

... THE ... Molsons Bank

Incorporated by Act of Parliament 1855.

Capital Paid-up \$4,000,000
Reserve Fund \$4,800,000

HEAD OFFICE : MONTREAL

BOARD OF DIRECTORS

Wm. Molson MacPherson - President
S. H. Ewing - Vice-President
Geo. E. Drummond F. W. Molson
W. A. Black Wm. M. Birks
E. J. Chamberlin
Edward C. Pratt, General Manager

THE Royal Bank of Canada

Incorporated 1869

Capital Authorized \$25,000,000
Capital Paid up \$12,900,000
Reserve Funds \$14,300,000
Total Assets \$270,000,000

HEAD OFFICE: MONTREAL

SIR HERBERT S. HOLT, President
F. L. PEASE, Vice-President and Managing Director
C. E. NEILL, General Manager

360 Branches in CANADA and NEWFOUND-
LAND; 48 Branches in CUBA, PORTO RICO,
DOMINICAN REPUBLIC COSTA RICO, VENE-
ZUELA and BRITISH WEST INDIES

LONDON, Eng. NEW YORK
Pierces Street, E. C. Cor. William and Cedar Streets.

SAVINGS DEPARTMENTS at all Branches

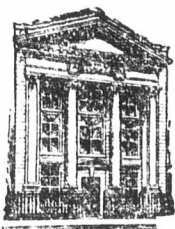
THE Dominion Savings AND Investment Society

Capital - - - \$1,000,000.00
Reserve - - - 250,000.00

Interest on Deposits, 3 1-2%
Interest on Debentures, 5%,
payable half-yearly.

T. H. Purdom, K.C. Nathaniel Mills
President Managing Director

Home Bank of Canada



Head Office
TORONTO

BRANCHES
AND CONNECTIONS
THROUGHOUT CANADA.
MONTREAL OFFICES:
Transportation Building,
St. James Street.
Hochelaga Branch,
Cor. Cuvillier and On-
tario Streets.
1318 Wellington Street,
Verdun.

Collections made to any
point in Canada where
there is a branch of a
chartered Bank.

Stock Exchange

Speaking at the Electrical Luncheon, at Freeman's on Thursday, Mr. J. Pitblado, of J. Pitblado and Co., Stock Brokers, on the subject of "The Stock Exchange," said:

All human endeavor in worldly things is speculation. Every man who insures his life buys a speculation and the life insurance company sells him one. The gardener and the farmer speculate when they till and fertilize the soil and plant the seed. The merchant speculates when he buys stock to fill his shelves for future delivery. The manufacturer speculates when he contracts to deliver these goods before he has produced them trusting to be able to buy his raw material and labor at a price that will return him a reasonable profit.

There was speculation in the venture made by our railroad magnates who promoted and built our great Canadian Pacific Railway for they had to reckon not only on the probability of profit for themselves, but also on the willingness of other speculators to buy a part of the securities issued by the Company to pay for the construction and equipment. Those of us who can look back to the early days of this Company can remember how nearly it came to failure for lack of public support, which has been the fate of many a legitimate speculative enterprise in the early stages. The ups and downs of the Company's financial prospects were faithfully reflected in the quotations for its securities on the Stock Exchange.

It is only by providing such a public market that the speculators, seeking investment for their capital with the idea of gain, feel safe, knowing that there they can dispose of their securities if they require money in a hurry. Moreover, the Stock Exchange is the only place that has such an immediate market, and it is only in securities listed on the exchange and that have proved their worth by going through the trials of the public market that speculative investors and lenders feel they can trust their money. Now the question naturally arises what safeguard does the Stock Exchange give to a purchaser of securities?

It does not guarantee the safety of any listed security, but it does require that certain formalities be complied with before securities be admitted to Floor Trading. These are:

- 1st. A formal application for listing over the signature of the proper officials of the Company.
- 2nd. The certificate of a reputable firm of solicitors that the Company applying for the listing of the stocks and bonds has been regularly incorporated and that the securities have been regularly issued.
- 3rd. The furnishing of full information as to how the securities have been issued and as far as possible the consideration given for such issue.
- 4th. The furnishing and publication of an annual balance sheet and Profit and Loss Statement showing the condition of the Company's affairs, so that dealers in the securities may have an opportunity to judge for themselves of the value to be placed on them.
- 5th. The issuance of certificates and bonds in an approved form and of approved workmanship; this means a properly engraved certificate, or, if an interim form is used, an undertaking to provide an approved engraved certificate within a reasonable time.
- 6th. The furnishing of a list of shareholders showing a fair distribution of the Company's securities to the public.
- 7th. The appointment of an approved transfer agent in the city of Montreal and a separate registrar for the stock, and an undertaking from such registrar that no new stock will be registered without due notice being given to the Stock Exchange.
- 8th. The payment of a fee of \$50 a million for the privilege of listing.

