

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 has the sole right to issue paper money for circulation in Canada. Details regarding the note issue are given on p. 1034.

The Bank of Canada may vary the minimum cash reserve requirement of the chartered banks between 8 p.c. and 12 p.c. of their Canadian dollar deposit liabilities, provided that the chartered banks are given a minimum notice period of one month before each increase becomes effective and that any increase is not more than 1 p.c. during any one month. When this legislation became effective on July 1, 1954, the requirement was 8 p.c. and it has since remained at that level.

The Bank may make loans or advances for periods not exceeding six months to chartered banks, or to banks to which the Quebec Savings Bank Act applies, on the pledge or hypothecation of certain classes of securities. Loans or advances on the pledge or hypothecation of readily marketable securities issued or guaranteed by Canada or any province may be made to the Government of Canada or the 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 is known as the Bank Rate. From Nov. 1, 1956 until June 24, 1962, the Bank Rate was established weekly at a fixed margin of $\frac{1}{4}$ of 1 p.c. above the latest weekly average tender rate for 91-day treasury bills. On June 24, 1962, the Bank Rate was fixed at 6 p.c.; it was reduced to $5\frac{1}{2}$ p.c. on Sept. 7, 1962, to 5 p.c. on Oct. 12, 1962, to 4 p.c. on Nov. 13, 1962 and to $3\frac{1}{2}$ p.c. on May 6, 1963; it was increased again to 4 p.c. on Aug. 11, 1963 and to $4\frac{1}{2}$ p.c. on Nov. 23, 1964. Since June 24, 1962, the Money Market Rate, the rate at which the Bank of Canada is prepared to enter into purchase and resale agreements with money market dealers, has been $\frac{1}{4}$ of 1 p.c. above the average rate on 91-day treasury bills at the preceding weekly tender, or the Bank Rate, whichever is lower. 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 prescribes otherwise.

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, the 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 decisions must be submitted to the Board at its next meeting. In addition to the Deputy Governor who is a member of the Board, there may be one or more Deputy Governors appointed by the Board of Directors to perform such duties as are assigned by the Board.

The capital of the Bank is \$5,000,000 and is held entirely by the Minister of Finance. In accordance with the provisions of the Bank of Canada Act as amended in 1954, 20 p.c. of the Bank's annual profits were allocated to the Rest Fund until that Fund reached a required maximum of \$25,000,000 at the end of 1957. Since that date, the whole of the Bank's profits have been transferred to the Receiver General.

The head office of the Bank is at Ottawa. It has agencies at Halifax, Saint John, Montreal, Ottawa, Toronto, Winnipeg, Regina, Calgary and Vancouver and is represented in St. John's and Charlottetown.