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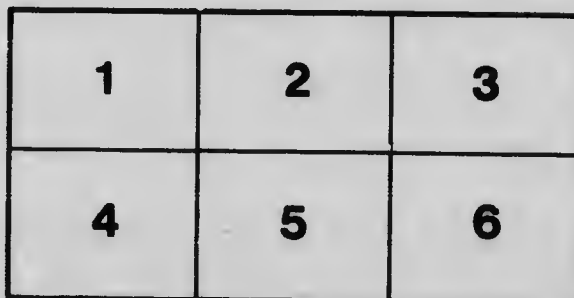
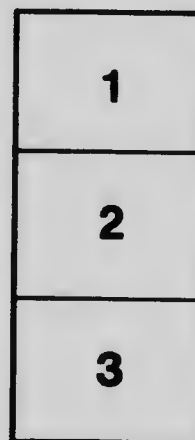
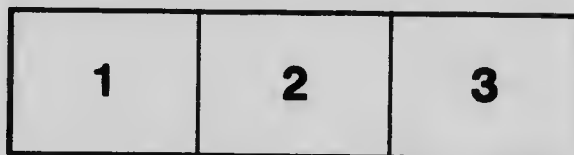
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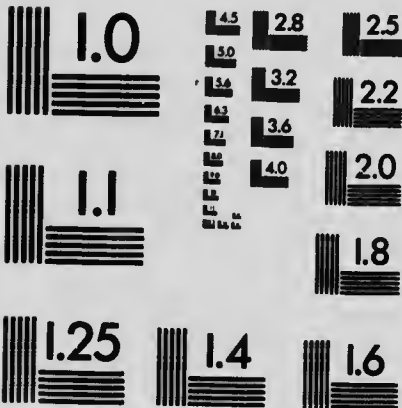
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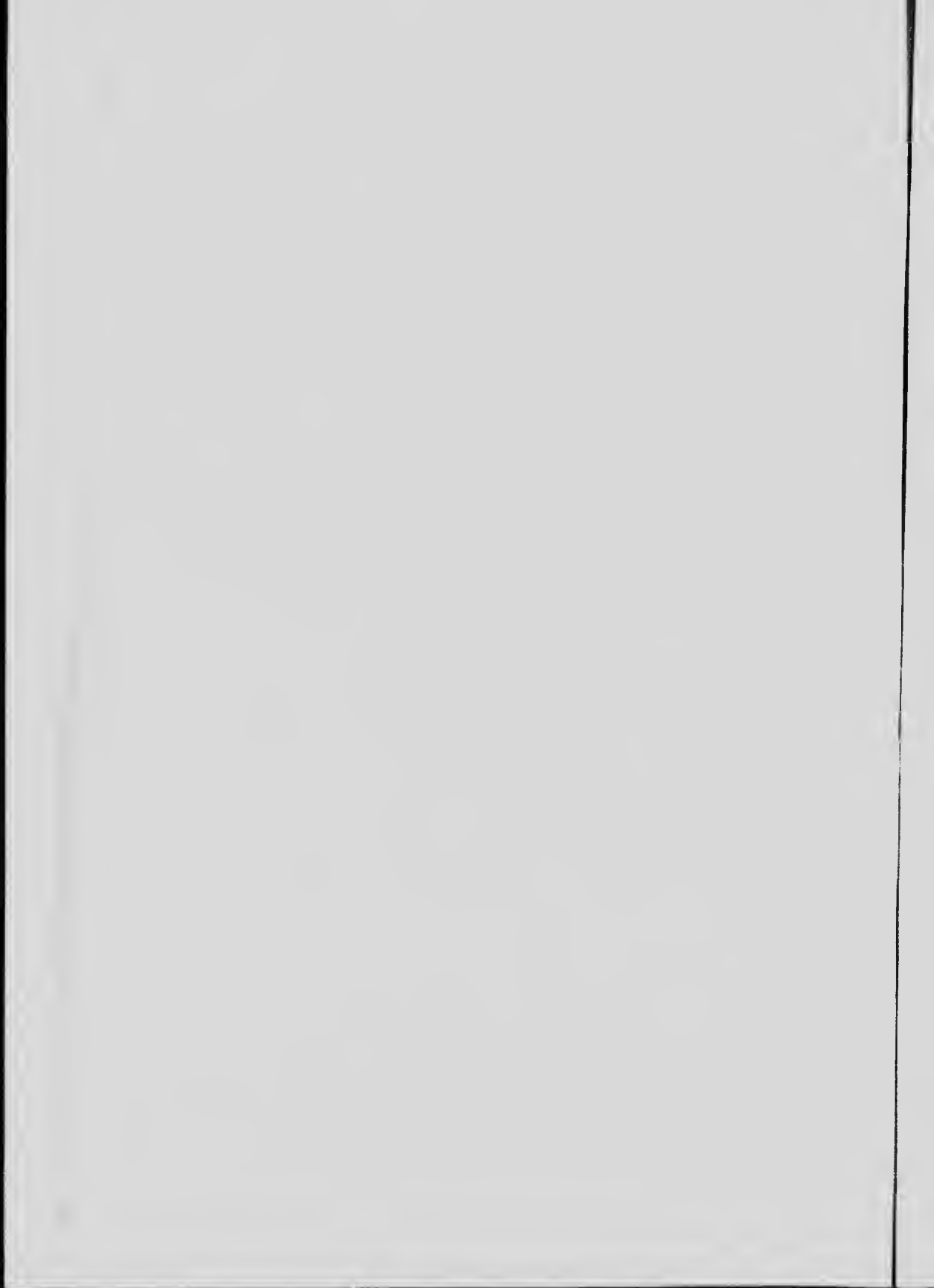


