

issues of local concerns and the market value thereof not very well established or very clearly defined.

It may be said that as a general rule these local stocks and bonds are not very suitable as security for bank loans for the reason that they have not a quick market. If the securities are those of a large corporation, quoted daily or frequently on the Montreal and Toronto exchanges, this objection does not apply. In that case there is no difficulty in giving the current market value and the proposition to which they refer thus takes a much more definite shape. Probably it is the difficulty of obtaining accurate or reliable information as to the real market value of these securities that is responsible for the omission of details. There may have been no recent transactions locally, and it may be the case that when a holder wishes to sell, the only thing to do is to wait weeks or perhaps months until some other local party becomes possessed of the mood to buy. Reflection on these points should show the branch manager why it is that these local securities are regarded as unsatisfactory collateral, and it is usually good policy not to encourage the customers to expect advances on them. Of course there are exceptions, and it may be advisable on some occasions to take these items as a means of strengthening the bank's position in connection with certain accounts.

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Vagueness is sometimes found in letters to Head Office written in connection with proposals for loans based on assignments of accounts. All mention of the amount of accounts assigned to the bank may be omitted. To Head Office this is an irritating omission. As in various other instances, it may be necessary to write a special letter to the branch asking for the information. The amount of the accounts assigned should be clearly stated, together with information as to their collectibility. With reference generally to the matter of bank loans against assignments of accounts, the banker remembers that there are certain accounts which can be accepted with propriety as security for advances. For instance an account due to a merchant or manufacturer by a railway company or some other strong corporation or by a government department may constitute a legitimate and safe basis for an advance. In these cases the party owing the money should be served with formal notice of the assignment, and it may be advisable to have certificates or acknowledgment from the debtors as to the amount of the debt. Loans to wholesale and retail merchants and other business men against assignments of their book accounts generally are not looked upon with favor, and there is good