

The Bank of Canada Act provides that the Bank shall maintain a reserve of gold equal to not less than 25 p.c. of its total note and deposit liabilities in Canada; under the terms of the Exchange Fund Order, 1940, authorizing the transfer of the Bank's gold holdings to the Foreign Exchange Control Board, the minimum gold reserve requirement has been temporarily suspended. 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 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. In accordance with the terms of the Foreign Exchange Acquisition Order, 1940, the Bank of Canada sold foreign exchange with a Canadian dollar value of \$27,734,444 to the Foreign Exchange Control Board.

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