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*Canadian Bank of Commerce*  
'''

**THE CANADIAN BANK OF COMMERCE**

---

**RULES AND REGULATIONS**

---

1st JUNE, 1903.

*E. T. ... 1903*

HG  
2710  
T74C33



**768216 -**  
DIVISION OF MATTER

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- 1 GENERAL INSTRUCTIONS, INTERNAL ROUTINE, ETC.
- 2 RULES GOVERNING OFFICERS.
- 3 INSTRUCTIONS TO MANAGERS RESPECTING THE CONDUCT OF DISCOUNT BUSINESS.
- 4 BUSINESS WITH MUNICIPALITIES, SCHOOL BOARDS, ETC.
- 5 RETURNS AND STATEMENTS REQUIRED BY HEAD OFFICE.

SUPPLEMENTS

---

- A WAREHOUSE RECEIPTS, BILLS OF LADING AND ASSIGNMENTS UNDER SECTION 74 OF THE BANK ACT.
- B PENSION FUND—REVISED CONSTITUTION AND RULES.
- C OFFICERS' GUARANTEE FUND—CONSTITUTION AND RULES.
- D CANADIAN BANKERS' ASSOCIATION—RULES RESPECTING ENDORSEMENTS.

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# THE CANADIAN BANK OF COMMERCE

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## RULES AND REGULATIONS

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### SECTION I

#### GENERAL INSTRUCTIONS, INTERNAL ROUTINE, ETC.

##### A—MISCELLANEOUS

1 The Manager shall see that every officer at his branch is provided with a copy of the Rules and Regulations, in which the name usually attached to the position he occupies is written. Every officer must be prepared to produce his copy whenever called upon to do so. Upon leaving his position he shall transfer the book to his successor.

2 Whenever in these rules a duty is imposed upon any officer, it is to be understood that in his absence it shall devolve upon the officer who is acting on his behalf, or in his stead.

3 It is the duty of every officer to acquaint himself with these rules. No departure from them will be permitted without authorization by Head Office.

4 The Board of Directors look to the Manager, not only for the efficient discharge of the duties more immediately connected with his own department, but also for a constant and vigilant superintendence over every part of the business, and over the department and conduct of the officers both in and out of the office. It will there-

## RULES AND REGULATIONS

fore not be admitted by the Board of Directors as an excuse on the part of the Manager, or of the officer acting in his absence, for neglect or irregularity in any department of the Branch, that such neglect or irregularity was occasioned by the default of any other officer, unless it shall clearly appear that there was no relaxation of vigilance on the part of the Manager, or of the officer acting for him, and that such neglect or irregularity, if of a serious character, was at once reported to the General Manager. The Manager and Accountant have duties to perform in some respects independent of each other, but nothing in these instructions must be considered, in any degree whatsoever, as relieving the Manager of responsibility for everything that occurs at his Branch, or as infringing upon the control of the Manager over the Accountant and other officers.

