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MUNICIPAL BONDS

and invite enquiries from
Municipal Authorities as
to market conditions
when new financing is
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BOND DEALERS ASSOCIATION.

In a recent issue of the *Financial Times*, Mr. N. B. Stark, of N. B. Stark & Co., gives a very interesting outline of the "Bond Dealers Association of Canada," from which we give the following extracts.

Beginning in a small way as a branch of the Toronto Board of Trade, it (Bond Dealers' Association) soon justified itself and it was not long afterwards until on the 16th of June, 1916, amalgamating with a similar organization which had existed for some little time in Montreal, it launched out into more aggressive form under the caption "The Bond Dealers Association of Canada."

Canada being as yet really a pioneer country, the business of dealing in bonds is only in its infancy, and yet in volume of business transacted, the bond business is undoubtedly one of the country's most important industries, if it may be so termed.

The members of the Association are engaged in highly competitive business, both in buying as well as in selling, and it is the intention that this feature shall be maintained, as appears from the following extract from the constitution of the Association:—

Not For Price-Fixing.

"It is expressly declared that this Association is not formed for the purpose of affecting the price of securities, nor shall the association discuss or take action upon questions which would in any way interfere with the free and untrammelled competition amongst its members in the business of buying and selling and dealing in securities."

Briefly stated, the objects of the organization are as follows:—

(a) To promote the general welfare and influence of bond dealers, financial institutions and investors.

(b) To secure united protective action and to co-operate with municipalities and other corporations in regard to legislation and methods of sound financing.

(c) To afford opportunity for discussion and exchange of views on subjects which affect the investing public.

Improving Municipal Finance.

Within the short compass of this article, it is not possible to enlarge on all the activities of the association, but one branch is particularly worthy of note. This is in relation to municipal finance. The British North America Act, constituting the Dominion of Canada out of a number of separate Provinces, concedes to each province the right of legislating in matters of purely provincial, as opposed to Federal interest. In the exercise of this power, each province regulates its own municipalities. As a result of this system, we find for instance the city of Halifax with borrowing powers differing materially in their essential features from those of, say, Vancouver, also the so-called Local Improvement Bond, popular and recognized in Ontario, not understood in Quebec, and many other inconsistencies of greater or less seriousness. It is part of the programme of the Association, through its Legislation Committee, to strive for uniformity throughout Canada in matters so important as these, eliminating here and there existing weaknesses and substituting improvements, which will not only simplify the handling of Canadian Municipal securities, but will give to them higher values, thereby benefitting the ratepayer.

Notable Progress.

Already the Association has made notable progress in stifling the attempts of many Canadian municipalities to borrow without making adequate provision for Sinking Funds with which to repay their debts.

Hitherto progress in this direction was practically impossible by the individual bond dealer, but now all this is changed through having behind these attempts at reform the combined energy, thought, wealth and influence of the members of the Association, a body which does annually probably \$200,000,000 of business.

Improvement in corporate finance is also contemplated, by way of strengthening the position of Industrial bonds and preventing a recurrence of evils which have been too prevalent in the past.

Work For War Loans.

The remarkable success of the Dominion War Loans of November, 1915, and September, 1916, is attributable in no small part to the work of the members of this Association. Tribute must be paid to the Banks and the many large financial and industrial concerns which subscribed so generously to the loans, but the broad work of distribution into the hands of the "ultimate consumer," viz.: the small investor, was the work of the bond dealers. For weeks before the loans were launched, the bond dealers with-