

issuing them is to permit investors to become stock owners if the corporation proves a success and is earning large dividends.

Redeemable bonds are those which may be made redeemable at the option of the corporation, before date of maturity. Sometimes they are made redeemable by lot at attractive prices. This injects the element of speculation into them. Serial bonds—which at present appeal to Canadian municipalities—are redeemable in series extending over a term of years.

*The banker cannot too carefully study the various types of securities which have been described above. Surplus funds are often invested in bonds and it is therefore essential that a full knowledge shall be had of the security offered as well as the rate of interest paid. While the main types of bonds have been described there are many modifications of each, the nature of which in each case can be understood only by careful analysis and scrutiny. Particular attention should be given to the nature of the trust deed under which the trustee (generally a trust company) is to carry out the terms of the bond issue. Bankers should familiarize themselves with the various bond issues placed before the public; their nature, security and price. The files of any Canadian financial journal will furnish valuable data on this subject, especially with respect to markets and prices.*

(Continued in next Bulletin).