5 It is the duty of a Manager, when he assumes charge of a Branch, to count the cash—both that in the hands of the Teller and in the Treasury—to balance the Bills and to ascertain the existence of the Loans, Trade Bills, Trade Bills Remitted, Past Due Bills, and Bills in Suit; to satisfy himself that the bills held for collection and the securities held as collateral and for safe keeping are in order, and that they agree with the entries regarding them in the Collection Diary and the Securities Register; to personally ascertain the safe custody of the duplicate keys; and to assure himself that all the books of the Branch are balanced. He will also see that the regulations regarding a joint custody as prescribed at paragraph 212 are in order. The General Manager is to be advised without delay of the result of these examinations. Having performed these duties, he will proceed to peruse the correspondence with the General Manager for the last two or three years, and, at his leisure, as much farther back as the interests of the Branch may require.

### B—CORRESPONDENCE WITH HEAD OFFICE

6 It is desirable that the Accountants, where regularly appointed as such, should be at all times

## RULES AND REGULATIONS

thoroughly conversant with the business of their respective Branches, and to this end they should peruse from day to day the correspondence with Head Office.

7 Official letters to the General Manager (apart from the separate correspondence referred to at paragraph 10) are to be written on the regular form furnished by Head Office. Each subject referred to must be dealt with in a separate paragraph and these paragraphs must bear consecutive numbers. No writing except the numbers of the paragraphs should extend into the margin provided for by the ruling. The contents must be indexed according to the folio of the letter book, or the paragraph number, as the Manager prefers.

*In response to any special enquiries, must be on post size paper. No letter or paragraph should be written when forwarding such statements.*

9 Letters received from the General Manager should be preserved and indexed in such a manner as to render the information therein for several years back accessible at a moment's notice.

10 Correspondence with the General Manager respecting discount accounts, overdue debts, real estate and mortgages, is to be written on Communication paper, a separate sheet being used for each account. These Communications are to bear a consecutive number and are to be registered in a separate book from that used for other official letters. Communications received from the General Manager and carbon copies of Communications sent should be filed alphabetically—those relating to each account in strict chronological order—in the binder furnished by Head Office.

(For instructions respecting Communications containing applications for discount credits, see paragraph 280).

11 In submitting statements, letters, etc., for the information of Head Office, copies, not the originals, should be sent. They should be typewritten.

RULES AND REGULATIONS

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## RULES AND REGULATIONS

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7 Official letters to the General Manager (apart from the separate correspondence referred to at paragraph 10) are to be written on the regular form furnished by Head Office. They are to bear a consecutive number, and each subject referred to must be dealt with in a separate paragraph. Managers are desired to exercise special care in numbering letters and paragraphs. No writing except the numbers of the paragraphs should extend into the margin provided for by the ruling. The contents must be indexed according to the folio of the letter book, or the paragraph number, as the Manager prefers.

8 Official letters to the Secretary or statements sent in response to any special enquiries, must be on post size paper. No letter or paragraph should be written when forwarding such statements.

9 Letters received from the General Manager should be preserved and indexed in such a manner as to render the information therein for several years back accessible at a moment's notice.

10 Correspondence with the General Manager respecting discount accounts, overdue debts, real estate and mortgages, is to be written on Communication paper, a separate sheet being used for each account. These Communications are to bear a consecutive number and are to be registered in a separate book from that used for other official letters. Communications received from the General Manager and carbon copies of Communications sent should be filed alphabetically—those relating to each account in strict chronological order—in the binder furnished by Head Office.

(For instructions respecting Communications containing applications for discount credits, see paragraph 280).

11 In submitting statements, letters, etc., for the information of Head Office, copies, not the originals, should be sent. They should be typewritten.

## RULES AND REGULATIONS

If accompanying Communications they should be written on continuation Communication paper, except statements of affairs on form 14, and memoranda on forms 130 and 131, but if sent with an official letter they should be written on paper of post size.

12 Copies of letters and Communications to the General Manager from the Branches under the supervision of the Inspector at Vancouver should be sent to the latter, and copies of all letters and Communications from these Branches to the Inspector should be sent to the General Manager. Copies of any enclosures referred to therein, should always accompany the duplicate Communications or letters. All letters and Communications written by the Managers of these Branches respecting matters not requiring the special attention of Head Office should be addressed to the Inspector and should be kept distinct as regards numbers from the correspondence with Head Office.

13 Deeds and agreements sent to be executed by the Bank under Seal must be accompanied by copies to be filed at Head Office, which should be made on the usual printed forms where possible.

14 In forwarding documents for execution, a concise statement must be given of the circumstances under which execution is sought. In the case of discharges or assignments of mortgage, these particulars should include the amount of the mortgage, the amount to be paid to the Bank, and the debt to which the mortgage relates. The printed forms supplied by the Bank for discharges or assignments of mortgages should be used when practicable.

