books and documents required, and may be, if thought necessary, examined under oath. Officers refusing to produce books and answer questions are subject to a penalty of £5 for each offence.

The inspectors report to the Board of Trade, and their report is to be forwarded by the Board to the company and to members at whose instance the inspection was made. These latter persons have to defray the expense of the investigation.

But in addition to this provision for a special inspection at the instance of shareholders, the English Companies Act provides that every limited banking company must annually appoint an independent auditor, and in default of its so doing the Board of Trade may appoint one. No director, or officer, of the company is eligible for the office, but the auditor, however appointed, is to be paid by the company.

This mode of appointment hardly seems satisfactory, and in order to secure the entire independence of such officers, their remuneration should be fixed and paid by the government, who should be reimbursed by a tax to be levied on all chartered banks.

Mr. McLeod's proposal is to provide an inspection, as of course, without any special request of shareholders. He proposes that a board of fourteen auditors should be appointed by the Bankers' Association, and that the Board so appointed (four of whom are to be a quorum) shall make an annual inspection of each bank and if on such audit the annual statement to the shareholders is found to be a fair and conservative representation of the bank's affairs, the chairman of the Board of Auditors is to certify it, and no statement is to be issued without this certificate.

Mr. McLead does not propose to give the auditors power to get information from officers of the bank under oath. One of the English Acts above referred to gives that power, and the Insurance Act, R.S.C. c. 34, s. 36(3), gives that power to the inspector of insurance companies, and it is a power which the inspector of banks should also possess in order to enable them to make their work thorough and effective.