

of Bank solicitors in general, that a simultaneous advance and hypothecation is illegal, or of such doubtful legality as to render a loan so secured precarious.

It is to be regretted that the legislature has not removed all doubts by a more explicit rendering of its intent. Having seen fit to enact that warehouse receipts and bills of lading are to be taken as security for simultaneous advances *only*; and that stock, bonds and securities *may* be taken for such advances, it is clearly a grave omission on its part not to have enacted, if such was its intention, that only such debts as are overdue and have been contracted to the bank in the course of its business may be secured by the hypothecation of real property.

It certainly is in the interest of Banks to have their position clearly defined, either by distinctly forbidding the simultaneous acceptance of hypothecs on real estate, or by conferring upon them the unconditional right to take such hypothecs as additional security for loans on current discounts, leaving to the discretion of the Banks to guard against the locking up of their funds in such a way as to deprive them of the benefits arising from their circulation and deposits, which would result from simple loans on real estate. This important question will no doubt be fully discussed before the Banking Committee on the renewal of the Bank charters in 1890.

Passing now to consider amendments which clearly and distinctly change the existing law, I proceed to discuss them in their proper order.

#### INTERNAL REGULATIONS.

Section 18 takes from the list of matters incidental to the management and administration of the affairs of the bank, upon which the shareholders may regulate by by-law, the question of the closing of the transfer books before the payment of each dividend. This being so clearly a matter of convenience and a technical part of the business of the bank is now left entirely within the discretion of the Board of directors by section 49.

#### GUARANTEE FUND.

Section 18, sub-section 2, enacts that the shareholders may authorize the directors to establish guarantee and pension funds for the