15 The attestation clause on documents sent to Head Office for execution should preferably read as follows:

"In witness whereof the Corporate Seal of the said Bank (or party of the—part) has been hereunto affixed the day and year first above written."

16 Circulars from the General Manager which call or a reply must be dealt with promptly. In any case

## RULES AND REGULATIONS

where, owing to difficulty in procuring the necessary information, a delay of more than three days is likely to occur, the Manager should so advise Head Office.

Circulars are to be handed to the officers for perusal, and afterwards filed away in proper chronological order and indexed, staff circulars being kept in a separate file. Circulars should always be accessible to the staff.

Every officer, after reading a circular, must indicate that he has done so by placing his initials on its margin.

### C—GENERAL CORRESPONDENCE

17 All letters addressed to other offices of the Bank must be numbered consecutively, and a record kept of them in the register supplied by Head Office, under a separate heading for each Branch or Agency; against such records shall be marked the date when they are acknowledged by the offices to which they are addressed. In this book, under the same heading, must be entered the number and date of each letter received from other offices of the Bank and the date when acknowledged.

This register does not interfere with or supersede the general registers of letters received and despatched.

18 Letters received at the Branches are to be kept in separate classes, each class arranged in chronological order, and the whole preserved in presses or boxes so as to be easily accessible.

19 Letters to Foreign Correspondents of the Bank, as well as all other important communications, should be signed by the Manager personally.

20 A stamped signature of the Manager may be used for signing letters containing only matters of a purely routine character. Such signature must be affixed to the letters by the Manager himself or by the Accountant, when the latter has been duly appointed. On no consideration may stamped signa-



## RULES AND REGULATIONS

tures be attached to "At Credit" slips, formal letters, or letters containing instructions to pay money. (See paragraph 147).

21 The officer whose duty it is to see that letters despatched are securely closed shall place his initial, or other mark upon the flap of every envelope sent out, as an evidence that this duty has been performed.

22 Postal Cards may be used to acknowledge the receipt of letters, and for any advices which describe the transaction referred to by number and amount only. Names of individuals must on no account be given, nor must any but strictly routine matters be dealt with. The despatch of money parcels must be advised by letter.

Postal Cards may also be used in advising amounts at credit of other Branches (except Toronto and Montreal), where there is not more than one item to be advised to a particular Branch. Only the special card furnished by Head Office should be used for this purpose.

23 Registered letters must be receipted for and brought to the Branch by two officers. As soon as such letters are brought to the office, they must be entered by one of the officers in the Letters Received Register, the place from which they were despatched (according to the post-mark), and the registration numbers being given. The second officer must see that this is done. Written instructions should be given to the post-master, designating the officers who are jointly authorized to sign the receipts.

24 All letters written at the Branch must be entered in the General Register of Letters Despatched. This Register is provided with a column in which the postage on each letter is to be entered, and at least once in each month the Accountant must prove the additions of this column, and see that the sums already debited for postage have been properly expended.

The total number of postal cards despatched may be entered in the Register of Letters Despatched at the close of each day, instead of being entered separately.

## RULES AND REGULATIONS

### D—REPORTS ON PARTIES

25 Carbon copies of all reports on the means and standing of parties given by the Branches in reply to enquiries should be carefully filed away in alphabetical order. Managers in making enquiries of each other will use the regular form provided for the purpose. When making enquiries of another Branch, managers should always state the extent to which they meet with the name enquired about, and, as far as practicable, the connection in which the enquiries are made. Reports given to other Banks or Correspondents should be under a statement that the information is given in confidence and without responsibility on the part of the Bank or the writer, and should preferably be written on the special paper bearing this phrase as part of the engraved heading.

Copies of all reports furnished to Branches and Correspondents, and copies of reports received from Correspondents other than Branches, must be sent to Head Office.

### E—TELEGRAMS

26 (a) The full cipher codes are to be kept by the Manager, or the Accountant when duly appointed, under lock and key when not in actual use during the day-time, and placed in the burglar-proof safe over night.

(b) Officers entrusted with the short form of cipher codes should be careful to keep them private, but they are permitted to have them in their own possession at all times. The Manager should see that every officer holding a copy surrenders it on his removal from the Branch.

(c) Messages received in cipher must not be sent to the outer office, and the translation must not be written on the message form. They must be destroyed as soon as confirmation is received.

(d) Telegraphic messages should be copied in a book used for that purpose only, which should be in the custody of the officer in charge of the cipher codes.

## RULES AND REGULATIONS

(e) All messages despatched in cipher must be repeated in plain words by first letter; or, when their importance demands prompt confirmation, by first mail.