9th. An undertaking to furnish additional information at any time when required by the Governing Committee of the Exchange.

After these requirements have been met the Company's securities are passed by the listing committee on a day appointed for their calling, when they take their place on the official list, and prices are made according to their supply and demand. The advantage to a purchaser of securities of these safeguards is quite evident, but what is the advantage to a company which has brought so many of them to listing?

Now let us pause and consider the difference between speculation, which is held by many to be abhorrent, and investment, which is generally thought right and proper. The first thing we encounter is the shadowy and indistinct boundary line that separates the one from the other. Does any one know where the one begins and the other ends? France has more conservative investors than any other country, yet the most critical and hidebound buyer of French rentes is a speculator in the sense that he not only wishes his purchase to yield him interest, but also hopes and expects that sooner or later he will be able to sell out at a profit, all of which is legitimate, proper and human. The first question every man asks when the time comes to invest is, "Is this a good time for investment?" "Am I buying cheap?" by which he means, "Are these investments likely to enhance in value?"

The truth seems to be that all investment is speculation differing from it in degree but not in kind.

Now, as to the evils of speculation and there is no use in denying that there are evils and serious ones. Every advance in means devised for human progress has evils. Our railway trains and automobiles have provided us with new dangers to human life, but who would in this day say, "Do away with the train or motor car," and while the Stock Exchange has provided the arena for the display of speculative abuses, it does not originate them. The great evil of speculation consists in the buying of securities, merchandise, real estate or anything else with borrowed money by uninformed people who cannot afford to lose. In securities this comes only in connection with what is called margin trading in initiating which, the buyer instead of paying in full for his purchases, hands his broker only a portion of the cost to protect the broker from loss, while the latter has to complete the purchases by borrowing the remainder of the price twofold relation. For example, the speculator may order the purchase of 100 shares of C. P. R., costing to-day 160 and pay the broker \$2,000.00 as margin. The seller must get \$16,000 in full and the remaining \$14,000 has to be borrowed from a bank or other lender. If the price of C. P. R. recedes owing to a block of stock being thrown on the market when buyers are few and the purchaser is unable to keep his margin good, his trade is closed out and he receives what is left of his original margin. The broker has to protect himself against loss by so selling as the price might drop below the 20 points originally paid in and this risk is not an inconsiderable one in the business. In fact, in stocks with a narrow market or which have not met the approval of the general public, a broker often refuses to carry margin trades at all or will take only a very limited line according to his judgment of what he could safely sell in the event of a drop in prices through a sudden unfavorable turn in the financial or political world. It must not be forgotten that the money owner is the most timid of men and the least unfavorable news on the financial or political horizon dries up the source of supply and buyers of securities are at once scarce.

ESTABLISHED 1873.

STANDARD BANK OF CANADA

Statement of Affairs, Condensed from Government Statement
31st January, 1917.

RESOURCES		LIABILITIES	
Cash on Hand	\$10,762,524.47	Capital Stock	\$ 3,333,242.14
Due by Banks	2,574,239.34	Reserve Fund and Undi-	
Govt. and Other Bonds	7,244,943.58	vided Profits	4,486,835.77
Loans on Call and Short		Notes in Circulation	4,546,513.00
Date	1,656,956.71	Deposits	46,292,564.57
Time Loans and Discounts	36,064,884.76	Due to Other Banks	1,026,074.06
Deposit with Govt. for		Dividend Payable 1st Feb-	
Circulation	150,000.00	ruary, 1917	106,399.61
Bank Premises (freehold)	1,229,935.38	Acceptances per Contra	58,645.84
Acceptances under Letters			
of Credit per Contra	58,645.84		
Other Assets	108,144.91		
	<u>\$59,850,274.99</u>		<u>\$59,850,274.99</u>