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BRYCE, McMURRICH & CO.

Toronto, March 22, 1871.

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THE

Monetary and Commercial Times.

WITH WHICH HAS BEEN INCORPORATED

THE MONTREAL TRADE REVIEW.

TORONTO, CAN., FRIDAY, MAY 12, 1871.

SUMMARY OF THE NEW BANKING ACT.

The Banking Act, passed during the recent session of the Dominion Parliament, gives us the settlement of a question which has been agitated for many years back, and as it is likely to continue in operation for ten years to come, we think it desirable to make our readers acquainted with its leading provisions. For the sake of clearness we divide them into such as concern the public generally; such as concern bank shareholders; such as are of interest to the customers of banks; and such as affect bankers themselves.

1. *Provisions of the act which are important to the general public, being intended to protect their interests as note holders and depositors.*

(a) No private individual, and no corporation but a bank organized by Act of Parliament, has the right to issue notes for circulation.

(b) No bank to issue notes for circulation beyond the amount of its paid up capital. No note to be issued for a smaller sum than four dollars.

(c) All such bills are to be redeemed in gold, by the bank issuing them, on presentation at the place where they are expressed to

be payable (that is where they are dated) but every bank must take its own notes, at par, at any of its offices, when tendered in payment.

(d) A bank shall not declare any dividend if its capital is impaired, and when such is the case, if the subscribed capital is not paid up, the stockholders are to be called upon to make up the capital to its original amount.

(e) No bank to divide more than eight per cent. per annum, unless it have over and above such dividend, a rest or guarantee fund equal to one fifth of the paid up capital.

(f) Shareholders in banks to be responsible to noteholders, depositors, or other creditors to double the amount of their subscribed stock, and all shareholders to be held responsible who have parted with their stock within one month before suspension of payment.

(g) The bank to state to the Government at the end of every month what notes they have in circulation, and what they owe depositors and other banks; also, on the other hand, what specie, Government notes, and other bank notes, they have on hand, what due from other banks, what amount of notes they have under discount, both current and overdue, what amount of Government securities they hold, what of real estate, and what old debts are due to them, so as to show clearly what condition the affairs of the bank are in, and whether it is doing a careful business or otherwise.

(h) No person to be a director of a bank but a shareholder to the extent of at least \$3,000, or of a larger amount, if the capital of the bank is over a million dollars.

(k) No new bank to be chartered unless at least \$500,000 of capital has been subscribed, and no bank to commence business unless \$100,000 is paid up; the fact to be certified by the Government. It is further provided that it shall not be necessary to call up more than \$200,000 of the subscribed capital, but this must be done within two years from the commencement of business.

(l) Lists of the stockholders to be laid before Parliament every year, at the beginning of the session.

(m) The returns to be made by the bank shall be verified by the signature of the President, or person acting as such, and Cashier; and the making of any false statement shall be held to constitute a misdemeanor. If any officer of the bank make away with any of its property, the offence shall be a misdemeanor, punishable by imprisonment for two years with hard labor. If any director or officer of the bank gives, or concurs in giving, any creditor any fraudulent or unjust preference over another creditor, he shall be guilty of misdemeanor, and

be liable for damages. Any director refusing to make calls in the event of the insolvency of the bank, shall be guilty of misdemeanor, and be liable for damages.

(n) If a bank suspend payment, and such suspension continue for six months, the directors shall call upon the stockholders, under the double liability clause, for such an amount as is necessary to pay the debt of the bank, and that without waiting for any further realization of its property.

Such are the provisions which are intended—so far as legislation can effect it—to bring about a safe style of business, and to provide that the public, in taking notes or making deposits in a chartered bank, shall be secured from loss. These provisions are largely the result of experience, and aim at correcting evils which were developed in former years. They are admirably calculated to secure a sound and careful mode of carrying on banking operations, and we shall, no doubt, feel the benefit of them in years to come.

2. *Provisions of the Banking Act which concern stockholders, or those proposing to become such.*

(a) The charters of the banks hereafter named to be continued till the end of the session of Parliament of the year 1881.

(b) The capital of any bank may be increased by resolution of the shareholders at any annual meeting, or any meeting specially called for the purpose, to such an amount as they may think fit.

(c) The increased stock may, if the directors so determine, be allotted to existing stockholders *pro rata*, and at such a rate as they, the directors, may deem expedient.

(d) Shares are to be considered *personal estate*. No transfer to be effectual unless made in the books of the bank, which shall be provided for the purpose at the head office, and such branches as the directors may determine. Shares may be transferred at an agency in England, if deemed expedient. No transfer to be valid unless all debts due to the bank, equal to amount of the stock, have been previously discharged. Banks are to keep lists of transfers for the inspection of stockholders.

(e) If a stockholder die, his stock shall be transmitted to his executors or administrators, on production of the will or letters of administration, or a certified copy thereof. If a female stockholder marry, an authenticated declaration to that effect must be left with the bank, and the declaration may state that the stock is to continue the personal property of the wife: declaration to be signed by both husband and wife. If the bank has reasonable doubt as to the legal ownership of stock, the courts of law or equity may be applied to to decide the matter. The bank