(f) Cipher messages despatched from any Branch must be initialled by two officers, namely, the one who writes the telegram and the one who checks it.

(g) The Bank's cable address must be registered with the telegraph companies at each point where we have a Branch. When a new Branch is opened, the Manager should register the address—"Canbank"—with each company.

The cable address of the London, Eng., Branch is "Peeress."

(h) Telegrams to the General Manager, to the Inspector at Vancouver or to the Inspection Department at Winnipeg should be prepaid.

(k) Telegrams passing between the General Manager, the Inspector or the Inspection Department at Winnipeg and a Branch should be confirmed or acknowledged in an official letter or Communication, and not on one of the forms in use for this purpose between Branches.

(l) The principal advantages in the use of a cipher code are :

1 A reduction in the length and consequent cost of messages.

2 Secrecy in transmission.

3 The prevention of fraudulent messages.

Except in the case of transfers of money, etc., two or three code words in a message will generally do all that is necessary as regards secrecy and safety; beyond this the cipher code should only be used to reduce the cost of the message. As a rule, the code is used too freely, resulting in much loss of time at the office receiving the telegram.

### F—BRANCH CLEARINGS ACCOUNT

27 All entries between Branches or between Head Office and a Branch are to pass through "Branch Clearings" account. Debits or credits made at a Branch on

## RULES AND REGULATIONS

Head Office account, for "Profit and Loss" account, Bank Premises, Pension Fund, etc., and *credits* for the Northern Trust Company, Chicago, or the Marine National Bank, Buffalo, must be made at once through "Branch Clearings" account. Entries debiting Head Office with Chicago or Buffalo items must not be made until the amounts have been advised at credit by our correspondents. No amounts are to be debited or credited to another branch except as instructed in the following paragraphs.

### *Procedure at the Branch Forwarding Items*

28 Cash Items—The grand totals of the day's cash items sent to Branches and sundry correspondents, are to be charged to "Cash Items" account.

The following are to be treated as cash items and so registered:

- (a) Cheques, ~~Branch Drafts Paid~~, Debits for Costs, etc., etc.—These should be put on the cheque lists. Railway pay-cheques should be entered on a separate list and the total carried forward to the general list.
- (b) Sterling Bills of Exchange forwarded to the Montreal Branch.—These should be attached to a separate cheque list and the total carried forward to the general list. As far as possible not more than one list should be sent to Montreal on any one day.
- (c) Demand and such sight drafts and other items as may be taken as cash which are forwarded to branches or correspondents.
- (d) Money Parcels.—The forwarding of these must invariably be advised in the Branch letter and they should be sent forward under the parcel number. As money parcels usually reach their destination at a different hour from letters sent on the same day, they should not be entered on the cheque lists, nor should a debit slip be sent forward.

28 (e). Payments made on account of other Branches:—Payments made on behalf of or on instructions from other Branches before receipt of advice of the relative amounts at credit, are also to be treated as cash items, registered and advised to the crediting branch. Such entries, however, except in the case of letter transfers made by the London, England, Office to Branches where the entries for such items are passed through the London account of another branch, shall not be entered on the cheque lists.

29 The day's Diary total of Remitted Discounts (bills held by Branches as well as by sundry correspondents) is to be charged to "Cash Items" account.

#### *Items on Northern Branches*

30 A separate division should be made in the Cash Items Register for items sent to the Northern Branches. In this way items which will probably be outstanding for a considerable length of time will be kept together.

The term "Northern Branches" is meant to comprise Atlin, Dawson, Skagway and White Horse.

#### *General Instructions*

31 (a) For convenience in marking off cash items advised as paid, a summary of the totals of the cheque lists forwarded to other Branches is to be made in the Cash Items Register (even though for most of the Branches there may be only one item), and the figures of this summary balanced with the total of the Register for the day.

(b) On receipt of an "At Credit" slip as hereafter provided for, the total amount is to be debited through "Branch Clearings" account to the crediting Branch, the various items contained in it being credited to their respective accounts. The "C's" and "D R's" thus credited are to be marked off in the Cash Items Register and Diary respectively, the date on which the advice of payment is received being entered opposite the item by rubber stamp.

## RULES AND REGULATIONS

(c) At Branches where a Journal or Red Book is kept, entries from "At Credit" slips are to be passed through it. The dates of "At Credit" slips received should be entered in "Branch Clearings" account.

