such an application, may "appoint an auditor or auditors of the bank to hold office until the next annual general meeting, and the executive council shall fix the remuneration to be paid by the bank for the services of the auditor or auditors so appointed." It then describes the powers of the auditors. "Every auditor of a bank shall have a right of access to the books and accounts, cash, securities, documents and vouchers of the bank, and shall be entitled to require from the directors and officers of the bank such information and explanation as may be necessary for the performance of the duties of the auditors." The auditors "may, in their discretion, visit any branch or agency for the purpose of examining the books and accounts, cash securities, documents and vouchers at the branch or agency."

The auditors are to report at the annual meeting; their report is to be attached to that submitted by the directors. They are to say "(*a*) whether or not they have obtained all the information and explanation they have required; (*b*) whether their checking of cash and verification of securities, required by subsection 12 of this section agreed with the entries in the books of the bank with regard thereto; and (*c*) whether in their opinion the statement referred to in the report is properly drawn up so as to exhibit a true and correct view of the state of the bank's affairs according to the best of their information and the explanations given to them, and as shown by the books of the bank."

In connection with this clause dealing with the auditors' report, it is necessary to consider section 153 and subsections, which deal with the penalties provided for making false statements. It will be noticed that the auditor is included with the various officers of the Bank as being liable to imprisonment for wilfully making false or deceptive statements. THE CHRONICLE has always taken the ground that the matter of an independent audit was one for each Bank to decide for itself. By the new Act that view is upheld, but it goes past the executive of the bank and places the power to institute an audit in the hands of the shareholders. What the effects will be can only be surmised. We venture to say that if this clause is enacted in its original form it will mean a general movement on the part of the Bank executives to appoint shareholders' auditors. The directors of any partiuclar Bank, while they might be conscious that the affairs of their institution were in sound shape, will not wish to have an application of the kind provided for made to the Bankers' Association. It would be humiliating for any board of directors to be informed that the Bankers' Association was about to appoint auditors for it. The only way to guard against that occurrence will be for the executive to itself provide shareholders' auditors.

Considering the penalties provided for false statements—the rigor of the law being increased by the new Act—it appears that there will exist a somewhat better assurance that the Bank statements are reasonably correct and faithful. Of course, an audit of this kind cannot ensure truthfulness or accuracy; but it should make it riskier to falsify, and ensure earlier detection of falsehood in some cases.

By section 60 the stipulation that the Banks shall hold not less than 40 p.c. of their cash reserves in Dominion notes is made to apply only to the cash reserves held in Canada.

This change is in the direction of sound banking. The stipulation might, however, have been abolished altogether or the word "gold" substituted for "Dominion Notes"

Then, provision is made whereby the Banks may lend to the receiver or liquidator of a Bank that has failed; and railway ties and one or two other commodities are added to the list of articles upon which advances may be made.

One of the interesting portions of the draft bill is that containing the schedule of the return of liabilities and assets, in other words, the monthly bank return. The following changes appear:

LIABILITIES.

Under Present Act.	*Under New Act.*
9. Balances due to Agencies of the Bank, or to other Banks or Agencies in United Kingdom.	Balances due to banks and banking correspondents in the United Kingdom.
10. Balances due to Agencies of the Bank or to other Banks or Agencies elsewhere than in Canada and the United Kingdom.	Balances due to banks and banking correspondents elsewhere than in Canada and the United Kingdom.

ASSETS.

1. Specie.	Current gold and subsidiary coin.
3. Deposit with Dominion Government for security of note circulation.	Deposit with the Minister of Finance for the purposes of the Circulation Fund.
7. Balances due from Agencies of the Bank or from other Banks or Agencies in the United Kingdom.	Assets not otherwise included at agencies and branches of the bank, and balances due from banks and banking correspondents in the United Kingdom.
8. Balances due from Agencies of the Bank or from other Banks or Agencies elsewhere than in Canada and the United Kingdom.	Assets not otherwise included at agencies and branches of the bank and balances due from banks and banking correspondents elsewhere than in Canada and the United Kingdom.
12. Call and short loans on stocks and bonds in Canada.	Current loans in Canada on stocks, debentures and bonds.
14. Current loans in Canada.	Other Current loans and discounts in Canada.
15. Current loans elsewhere than in Canada.	Other Current loans and discounts elsewhere than in Canada.
18. Overdue Debts.	Overdue debts, estimated loss provided for.
21. Bank Premises.	Bank Premises, at cost, less amounts (if any) written off.

The changes in the two headings of the liabilities commend themselves; as also do those in headings Nos. 1 and 3 in the assets. We cannot but regret the inclusion of the words "assets not otherwise included at agencies and branches" in Nos. 7 and 8 of the assets. Those two headings have been taken to represent the bank balances in London, New York, Chicago—an essential part of the cash reserves. It will be unfortunate if the banks are allowed to include sundry assets of no value as cash reserves under this heading. We