

was limited to \$8,000,000, and this was assumed by the Dominion Government. A few years later, in connection with the first general Bank Act of the Dominion, the legal-tender issues were settled on the following basis:

1. The maximum, covered partly by securities and partly by specie, was fixed at \$9,000,000.
2. This amount was to be secured to the extent of about 75 to 80% by ordinary issues of the Dominion Government and 20 to 25% by specie and debentures of the Dominion Government guaranteed by the Imperial Government, the specie not to be less than 15%.
3. Issues above \$9,000,000 were to be covered entirely by specie.
4. The right of the chartered banks to issue notes under \$4 was cancelled.
5. Later on this was amended to include everything under \$5, with the requirement that all larger issues by chartered banks must be multiples of \$5.
6. Of any cash reserves held by the banks 40% must be held in legal-tender notes.

From time to time the limit of \$9,000,000 under which notes were secured partly by bonds of the Dominion Government and partly by gold was increased, eventually reaching \$30,000,000, at which figure it now stands.

The growth of the country has been such that the change-making notes (notes under \$5), which could hardly be presented for redemption, have absorbed that part of the issue which is not entirely covered by gold, and the larger legal tenders used mainly for settlements between the banks are now entirely covered by gold.

At 31st March, 1911, the total issue of legal tenders was \$89,994,000, of which a little over \$18,000,000 consisted of change-making notes. The specie and bullion held by the Receiver-General amounted to \$74,000,000, while the large legal tenders above referred to amounted to somewhat less than \$72,000,000. From this it will be seen that we can safely consider the legal-tender notes held by the banks as the precise equivalent of gold, and it is also evident that the condition made many years ago, that