(d) Credit is often given at the larger Clearing House points for cash items drawn on other Banks, and at Windsor and other places for cash items going forward to outlying points before such items have been paid. It

31 (e) At branches where the staff does not exceed seven in all the Cash Items Account must be balanced twice in each month, on the 7th and on another date to be selected at random by the officer who balances the account. The account must be balanced by an officer other than the one on the Cash Items post and checked by the Manager and Accountant or Acting Accountant, who must satisfy themselves that every item outstanding is subsequently remitted for or returned.

At branches where the staff exceeds seven in number the account must be balanced once a week by the officer on the Cash Items post, and checked by the Accountant or Assistant Accountant. With regard to the last balance in each month the checking officer must satisfy himself that every item outstanding is subsequently remitted for or returned.

In verifying the items outstanding in the balances the officers whose duty it is to do this should make use of the "At Credit" slips, remittances and returned bills before they have been handled by the other members of the staff.

A record of the items outstanding at the time of each balance must be preserved in one of the balance books. The General Ledger balance should also be initialed by the checking officers to signify their performance of the duties herein prescribed.

In addition to these precautions the Manager should provide for a constant supervision of the account, so that items outstanding longer than the time actually required for payment will be promptly enquired about, and additional interest collected.

28 (e). Payments made on account of other Branches:—Payments made on behalf of or on instructions from other Branches before receipt of advice of the relative amounts at credit, are also to be treated as cash items, registered and advised to the crediting branch. Such entries, however, except in the case of letter transfers made by the London, England, Office to Branches where the entries for such items are passed through the London account of another branch, shall not be entered on the cheque lists.

29 The day's Diary total of Remitted Discounts (bills held by Branches as well as by sundry correspondents) is to be charged to "Cash Items" account.

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## RULES AND REGULATIONS

(c) At Branches where a Journal or Red Book is kept, entries from "At Credit" slips are to be passed through it. The dates of "At Credit" slips received should be entered in "Branch Clearings" account.

(d) Credit is often given at the larger Clearing House points for cash items drawn on other Banks, and at Windsor and other places for cash items going forward to outlying points, before such items have been paid. It should, therefore, be borne in mind that the advice on cash items on an "At Credit" slip does not necessarily mean that they have actually been paid.

(e) The outstanding items in the Cash Item Register and Diary should be balanced with the General Ledger account not less frequently than once a fortnight.

(f) Telegraphic Transfers between Branches: These generally take one of two forms. Either an amount is advised at the credit of the Branch receiving the telegram with directions to use it in a certain way, or else instructions are sent to pay an item at debit of the Branch sending the telegram.

(g) In the first case, the crediting Branch should once credit the amount on the regular "At Credit" slip. The paying Branch should acknowledge the telegram and debit the amount to "Cash Items" account, no debit slip being sent forward. The sum transferred should be credited in the Deposit Ledger, either to the person to whom it is to be paid (if such person be named in the telegram) with a memorandum regarding any conditions as to payment, or else to a "Suspense" account, particulars being given as to the purpose for which the money is intended. That the paying Branch's letter acknowledging the telegram crosses the "At Credit" slip sent by the crediting Branch is a matter of no importance.

(h) When instructions are received to pay a bill "At Debit" the item should be treated as a "Cash Item" and sent forward in the usual way. If a deposit of money in connection with a payment of this kind is received at the crediting Branch before the relative bill comes to hand, it should be credited to a "Suspense" account in the meantime.



## RULES AND REGULATIONS

(i) All money transfers must invariably be confirmed in the Branch letter, the amount therein being written in words, and the letter signed in accordance with Rule 147.

### *Errors in "At Credit" Slips*

32 (a) If some of the amounts advised "at credit" cannot be identified at the Branch advised, they should be credited to a "Remittance" account.

(b) Where, however, none of the items on the slip can be traced, no entry should be made pending the result of an enquiry. If it appears that the slip has been addressed to the wrong Branch it should be returned to the office from which it was received. It will suffice for the latter office to re-address it and request the Superintendent of Branch Accounts to make the necessary correction.

(c) If an error should be found in the additions of an "At Credit" slip received, it is to be rectified in the following manner:—

The entry is to be made in accordance with the total as advised. If the latter is more than the proper amount the difference is to be re-credited on an "At Credit" slip; if less, a debit for the difference should be put through as a "C," but not entered on a cheque list.

