loans on bonds and debentures are attended with less risk than loans on stock; and they are also allowed to advance on bank stocks, because every bank manager is supposed to know pretty well what is going on in the banking world, and to be well qualified to judge of the value of the stock of other banks, or, at all events, to have better means and opportunities of information as to the value of bank stocks than as to that of other stocks lying outside the range of his daily business and observation. If I had any doubt, therefore, as to the meaning of the Banking Act, I should hesitate to say there would not be very considerable public inconvenience and insecurity in having the opinion of Parliament on one side, and the opinion of the Court on the other.

I fear I have been very long; but the fact of the presence or of the absence of difficulty in any case is not always the measure of its importance. I should wish to stop here, but I am bound not to overlook the decision in the case of *Geddes* v. *Banque Jacques Cartier*. I should feel it was a misfortune if any Judge hesitated to consider fully the grounds of any decision in so far as those grounds can be known. There is no published report, but I am given to understand that the learned Judge based his decision on the general banking powers given by the Act, and upon the practice of Banks in England and the United States to make loans on all descriptions of stocks. As much as that may be admitted without at all admitting that Banks in Canada have the right to do the same thing. Banks in Canada are statutory corporations constituted by the Legislature. English banks on the contrary, as a matter of common knowledge, are known to be constituted on an entirely different basis. The English banking system, outside the Bank of England, which is an institution *sui generis*, governed by laws of its own and by special Acts of Parliament, is essentially a system of private banking which has grown up with the commercial development of the last two centuries, without any interference by the Legislature. It is only during the present century that legislation has taken place, and this merely for the purpose of applying the modern joint stock principle to the business of banking. It was legislation of a permissive kind which the banks might avail themselves of or not, as they pleased. Parliament did not, as far as I can discover, interfere to prescribe the manner in which the business was to be conducted, or the class of transactions in which they might engage. All that was left to be regulated by the shareholders, in their articles of association, or deeds of settlement; and the powers of one banking company might, therefore, differ, and often did materially differ, from those of another. There is no analogy, therefore, between a system built up mainly on usage, and a system created wholly by the Legislature, and governed by uniform statutory regulations which cannot be altered or departed from merely at the will of the shareholders.

As regards banks in the United States, their powers depend on State laws, or Acts of Congress, and differ widely in different States, and no argument can be drawn, therefore, from their system. But whatever doubt might have existed at the time of Judge Papineau's decision, has been completely and finally removed by the passing of the Banking Act amendment Act of last session. (42 Vic. c. 45.) By that Act, the Legislature prohibited banks from lending in future on the shares of other banks; and how is this prohibition made? By simply striking out the words "the shares of the capital stock of any other bank" from the 51st section of the Act of 1871. If, therefore, the striking out of these words from the Act of 1871 has the effect of creating a prohibition against loans on bank stocks in future, it follows that if those words had been originally omitted from the Act, the prohibition would have existed since 1871, and the same prohibition consequently does exist in regard to other stocks not mentioned in the 51st section. It appears to me I must take this Act of 1879 as an authoritative interpretation by the Legislature itself of the effect of the Act of 1871.

I have one word more to say as to the effect of a contract made by a corporation *ultra vires*. It would not seem to require any authority to show that the Bank had no recourse against anybody for the consequences of its own act committed in violation of the law. The proposition was not contested; it was only said that the general power to carry on the business of banking being given, it had been proved by Mr. Buchanan that taking this kind of stock as collateral security for a loan was an ordinary transaction with bankers; but no such practice can