government of any province for periods not exceeding six months. Other loans may be made to the Government of Canada or the government of any province in amounts not exceeding a fixed proportion of such government's revenue; such loans must be repaid before the end of the first quarter after the end of the fiscal year of the borrower. The Bank of Canada is required to make public at all times the minimum rate at which it is prepared to make loans or advances. This rate, known as the Bank Rate, has been 2 p.c. per annum since Oct. 17, 1950.

The Bank has the sole right to issue paper money for circulation in Canada. Details regarding the note issue are given on pp. 1191-92.

The Bank acts as the fiscal agent for the Government of Canada in the payment of interest and principal and generally in respect of the management of the public debt of Canada.

The Bank may buy and sell securities issued or guaranteed by Canada or any province, short-term securities issued by the United Kingdom, treasury bills or other obligations of the United States, and certain classes of short-term commercial paper. The Bank is authorized by the Industrial Development Bank Act to purchase bonds and debentures issued by the Industrial Development Bank. The Bank may buy and sell gold, silver, nickel and bronze coin, and gold and silver bullion, and may also deal in foreign exchange.

The Bank may accept deposits that do not bear interest from the Government of Canada, the government of any province, any chartered bank or any bank to which the Quebec Savings Bank Act applies.

The Bank does not accept deposits from individuals and does not compete with the chartered banks in commercial banking fields.

Section 23 of 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 outstanding notes and deposit liabilities. This requirement was suspended in 1940 when, under the terms of the Exchange Fund Order, the Bank's gold holdings were transferred to the Exchange Fund Account to form part of Canada's official gold and United States dollar reserves. The requirement is still in suspension. The Currency, Mint and Exchange Fund Act, passed in 1952, provides that, notwithstanding Section 23 of the Bank of Canada Act, the Bank of Canada is not required to maintain a minimum or fixed ratio of gold or foreign exchange to its liabilities, unless the Governor in Council otherwise prescribes.

The Bank is under the management of a Board of Directors composed of a Governor, a Deputy Governor and twelve directors. The Governor and Deputy Governor are appointed for terms of seven years each by the directors, with the approval of the Governor General in Council. The directors are appointed by the Minister of Finance, with the approval of the Governor General in Council, for terms of three years each. The Deputy Minister of Finance is a member of the Board but does not have the right to vote. There is an Executive Committee of the Board, composed of the Governor, Deputy Governor, one director and the Deputy Minister of Finance (who is without a vote), which has the same powers as the Board, except that its every decision must be submitted to the Board at its next meeting.