

charter of the banks until July 1, 1881, that date being set in contemplation of regular decennial revisions. No new bank was permitted to commence business with less than \$500,000 capital *bona fide* subscribed and \$100,000 similarly paid up, with the further proviso that at least \$200,000 must be paid up within two years after commencement of business. The sections respecting loans against warehouse receipts, etc., were thoroughly revised and difficulties of procedure removed. Banks were permitted to take security on commodities in store pending marketing, and also while undergoing conversion from the raw to the finished state. Advances were allowed upon security of shares of other banks. It was provided that the rate of interest or discount charged by a bank should not exceed 7 p.c. and that no higher rate should be recoverable. Monthly returns of assets and liabilities were required. Certain technical amendments were made to the Bank Act in 1872, 1873, and 1875. In 1879 the power to lend upon the security of shares of other banks was repealed.

At the first general revision of the Bank Act in 1880 (effective 1881), a note holder was definitely recognized as a preferred creditor, claims of the Dominion and Provincial Governments, respectively, ranking next in order of preference. Banks were prohibited from issuing notes under \$5, higher denominations to be multiples of this sum. Dominion notes were now to constitute not less than 40 p.c. of the bank's cash reserves. Monthly returns of a more detailed character were to be made. The Act was amended in 1883 to enforce more effectively the prohibitions, restrictions and duties already imposed upon the banks. The use of certain titles by private bankers not operating under the provisions of the Act was prohibited.

At the revision of 1890 (effective 1891), it was stipulated that not less than \$250,000 capital must be paid up before a certificate permitting a bank to commence business could be issued by the Treasury Board. A period of one year from the date of the charter was allowed for the payment of the capital and the carrying out of other preliminaries. Dividends were not to exceed 8 p.c. until or unless the reserve fund was the equivalent of 30 p.c. of the paid-up capital. A fund known as the "Bank Note Circulation Redemption Fund" was established, consisting of deposits made by the banks with the Minister of Finance of amounts equal to 5 p.c. of their average note circulation, such deposits to be subject to adjustment annually, and to constitute a guarantee of the payment of all notes of a suspended bank with interest at 6 p.c. from the date of suspension until the date when their redemption was undertaken by the liquidator. Failing action by the liquidator within two months, the Minister of Finance was authorized to redeem the notes out of the fund, and such outlay, if not made good out of the assets of the failed bank, was to be re-imbursed by the contributing banks *pro rata* to their contributions. Another major change gave the banks, in certain classes of loans, the same legal power to take security over the borrowers' goods as had previously been granted by warehouse receipts. This enactment served to make general and more clear principles already recognized by previous legislation and practice. Directors' qualifications were set out more clearly and it was now provided that a majority only of directors, instead of all, need be British subjects. Penalties for excess note circulation were made more severe.

The revision of 1900 (effective 1901) recognized the Canadian Bankers' Association as an agency in the supervision and control of certain activities of the banks. It was charged, under the Treasury Board, with the responsibility of supervising the printing and distribution of notes to the banks and their issue and destruction; also with control over clearing houses and the appointment of curators to supervise