

the bank, or debt due to the bank, or for any credit or liability incurred by the bank to or on behalf of any person (and either at the time of the making of such advance, or the contracting of such debt, the opening of such credit, or the incurring of such liability), Dominion, Provincial, British or foreign public securities, or the stock, bonds or debentures of municipal or other corporations, except banks.

The question arose whether a Bank could acquire a valid title to bonds or debentures purchased for purposes of profit. In discussing this question (L. & P. of Bkg., p. 167) I felt called upon to lay down, as a rule of almost universal acceptance, that while a Bank may purchase public securities, in order to invest its surplus funds in them, it cannot "traffic" or deal in them; it cannot buy them with a view to sell them shortly at an anticipated advanced price. Such would not fall within any department of the general province of banking. This view, however, as I added, citing *Jones vs. the Imperial Bank*, although supported by many English and American cases is not that taken by the Ontario courts. In the cited case it was considered that the words "in such trade generally as appertains to the business of banking" covered the purchasing of municipal bonds. Mr. Justice Proudfoot thus summarizes his opinion on the point in consideration. "The conclusion which seems to me deducible from these acts, is that the business of banking consists in dealing in money, the precious metals, and in bonds and negotiable securities; that this dealing confers the power of lending on them or of purchasing them, whichever the Bank directors may deem most for the advantage of the corporation; and that whether to buy or lend is a matter of internal management which the directors may determine."

Whether, I further added, this power would extend to the purchase of stock in chartered corporations, except banks, has never been adjudicated upon.

The proposed Bill has settled this question, but whether advisedly remains to be discussed. It is enacted that the Bank "may deal in, * * * and lend money and make advances on the security of, and may take as collateral security for any loan made by it * * * stock, bonds, debentures and obligations of municipal and other corporations (except Banks) * * * or Dominion, Provincial, British, foreign and other public securities."

Here it might be profitable to pause, in order to consider the ad-