

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 or 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 payable in Canadian dollars 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 without charge and may, by agreement, act as banker or fiscal agent of any province. The Bank does 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 by the shareholders 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). Directors are now appointed by the Minister of Finance with the approval of the Governor in Council for terms of three years. There are now eleven directors. Former directors continued in office when the Government took over the management of the Bank. In the transaction of the business of the Bank each director has one vote.

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.

### **Subsection 2.—The Bank of Canada and Its Relationship to the Canadian Financial System.**

An article under this title is given at pp. 881-885 of the 1937 edition of the Year Book. It deals with such subjects as the functions of the Bank, its control and regulation of credit and currency, the mechanism by which such control is exercised, the expansion and contraction of credit, the mitigation of general economic fluctuations, the control of exchange operations, the advisory function of the Bank, and its duties as the Government's banker.