formative state, and is being developed by the *mala fide* and *ultra vires* actions of the directors and officers of railway, mercantile, and banking corporations.

Before dealing with the duties and responsibilities of directors, it will be proper to consider the position they occupy towards the company and its shareholders.

An incorporated company has no visible personality. It is defined to be an "invisible body which cannot manifest its will by oral communications." It can only be an acting person in its commercial transactions through its directors; and while so acting, its directors occupy the position of (1) Agents of the company in regard to its dealings with the public ,and as such are within the rules of the law of Principal and Agent. The directors are also (2) Trustees and managing agents for the shareholders of the corporate powers and business committed to them. In their representative character as agents of the company, they rarely incur personal responsibility in respect of contracts made by them on behalf of the company with third parties. But as trustees or managing agents for the shareholders, they are personally responsible for any breach of trust or duty which is cognizable by the law governing Trustees.

Originally the only pledge or security which beneficiaries had for the due execution of a trust, was the good faith and integrity of the trustee. But it was soon found that the pledge of his sense of honor, when placed in conflict with the trustee's self-interest, proved an extremely precarious security. There were no statutes defining and making obligatory good faith or integrity in trustees; but by the judicial process of legislation, those principles and rules of natural justice which are sometimes called rules of equity or public policy, were made applicable to trusts, so as to give validity to the trustee's original pledge ; and thereupon the courts assumed jurisdiction to enforce its specific performance. "The rules which govern fiduciary relations are equitable rules unknown to the English Courts of law. They are bottomed in the plain maxims of good sense and equity: *Aberdeen Ry. Co.* v. *Blaikie*, 1 Macq. H.L., 461. By an extension of the judicial process, directors of commercial corporations have, in matters affecting their shareholders, been brought under the law of fiduciary relations, and the term "director," has been interpreted as synonymous with that of "trustee."

Lord Romilly, M.R., thus states the law: "Directors are persons selected to manage the affairs of the company for the benefit of the shareholders. It is an office of *trust*, which, if they undertake, it is their duty to perform fully and entirely." And again: "Above all, on no principle could they derive to themselves directly or indirectly, any personal or pecuniary advantage:" *York and North Midland Ry. Co.* v. *Hudson*, 16 Beav. 491, 496. In another case the same learned judge said: "I look upon directors of a company as trustees for the benefit of the shareholders, and is it in that character and quality they accept office, with all its corresponding duties and liabilities. It sometimes happens that directors have individual interests conflicting with their duties as trustees of a company. In such cases they are bound to consider, before they accept the office of directors, whether they are prepared to make their duties as directors dominant over their personal interests, and to make their individual