

credit taken away by the restriction of note issues. He also lays great stress on the reserve of twenty per cent which the bank must keep to redeem its notes. forgetting apparently that under the present system the banks are equally bound to provide for the protection and redemption of its circulation. As an actual fact, the present reserves of all the banks of Ontario and Quebec (excluding Government Securities and including the difference between the Item of Balances due to and from other Banks) are more than six and a half million of dollars in excess of what would be required by Mr. Rose's Resolutions. We do not care to review the *Globe* article at length. Its obvious unreliability renders criticism unnecessary.

MR ROSE'S BANK SCHEME.

RESOLUTIONS:—

That it is expedient that no new Bank be chartered, or the Charter of any existing Bank renewed, except on the following conditions, subject nevertheless to the modifications hereinafter mentioned with respect to existing Banks:—

1 The capital of the Bank shall not be less than nor more than

2 The notes of the Bank intended for circulation, shall be secured by the deposit with the Receiver General, of gold, or Dominion notes, for which the Government, on being satisfied that the notes are bona fide required by the Bank for circulation, shall grant securities bearing interest at per cent. per annum, for ten years, from 1st June, 1871, which securities shall remain in deposit with the Receiver General. The interest on such securities shall belong to the Bank, subject to the provisions hereinafter mentioned; and circulating notes to the amount of the sum so deposited, shall be delivered to the Bank.

3 Such notes shall be notes of the Bank, payable by it in specie, or in Dominion notes, (until the power to issue Dominion notes shall cease as hereinafter provided,) on demand, at the office of the Bank, at a place or places named on the face thereof, and such place, or one of such places, shall be the Capital City of the Province in which the Head office of the Bank is situate, or the city of Montreal,—or in the case of a Bank having its Head office in New Brunswick, the city of St. John.

4 The notes shall, when so delivered, bear the counter signature of the Receiver General, or of some officer appointed by him; and shall, before issue by the Bank, be signed by the proper officer thereof.—They shall be of uniform paper and appearance, except as to the name of the Bank, the places of payment, and the number and signatures.

5 So long as such notes to be received from the Receiver General as aforesaid, are paid on demand, in specie or Dominion notes, at the offices where they are made payable, they shall be a legal tender at every other place,—except that notes made payable in Nova Scotia or N. B. shall not be a legal tender out of that Province.

6 The notes of any Bank shall be a first charge upon all its property and assets of every description whatever; and if at any time any Bank, without lawful excuse, fails to pay such notes on demand, the Receiver General, being satisfied of the fact, may give public notice thereof in the *Canada Gazette*, and after such notice, and until it is withdrawn, such notes shall cease to be a legal tender, and it shall not be lawful for the Bank to pay any depositor or other creditor whatever except only the holders of its notes, or to pay out any of its notes or to transact any other business of banking, except only to collect and keep money belonging to it and apply it to the redemption of its notes; and if such notice is not withdrawn (as it may be if the Receiver General is within ninety days satisfied that the Bank has paid and will continue to pay its notes in specie on demand) then an officer shall be appointed to wind up the affairs of the Bank, and shall have for that purpose all the powers of the Directors and other functionaries and officers of the Bank, and its charter shall remain in force for the purposes of such winding up only.

7. From the date of such notice, every note of the Bank shall bear interest at the rate of 6 per cent. per annum, until the notice is withdrawn, or the note is paid by the Bank or the time to be appointed for the presentation of such notes has expired,—without any formal presentation or protest,

8 If the notice be not withdrawn, the Receiver General shall appoint a place or places and time when and where the secured notes of the Bank will be paid

with interest, by the officer appointed to wind up the affairs of the Bank, who shall pay the same out of any funds of the Bank in his hands, and the Receiver General may dispose of the securities deposited with him by the Bank, with all interest accrued thereon, and deliver the proceeds to such officer as funds of the Bank; and if it should appear that the Bank funds will not suffice to pay all such notes and interest within ninety days after date of the notice, then the Receiver General may, with the approval of the Governor in Council, and out of any unappropriated funds in his hands or which he may raise for the purpose, advance to such officer any sum required to enable him to pay such notes and interest; and any sum so advanced, with interest at 6 per cent. per annum until paid, shall be the next charge on the funds and assets of the Bank, after the payment of its notes.

9. If there be any outstanding notes of the Bank not paid within the time limited for their presentation for payment with interest, they shall cease to bear interest from that time, but the officer aforesaid shall set aside and retain sufficient funds of the Bank to pay the same with interest up to the time so limited.

10 Deposits payable on call and not bearing interest shall be the next charge on the funds and assets of the Bank, after its notes and the interest thereon and any amount advanced by the Receiver General as aforesaid.

11 The amount of notes delivered by the Receiver General to any Bank shall never exceed of its paid up Capital, and not more than one-fifth of the amount delivered at any time shall be for sums under five dollars, and not less than one hundred thousand dollars for the first deposit, nor less than fifty thousand dollars for any subsequent deposit, (except upon special application on the ground that the capital or circulation of the Bank requires a diminution of the said sums,) shall be demanded, and deposit made therefor, at any one time, for any fractional part of a thousand dollars.

