notes dated Feb. 1, 1939, and maturing May 1, 1941. The notes were sold at 99·75 p.c., a cost basis of approximately 1·36 p.c. The proceeds of the issue were used for the purpose of supplying the Government with United States funds to enable it to make temporary loans, or to reimburse the Government in part for temporary loans, made to the Canadian National Railway Company for the purpose of redeeming certain obligations of the Railway Company that matured during January and February, 1939. Some of these obligations were payable in London and some were payable optionally in New York, London, or Canada.

An issue of $134,500,000 in two maturities was next sold on the domestic market. A short-term maturity in the amount of $95,500,000, dated May 15, 1939, and maturing May 15, 1942, bore an interest rate of 1½ p.c. and was priced at 99·375 to yield 1·72 p.c. A maturity of longer term in the amount of $39,000,000 dated May 15, 1939, and maturing June 1, 1958, bore a 3 p.c. rate, and was priced at 98·50 to yield 3·10 p.c. Conversions of outstanding bonds of the following issues were accepted against the new maturities: 1 p.c. bonds due June 1, 1939; 4 p.c. bonds due Oct. 15, 1939; 2½ p.c. bonds due Oct. 15, 1939; and 2 p.c. bonds due Nov. 15, 1939. These issues were converted to a total of $84,500,000, while $50,000,000 of the new issue was sold for cash.

The first issue of the war period was sold directly to the Canadian chartered banks at par in the amount of $200,000,000, dated Oct. 16, 1939, and maturing Oct. 16, 1941, bearing a 2 p.c. rate. The proceeds of this issue were to be used in part for the redemption of the Dominion of Canada 1930-50 registered stock outstanding in London in the amount of £28,162,775 (slightly in excess of $125,000,000 at the rate of exchange then prevailing) against which a sinking fund of £7,733,000 was held. This stock was subject to call at par at any time after July 1, 1930, on six months' notice, and notice was given for redemption on Apr. 16, 1940. The ultimate effect of this operation was to make Canadian dollars available to the British Government for the purchase of supplies in Canada. The remaining part of the issue was to provide for the redemption of domestic maturities falling due in October and November, 1939, to a total of $28,064,500, and for general purposes of the Government.

Early in 1940 the Government sold its first war loan. Dated Feb. 1, 1940, this issue bore an interest rate of 3¼ p.c. and was priced at 100. Provision was made for redemption of the issue by annual drawings on Feb. 1, 1948 to 1952, 20 p.c. of the outstanding amount to be redeemed each year at the following prices: on Feb. 1, 1948, 1949, and 1950, at 100; on Feb. 1, 1951, at 100·50, and on Feb. 1, 1952, at 101. In addition to an amount of $200,000,000 issued for cash, $50,000,000 of the new loan was issued in conversion of part of the 3 p.c. loan maturing Mar. 1, 1940, so that the total amount of the new loan outstanding was $250,000,000.

To provide funds to meet in part the unconverted portion of the Mar. 1, 1940, maturity, an issue of $40,000,000 five-year 2 p.c. bonds was sold to the Bank of Canada at 99·375. This issue was dated Mar. 1, 1940, and matures Mar. 1, 1945.

In the past five years a market for short-term treasury bills that has proven highly satisfactory has been built up in Canada. Each issue has, with two exceptions (where the bills were sold direct to the Bank of Canada), been offered for public tender. A complete list of treasury bills sold by public tender for the period Mar. 1, 1934, to Feb. 15, 1937, appears at p. 838 of the 1937 Year Book. The sales since that date are as follows:—