

U. S. NEW REDISCOUNT BANKING.

Classes of Commercial Paper Subject to Rediscount of Federal Reserve Bank by Member Bank.

All paper offered for discount to any federal reserve bank must conform to the following requirements:

First—It must be indorsed by a national or state bank or trust company which is a member of the federal reserve bank to which it is offered for rediscount.

Second—Such bank must, with its indorsement, waive demand notice and protest.

Third—Paper so offered shall be in the form of notes, drafts, or bills of exchange arising out of commercial transactions; that is, notes, drafts and bills of exchange issued or drawn for agricultural, or industrial, or commercial purposes, or the proceeds of which have been used or are to be used for such purposes.

Fourth—If in the form of acceptances, they must be based on transactions involving the importation or exportation of goods and must have a maturity at the time of discount of not more than three months to run. They must furthermore be indorsed by at least one member bank, and the total amount offered shall in no event exceed one-half the paid-up capital stock and surplus of the bank.

Fifth—The aggregate of notes and bills bearing the signatures or indorsement of any one person, company, firm or corporation rediscounted for any one bank shall at no time exceed ten per cent. of the unimpaired capital and surplus of said bank; but this rediscount shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

Subject to these limitations it devolves upon the federal reserve board to determine or define for the several federal exchange banks (1) notes, drafts and bills of exchange eligible for rediscount; (2) bank acceptances eligible for rediscount.

The limitations relating to rediscount operations may be divided into two classes: First, those positive limitations under which such notes, drafts and bills of exchange may be accepted for rediscount; and, second, those limitations specifically stating what paper shall be excluded.

If we begin with the latter we find the clear provision excluding all notes, drafts and bills of exchange which are "issued or drawn for the purpose of carrying or trading in stocks, bonds or other investment securities (except bonds and notes of the Government of the United States)."

The act further excludes notes, drafts and bills of exchange covering "merely investments."

Any funds employed in agriculture, commerce, or industry are quasi-investments, and the emphasis is, therefore, to be laid on the word "merely" in this connection.

From this point of view are to be excluded all bills whose proceeds have been or are to be used in permanent or fixed investments of any kind. "Agricultural, industrial or commercial purposes" cannot, therefore, be held to include investments in land, plant, machinery, permanent improvements or transactions of a similar nature.

The purchase of commodities for purposes which are merely speculative and not connected with an ultimate process of manufacturing or distribution would constitute a "mere" investment, and bills covering such investments are accordingly not eligible for rediscount.

In order to be eligible for rediscount bills must "arise out of actual commercial transactions," and "the proceeds must have been used or they are to be used for agricultural, industrial, or commercial purposes."

In like manner "notes, drafts and bills of exchange secured by staple agricultural products, or other goods, wares or merchandise," are eligible for rediscount provided they arise out of "actual commercial transactions" covering some particular stage in the process of production and distribution.

They are not eligible when drawn to cover merely speculative investments.—Chicago Tribune.

NEW SAW MILL FOR KOOTENAY.

Report from Elko to Nelson News states that Tobacco plains is to have one of the largest sawmill plants in Kootenay, costing \$150,000 and thoroughly modern throughout. About six weeks ago the Eureka Lumber Company's mill was burnt down, and construction has already started. Between 250 and 300 men will be employed. The new mill will be of double size, with two band saws and a gang saw, with a total capacity of 300,000 ft. for 20 hours.

The Great Northern engineer was here and surveyed for a spur from the industry track to the timber docks of the new mill. This will be constructed right away and will facilitate the construction of the mill. The new plant will have an entire new yard system whereby the lumber will be conveyed from the mill by motor trucks, automatically loaded; electric stackers will be used in piling lumber thereby doubling the piling capacity of the yards.

ZINC SHIPMENTS INCREASE.

During the month of October just past 1096 tons of zinc ore were shipped by mines in Slocan district to the zinc smelters of the United States. This is an increase of 193 tons over the shipments of zinc ore made from the district during the same period of 1913 when the tonnage was 903. During the year to date 10,237 tons of zinc ore have been sent out from Slocan district. Mines shipping during the past month were Rambler-Cariboo, 173 tons; Standard, 645 tons; Silverton mines, 278 tons.—Nelson News.

VANCOUVER GOVERNMENT WHARF.

Nearly two million feet of lumber for the Dominion Government dock, to be established on the south shore of Burrard Inlet between Salsbury and Commercial Drives, has been framed and construction is proceeding rapidly on the first of the large cribs which will be used for the massive rock and concrete walls around the outer edge of the wharf. The remainder of the order of ten million feet of timber is being delivered from the adjoining mill.

Four huge derricks have been erected on the shore end of the dock and two have been rigged up on scows ready for placing the cribs. Huge boxes of wood will be constructed and veneered with reinforced concrete and will be placed end to end around the outer edge of the wharf, resting on foundations blasted out of the solid rock. A drill scow has been engaged for several months in preparing the location of the cribs. The boxes will be built on special ways and launched when completed, towed out to appointed spots, loaded with rock and heavy material and sunk. A solid wall will be built up from the cribs. It is expected that the first of the cribs will be ready for placing in position in about two weeks.

Drilling and dredging on the west slip site has been nearly done and the drill scow is now blasting on the east side of the proposed dock. Now that operations are in full swing at the scene of the big project employment is being given to more than a hundred men.

J. S. C. FRASER.

The death of J. S. C. Fraser, Victoria manager of the Bank of Montreal, removes one of the most popular members of the banking fraternity in British Columbia. While Mr. Fraser succeeded Mr. A. J. C. Galletly only two years ago, in that short time he won a host of friends among the business and financial community. He was best known in the Interior, where, at Rossland, he was manager of the Bank of Montreal, and witnessed the mining boom throughout the Kootenais with the storm-centre at Rossland. At this important post he revealed those business qualities which earned for him the well deserved promotion to Victoria when the vacancy at the bank occurred.