

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 either $\frac{1}{4}$ 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 gold or foreign exchange reserves against its liabilities.

Prior to the 1967 amendment of the Bank of Canada Act, there existed some uncertainty about the exact relationship between the central bank and the Government. The changes in the Bank of Canada Act in 1967 were designed to clarify this matter. They provide for regular consultation between the Governor of the Bank and the Minister of Finance as well as for a formal procedure whereby, in the event of a disagreement between the Government and the Bank which cannot be resolved, the Government may, after further consultation has taken place, issue a directive to the Bank as to the monetary policy that it is to follow. Any such directive must be in writing, it must be in specific terms, and it must be applicable for a specified period. It must be published immediately in the *Canada Gazette* and tabled in Parliament. The amendment makes it clear that the Government must take the ultimate responsibility for monetary policy and it provides a mechanism for that purpose but the central bank is in no way relieved of its responsibility for monetary policy and its execution.

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 in Council. The Directors are appointed by the Minister of Finance, with the approval of the Governor 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, two Directors and the Deputy Minister of Finance (who is without a vote); this Committee 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 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.

1.—Assets and Liabilities of the Bank of Canada, as at Dec. 31, 1963-67

Item	1963	1964	1965	1966	1967
	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000
Assets					
Foreign exchange.....	42.4	97.6	28.3	55.2	90.9
Advances to chartered and savings banks.....	—	—	—	—	3.0
Investments—					
Treasury bills of Canada.....	465.6	478.7	608.1	409.1	538.3
Other securities issued or guaranteed by Canada maturing within 3 years.....	754.3	530.9	815.8	1,142.9	1,269.7
Other securities issued or guaranteed by Canada not maturing within 3 years.....	1,815.3	2,054.8	1,992.7	1,867.2	1,940.1
Bonds and debentures issued by Industrial Development Bank.....	150.6	176.5	200.7	239.8	270.2
Other securities.....	21.5	13.4	14.0	171.7	10.7
Industrial Development Bank capital stock.....	33.0	36.0	39.0	42.0	45.0
Bank premises.....	11.8	13.2	16.3	16.5	17.3
All other assets.....	150.4	240.8	240.9	262.3	226.3
Totals, Assets.....	3,444.9	3,641.9	3,955.8	4,206.8	4,411.6