12 Any amount of its notes not less than twenty five thousand dollars, and containing no fraction of a thousand dollars may at any time after days notice, be returned to the Receiver General, and a corresponding amount of the securities deposited or cash, at the option of the Receiver General, may be delivered to the Bank, so long as it redeems its notes in specie on demand, but the Receiver General may, with the approval of the Governor in Council, make such a return at an earlier day.

13. Notes returned to the Receiver General may be re-delivered to the Bank, as aforesaid, on the proper deposit of cash or securities; but the Receiver General may substitute new notes for any such returned notes which he thinks too much worn for circulation and the Receiver General, with the approval of the Governor in Council, may make arrangements as to the mode of cancelling returned notes or re-issuing them.

14 The Bank shall always hold in specie or Dominion notes, an amount equal to at least twenty per cent. of its secured notes then in circulation,—and an additional amount equal to at least one-seventh of all deposits on call, either in specie, Dominion notes, or notes secured by deposit with the Receiver General as aforesaid.

15. The total amount of the liabilities of the Bank shall never exceed three times the aggregate amount of its paid up capital, and the amount held by it in specie or Dominion notes; and the Directors knowing any excess, and not immediately protesting against it, shall be liable for the same.

16 The shareholders of the Bank, except only where the now existing charter of such Bank may provide otherwise, shall be liable for its debts to twice the amount of their stock, and no more,—that is each of them may, in case of the insolvency of the Bank, be called upon to pay, not only any unpaid instalment on his shares, but also a further amount equal to the nominal amount of his shares, or such less sum as may be sufficient to enable the Receiver to pay off all the liabilities of the Bank.

17. This liability of a shareholder shall continue for ninety days after the registration of any transfer of his shares, and shall then cease as to the shares transferred, unless the Bank be then insolvent, in which case it shall continue and no transfer made after the insolvency of the Bank, shall avoid the liability of the transferee, saving always in any case the right of the transferor against the transferee.

18 The nonpayment of the notes of a Bank, on demand, in specie, and the appointment of a Receiver shall be held to constitute the Bank insolvent, within

the meaning of the two next preceding paragraphs, and shall render the stockholders liable, as there in mentioned, and the Receiver may, from time to time make calls upon the shareholders, for such sums as may be necessary to enable him to pay the notes of the Bank and interest thereon, and to reimburse to the Receiver General any sum advanced by him towards paying the same, and interest thereon, and all expenses by him incurred about such payment, and all other sums for which the Bank may be liable to the Government, either on account of deposits or otherwise.

19 If all the notes of the Bank be paid, or the payment provided for, within ninety days after the notice given by the Receiver General, and if it be shown to his satisfaction that the Bank is then solvent and ready to meet all its liabilities as they accrue, this notice may be withdrawn, and the Bank may again go on with its ordinary business, and the powers of the Directors shall be restored, and may again obtain notes from the Receiver General on the proper deposits, otherwise the Bank shall be deemed insolvent, and the Receiver appointed as aforesaid shall continue to have the powers of the Directors, and of an official assignee in Bankruptcy, and shall wind up the affairs of the Bank subject to the provisions hereinafter made, and to those of any Bankrupt Act in force, unless there be any Special Act in force regulating such winding up; and the charter of the Bank shall remain in force for the purposes of such winding up only.

20. Any suspension by a Bank, without lawful excuse, of payment of any of its liabilities, other than its notes, in specie or notes secured by deposits with the Receiver General as aforesaid, as they accrue, shall, if it continues for days, consecutively or at intervals within any twelve months, and although it may continue to pay its notes in specie, be held to constitute the Bank insolvent, and shall authorize the appointment of a Receiver, with the powers above mentioned, the winding up of the Bank and the determination of its charter, as in the case of non-payment of its notes.

21. The cost of notes issued to the Bank, and all other expenses incurred by the Receiver General with respect to the Bank, shall be repaid by it, but such cost shall not exceed that at which all the Banks may satisfy the Governor in Council that they could procure such notes.

22. No dividend exceeding the rate of per cent, per annum shall be paid by any Bank, unless it has then a Reserve Fund equal to per cent of its paid up capital.

23. Certified lists of the Shareholders, with their additions and residences, and the number of shares they respectively hold, shall be laid before Parliament every year, within fifteen days after the opening of the Session.

24. The shareholders, in the absence of other special provision in the charter of the Bank, shall have power to regulate by By-law the following matters incident, to the management and administration of the affairs of the Bank:

1st. The number and qualification of directors, which shall not be less than five; their period and rotation of office as well of the President, and Vice-President, and their remuneration.

2nd. The amount of discounts or loans which may be made to directors, either jointly or severally, or to any one firm or person, or to any shareholder or to corporations.

3rd. The number of places and the places at which agencies or branches of the Bank may be established.

25. The Monthly Returns to be made by the Bank, shall, in addition to the particulars required by the existing charters, show among other things:—

LIABILITIES.

1. The Capital subscribed, as well as that paid up, and that authorized by the charter.

2. Cash deposits, distinguishing those payable on call from those payable only after notice, and further distinguishing those bearing interest.

3. Balances due to other Banks in Canada,—and those due to other Banks not in Canada.

4. Circulation, secured and unsecured, respectively.

ASSETS AND LOANS

1 Specie, Dominion Notes, and secured Bank Notes, distinguishing the amount of each.

2. Other Government Securities.

3. Notes and Bill or other advances overdue, dis-