2.—*The Canadian Bankers' Association*, established in 1900, and designed to effect greater co-operation among the banks in the issue of notes, in credit control, and in various aspects of bank activities.

3.—*The Central Gold Reserves*, established by the Bank Act of 1913.

4.—*Re-discount Facilities*, although originated as a war measure by the Finance Act of 1914, were made a permanent feature of the system by the Finance Act of 1923, which empowered the Minister of Finance to issue Dominion notes to the banks on the deposit by them of approved securities. This legislation provided the banks with a means of increasing their legal tender cash reserves at will.

Section 2.—The Bank of Canada.

Subsection 1.—The Bank of Canada Act and its Amendment.

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 was originally $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 commenced business on Mar. 11, 1935.

By an amendment to the Act passed at the 1936 session of Parliament, the capitalization of the Bank was increased to $10,100,000 by the sale of $5,100,000 Class "B" shares to the Minister of Finance. The original shareholders are now designated Class "A"

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 properly provided for by banks. The remainder of the profits will be paid into the Consolidated Revenue Fund of Canada and to the Rest Fund of the Bank, in specified proportions until the Rest Fund is equal to the paid-up capital, when all the remaining profits will be paid into the Consolidated Revenue Fund.

The Bank may buy and sell securities of the Dominion, the provinces, the United Kingdom and the United States of America, without restriction if of a maturity not exceeding two years, and in limited amounts if of longer maturity. It may also buy and sell securities of British Dominions and France without restriction, if maturing within six months. Short-term securities of the Dominion or provinces may be re-discounted. The Bank may buy and sell certain classes of commercial paper of limited currency, and if endorsed by a chartered bank may re-discount such commercial paper. Advances for six-month periods may be made to chartered banks, Quebec Savings Banks, the Dominion or any province against certain classes of collateral, and advances of specified duration may be made to the Dominion or any province in amounts not exceeding a fixed proportion of such government's revenue. The Bank may buy and sell gold, silver, nickel, and bronze coin and gold and silver bullion, and may deal in foreign exchange.

The provisions regarding the note issue of the Bank of Canada are dealt with on pp. 889-890.