

The Bank of Canada must maintain a reserve of gold equal to not less than 25 p.c. of its total note and deposit liabilities in Canada. The reserve, in addition to gold, may include silver bullion, balances in pounds sterling in the Bank of England, in United States dollars in the Federal Reserve Bank of New York, and in gold currencies in central banks in gold standard countries or in the Bank for International Settlements, treasury bills of the United Kingdom or the United States of America having a maturity not exceeding three months, and bills of exchange having a maturity not exceeding 90 days, payable in London, New York, or in a gold standard country, less any liabilities of the Bank payable in the currency of the United Kingdom, the United States of America, or a gold standard country.

The chartered banks are required to maintain a reserve of not less than 5 p.c. of their deposit liabilities within Canada in the form of deposits with and notes of the Bank of Canada.

The Bank acts as the fiscal agent of the Dominion of Canada and may, by agreement, act as banker or fiscal agent of any province. The Bank may not accept deposits from individuals and does not compete with the chartered banks in commercial banking fields.

The head office of the Bank is at Ottawa, and it has an agency in each province, namely, at Charlottetown, Halifax, Saint John, Montreal, Toronto, Winnipeg, Regina, Calgary, and Vancouver.

The Governor of the Bank is its chief executive officer and Chairman of the Board of Directors, and he is assisted by a Deputy Governor and an Assistant Deputy Governor. The first appointments were made by the Government. Subsequent appointments are to be made by the Board of Directors subject to the approval of the Governor in Council.

At the first meeting of the shareholders on Jan. 23, 1935, seven directors were elected for terms to run as follows: one until the third annual general meeting (1938), two until the fourth (1939), two until the fifth (1940), and two until the sixth annual general meeting (1941).

By the 1936 amendment the number of directors elected by the Class "A" shareholders will be eventually reduced to three who will hold office for three-year terms. The six directors appointed by the Class "B" shareholder with the approval of the Governor in Council, were announced on Sept. 11, 1936. These directors are appointed for terms to run as follows: two until the annual general meeting in 1940, two until 1941 and two until 1942. Thereafter the Government directors, each of whom shall hold office for a term of three years, will be appointed by the Class "B" shareholder with the approval of the Governor in Council, two as of the day of the annual general meeting in 1940 and two at the day of each annual general meeting thereafter. In the transaction of the business of the Bank each director has one vote except that prior to the annual general meeting in 1940 each of the directors appointed by the Class "B" shareholder shall be entitled to two votes.

There is also an Executive Committee of the Board of Directors consisting of the Governor, Deputy Governor, and one member of the Board, which must meet once a week. This Committee has the same powers as the Board but every decision is submitted to the Board of Directors at its next meeting. The Board must meet at least four times a year. The Deputy Minister of Finance is an *ex officio* member of the Board of Directors and of the Executive Committee, but is without a vote.

The Governor, or in his absence the Deputy Governor, only has the power to veto any action or decision of the Board of Directors or the Executive Committee, subject to confirmation or disallowance by the Governor in Council.