### *Procedure at the Collecting Branch*

33 (a) All items held on account of any other Branch which ought to be paid during the day, (including D R's, B C's, S B's, Collaterals and C's) deposits received for credit of any other Branch, sterling drafts credited to Montreal or Toronto, the total of the weekly list of Government drafts drawn on Ottawa—in fact all items to be credited to another Branch—are to be entered on "At Credit" slips. Cheque lists should always be credited as "C's," no reference being made to any "C" number. Every item credited which has been charged by the forwarding Branch to "Cash Items" account (that is, every item entered in the left hand column of the

## RULES AND REGULATIONS

"At Credit" slips) must invariably be credited for the exact amount as received, unless the whole of a cheque list has to be returned. When the items have all been paid or otherwise disposed of, the Teller will enter the total of the paid items in his blotter, initial the "At Credit" slip, and pass it to the Cash Book writer. The latter will credit the total to "Branch Clearings" account, placing the individual amounts (for use in calling off) in the inner column of the Cash Book. After both columns have been added up and the totals found to agree, the "At Credit" slips must be signed by the Accountant, after which they will be despatched to the Branch for which they are intended.

(b) It may be found necessary to leave the outgoing "At Credit" slips in the hands of the teller until late in the day, and at the majority of the Branches this will not be inconvenient. But at offices where the entries are numerous this would ordinarily involve delay in completing the writing of the Cash Book, and to obviate this the omission from the Cash Book of the particulars of items advised at credit is permitted at such offices, provided a perfectly clear carbon copy of the "At Credit" slip is kept for the purpose of calling off. Where this is done, the Accountant or some other senior officer must check the additions of all outgoing "At Credit" slips before they are despatched. As the particulars of "At Credit" slips despatched are entered in the Cash Book or on a carbon copy, no press copy need be taken. It is not necessary to include in the Branch letter a reference to an "At Credit" slip enclosed.

### *Errors in Cheque List*

34 Errors in the addition of a cheque list should be corrected on the lines laid down for the correction of similar errors in the "At Credit" slips. Unpaid items included in a list which has been credited in total should be charged to "Cash Items" account and returned on a cheque list. Commission on a cash item charged by the correspondent of a collecting Branch should be

## RULES AND REGULATIONS

treated in a similar way, not deducted from the item when crediting it. Items which should not have been listed, or which are held for a day under promise of payment or for protest, should be charged to a "Suspense" account in the Deposit Ledger until they have been collected or otherwise disposed of.

### G—CASH BOOK

35 The Cash Book must be balanced before the close of each day.

### H—DEPOSIT BUSINESS

36 No new account shall be opened in the Deposit Ledger except under authority of the Manager.

37 Deposit slips, after being initialled by the Teller, must be passed by him direct to the Ledger-keeper and not handed back to the customer.

38 All deposits or moneys received for any purpose must be counted throughout by the Teller in the presence of the customer, before any portion is sorted into the till.

39 When officers of the Bank are called upon to make out deposit slips for customers, they must, before the deposit is entered in any book, have the customer verify the amount of the deposit by initialling or signing the slip.

40 A specimen signature of every person opening an account in the Deposit or Savings Bank Ledger must be taken on the usual card or in the signature book. In the case of Savings Bank depositors the number of the depositor's account should be entered opposite the signature if taken in the signature book, or on the card if taken in that manner. Signatures to all cheques must be critically examined by the Ledger-keeper and Teller.

41 When a depositor cannot write, means should be adopted to ensure future identification. Such a reference as "Well known to Mr.——" is one of the most convenient forms.

42  
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44 The designation and address of each customer should be written at the head of the account in the Current and Savings Bank Ledgers; if a firm, the names of the partners, and, where there is a special partnership, the date of its expiry; if a Trust Estate, the names of the Trustees; if a farmer, his lot, concession and township, as well as his Post-office address; and, in the case of Corporations, etc., the names of the officials authorized to sign cheques. Special care should be taken to enter correctly the description of benevolent and friendly society lodges, and other bodies of this kind. Every account in the Ledgers, even those consisting of but one entry, must be entered in the index.

45 Persons depositing money for the credit of another person, for their own credit at another Branch, for the payment of a note, or for other similar purposes, should, if they so wish, be furnished with a receipt therefor, in the form of a "Letter of Advice." A special printed form is supplied for this purpose, and no other must be used.

46 The only authorized modes in which receipts or acknowledgments for money may be given generally are the following: By entry in Current Account or Savings Bank pass-books, by the issue of the regular deposit receipt forms, and by the letter of advice referred to above. Government, License Fund and Court deposits are excepted from this rule, and, where the cir-

When customers cannot write, receipts or cheques for withdrawals in excess of \$100 should be witnessed by two persons, one of whom should be someone other than an officer of the Bank. In connection with withdrawals not exceeding \$100 the witnesses may be two officers of the Bank, provided the customer is known to them or is identified to their satisfaction.

