

THE CITIZENS' INSURANCE COMPANY
OF CANADA.)

Authorized Capital.....\$2,000,000
Subscribed Capital.....1,000,000

HEAD OFFICE—MONTREAL.

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THIS Company, formed by the association of nearly 100 of the wealthiest citizens of Montreal—is prepared to transact every description of LIFE ASSURANCE; also, to grant Bonds of FIDELITY GUARANTEE, for Employees holding positions of trust.

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The Canadian Monetary Times.

THURSDAY, JULY 22, 1869.

THE INSPECTION OF TRANSFER BOOKS.

At the last meeting of the shareholders of the Bank of Montreal, a motion was made to the effect that the transfer books be opened to the inspection of shareholders within bank hours. The motion was opposed by the chairman, Mr. King and others, and finally shelved. The chief grounds of objection urged against opening the transfer books to shareholders were that it was illegal, inconvenient, not in conformity with English or Irish practice, and that shareholders might be imposed upon by fictitious sales. Mr. King considered the inconvenience depended entirely upon the number of shareholders who chose to look at the books. The double liability afforded no reason for shareholders making themselves acquainted with the details of the transfer book, as that liability is a protection to the public, and consequently on such ground the right to inspect would

be in the public, not in the shareholders. The double liability principle, as the law now stood, he considered worth very little, and if he could influence legislation he would have it abolished altogether.

In so far as the legal right is concerned, it would seem to be clear that shareholders are entitled to inspect the transfer book. One counsel to whom the case of the Bank of Montreal was presented for his opinion sustains that view and considers there is nothing in the charter or the by-laws of the bank impairing the right. The only prohibition established by the charter as to the right of inspection by a shareholder, who is not a Director, is confined to the account of a person dealing with the bank. The charter itself, therefore, may be said to recognize, in effect, the right of such shareholders to have free access to the transfer books. Mr. Abbott also considered that there would be nothing illegal in opening the transfer books, but he thought that to do so was within the discretion of the Directors. In Smith on Banking it is laid down—that, "Fund holders and those who have an interest in the funds have a right, which the Court of Chancery will enforce, of inspecting and copying entries relating to the stock in which they are interested, and the transfers of such stock, and the bank is bound to furnish to such persons on application, a list of books containing entries relating to the stock in which they are interested."

Independently of the legal right, there are grounds of expediency which may fairly be relied upon in support of the position of those contend for a free inspection. This side of the case has been well put by Mr. Crawford in a letter to a Montreal journal. Promoters of all banking enterprises have drawn special attention to the names of subscribers as an evidence of good faith. Should confidence become impaired every prudent man would withdraw from the partnership and as it is desirable for one to know the character of those associated with him, the only means of acquiring that information is by first learning their names from the transfer book. The published annual list is regarded as a poor compromise for the book itself. The double liability furnishes a strong reason, as during monetary excitements it is well to take soundings from time to time respecting the general schemes of shareholders. Should a large order from England or elsewhere be transmitted to a bank to dispose of stock it is considered right to place it beyond the power of any one connected with the institution, either directly or indirectly, to speculate thereon. In the event of a disastrous failure or embezzlement being telegraphed to a bank, directors or managers should not be placed

in a position by which they could reduce their own stock and advise their friends to do so likewise, to the detriment of the general shareholder. Should a bonus be resolved upon, the only effectual method of providing against the forestalling of the stock by those in the secret, is the inspection of the transfer book. Should directors lose confidence in themselves or grow tired of deceiving shareholders and the public by purchasing stock, the transfer book would reveal it.

From the above summary of the arguments for and against, it will be seen that there is a show of reason on both sides. But, on the whole, we are disposed to think that the unchecked license to inspect transfer books would be attended with so much inconvenience and so little real advantage that the present system of restraint had better be retained. Were the books kept open the possessor of one share might inflict considerable injury to individuals by noising abroad dealings which are now invested with a character of privacy, and also injure a banking institution very seriously. If any particular advantage would accrue from keeping the transfer book lying open it would be enjoyed by shareholders resident at or near the Head Office, perhaps to the prejudice of non-resident shareholders. It might, furthermore, give rise to speculation, to nominal sales, and to various devices for bulling and bearing the market successfully. If the book were kept open for general inspection, there would be nothing to prevent an eager crowd of speculators in stocks from creating a daily tumult in the bank premises. As to the vantage ground held by Directors, their position necessarily secures it to them and no inspection of transfer books will deprive them of it. A list of shareholders is now published annually; perhaps the more solid objections to the present system might be met by the semi-annual publication of the share list.

BANK OF TORONTO.

The report of the Directors of this Bank is one of the most satisfactory documents of the kind ever presented to Canadian Shareholders. We say it unhesitatingly, that no better exhibit is to be found among the records of Canadian banking. After providing for losses, &c., the net profits for the year amounted to \$140,423; the rest was increased by \$75,000, and a balance of \$3,847.42 carried forward. The rest now amounts to the large sum of \$300,000, or 37½ per cent. of the capital. The statement appended to the report will be found more explicit, and much more full than such documents usually are. We notice, with great pleasure, the item "rebate of interest on notes discounted \$21,822," in its proper place among the liabilities.