

(6) To safeguard Canada's securities markets and Canadian investment values, generally, from the possibility of a flight of capital, and thus to lend stability to economic conditions and facilitate the orderly carrying out of necessary war financing.

Organization and Administration.—The Foreign Exchange Control Order* was passed by the Governor in Council under the authority of the War Measures Act, and came into effect on Sept. 16, 1939. The Order set forth the basic law on the subject, and established the Foreign Exchange Control Board as an administrative body to exercise continuous control over transactions that require licences or permits. The Board is empowered to make Regulations† for administration of the Order, and in the exercise of its authority is subject to instructions of the Minister of Finance.

The Board's principal offices are at Ottawa; a general office has also been established at Vancouver and offices with certain limited functions are situated at Montreal, Toronto and Windsor.

Every branch in Canada of the Canadian chartered banks is an authorized dealer and agent of the Board and has the right to buy and sell foreign exchange for the Board's account and to exercise such powers and duties with respect to the granting of permits and licences as the Board prescribes. Postmasters are also agents of the Board with limited authority to sell foreign exchange. Under instructions from the Board, postmasters and collectors of customs and excise are agents for issuing export and import licences.

The Board has authority to appoint other agents, and limited authority to purchase and sell foreign exchange on behalf of the Board has been granted to Montreal City and District Savings Bank, La Caisse d'Economie de Notre Dame de Québec, Province of Ontario Savings Offices, Province of Alberta Treasury Branches, Canadian Pacific Express Company, Canadian National Railways Express Department, American Express Company and Thos. Cook & Son, Ltd.

The Exchange Fund; Purchases and Sales of Foreign Exchange.—Under the Exchange Fund Act of 1935, a special fund was established consisting of the profit resulting from the revaluation at that time of the gold reserve of the Bank of Canada. Sect. 6 of the Act, which is to come into force on proclamation, authorized the Minister of Finance to make use of this fund directly or through such agencies as he might designate "for the purpose of endeavouring to control the external value of the Canadian monetary unit or of checking undue fluctuations in its exchange value". The exercise of this authority had not been found necessary prior to the War. Concurrently with the enactment of the Foreign Exchange Control Order, however, Sect. 6 of the Exchange Fund Act was brought into force by proclamation. Under the Foreign Exchange Control Order, the powers conferred on the Minister in the Exchange Fund Act may, subject to the direction of the Minister, be exercised by the Board and the Exchange Fund was placed at the disposal of the Board as its initial resources.

All foreign exchange received by residents of Canada must be sold to an authorized dealer or other agent of the Board and all foreign exchange required by residents of Canada must be purchased from an authorized dealer or other agent. All such purchases and sales are made for the account of the Board at the official rates of

* The original Order (P.C. 2716 of Sept. 15, 1939) and subsequent amendments were consolidated in Order in Council P.C. 7378 of Dec. 13, 1940, which came into effect on Dec. 16, 1940. Still further amendments have been made by Orders in Council P.C. 1672 dated Mar. 7, 1941; P.C. 2786 dated Apr. 22, 1941; and P.C. 3081 dated May 1, 1941 published in extra editions of the *Canada Gazette* of about the same dates.

† The Regulations of the Board (at the time of going to press—Mar. 1, 1941) are contained in special issues of the *Canada Gazette* dated May 2, May 28, July 8 and Dec. 16, 1940. Amendments to these regulations were made on Mar. 1, 1941 and are published in an extra edition of the *Canada Gazette* dated Apr. 23, 1941.