higher rate of interest or discount than 7 p.c. in any part of Canada except the Territories, any violation of such prohibition being attended by penalties against both the bank and the officer responsible; (8) monthly returns were amplified for the purpose of securing a clearer appreciation of the position of the banks, and certain additional returns called for.

**The Bank of Canada.**—Chapter 43 of the Statutes of 1934, "An Act to incorporate the Bank of Canada", provided for the establishment of a central bank in Canada. The capital of the Bank is \$5,000,000, divided into shares of \$50 par value. These shares were offered for public subscription by the Minister of Finance on Sept. 17, 1934, and were largely oversubscribed. The maximum allotment to any one individual or corporation was 15 shares.

Shares of the Bank may be held only by British subjects ordinarily resident in Canada, or by corporations controlled by British subjects ordinarily resident in Canada. The maximum holding permitted one person is 50 shares. Directors, officers or employees of the chartered banks may not hold shares of the Bank.

The Bank is authorized to pay cumulative dividends of 4½ p.c. per annum from its profits after making such provision as the board thinks proper for bad and doubtful debts, depreciation in assets, pension funds and all such matters as are