## RULES AND REGULATIONS

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but advice of the dishonour of such items must accompany the "At Credit" slips on which the relative lists are credited.

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43 In opening an account with a firm of Barristers, Architects, Accountants, Insurance Agents, or other non-trading partnerships, the instructions contained at paragraph 304 must be carefully observed.

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## RULES AND REGULATIONS

47 Tellers must not cash or receive on deposit or otherwise, unmarked cheques on other Banks, or items payable out of town, unless they have been authorized to do so by the Manager. Tellers should be provided with lists of the principal customers, on which the Manager should indicate the limits within which items of this kind may be taken from each customer.

48 Moneys deposited with the Bank to be held for some time and then applied to a fixed purpose must not be placed in the names of officers of the Bank. They may, however, be deposited to the credit of an account as applicable for a special purpose, to be withdrawn on the signatures of the two senior officers of the Branch.

49 No entries shall be made in customers' pass-books by the Teller, or by any officer other than the one for the time being in charge of the Deposit or Savings Bank Ledger, to whom the deposit slip, or other voucher, is to be handed by the Teller for the purpose. The Ledger-keeper must make the entry in the Ledger first, and then in the pass-book. On no account must the deposit slip or voucher be returned to the teller.

50 When deposits are made by other Banks, the entries in the Bank pass-books acknowledging them must be made by the Accountant or by the officer in charge of the General Ledger, provided he is not the Teller.

51 Where money is received by the Teller too late in the afternoon to permit of the entry going through the books on that day, he must enter it in his Blotter for the following day and hand the voucher, after initialling it, to the Accountant, who will have it, if a customer's deposit, entered in the Ledger at once, and pass it on to the officer writing the Cash Book the next morning.

Under this and the preceding rule, whenever the Teller also acts as Accountant the vouchers must be passed to the Manager, who will see to the necessary entries.

52 When calling the Deposit Ledger the Manager or Accountant must tick the entries in the Ledger.

## RULES AND REGULATIONS

### *Joint Deposits*

53 Where a deposit is made to the credit of two persons jointly, the laws of Ontario, British Columbia, Manitoba and the North-West Territories vest the control thereof in the survivor, so that no special provision is needed to enable the survivor in such a case to draw the money.

The form which is recommended where it is intended that a deposit shall be subject to withdrawal by either of two depositors, or by the survivor in the case of the death of one, is as follows: "John Smith and Jane Smith, or either of them."

Special care is necessary in taking deposits of this kind. The heading on the slip, which should be copied verbatim into the Ledger, should show clearly to whose credit the deposit is made, and should itself contain the instructions as to payment, in some such phrase as that suggested in the preceding paragraph. This should be in the handwriting of the depositor if possible; in any case, the slip must be signed or initialled by him after it is filled up. It is not, however, necessary that all the persons named should join in signing or initialling the slip. The Bank is justified in following the instructions which may be given with regard to the repayment of money by the person who deposits it.

### *Powers of Executors in the Province of Ontario*

54 In the case of a deceased depositor, where two or more executors are appointed, the receipt of one would be a sufficient discharge to the Bank for the payment of the amount at credit of the depositor's account at the time of his death; but where executors have collected money, and deposited the same with the Bank, it should be regarded as their property as trustees, and such a discharge obtained as will comply with Sub-section 2 of Section 84 of the Bank Act—that is, if it stands in the name of more than two persons, the receipt of a majority of such persons.

## RULES AND REGULATIONS

### *Certification of Cheques*

55 All cheques drawn on the Branch must be accepted by the Ledger-keeper before being paid or taken on deposit or in payment. No exception must be permitted to this rule unless under the express authority of the Manager.

56 Cheques shall not, on any pretext, be accepted or marked "good" by the Manager or other officer of the Bank until such cheques have first been posted by the Ledger-keeper to the account on which they are drawn.

57 Cheques must not be crossed negotiable at par at another branch of the Bank without first having been posted by the Ledger-keeper to the account on which they are drawn.

58 Customers are not to be informed of the existence of any outstanding cheques in their accounts. Drawers of cheques which they know are outstanding are almost sure to claim refund of the amounts. In such cases the Bank either has to pay the amount and take the risk of the cheques turning up in other hands, or else refuse, and thus incur the customers' ill-will.

59 The certifying of a cheque by the Ledger-keeper does not relieve the Teller of his responsibility when it is presented for payment. He should himself be satisfied that it is in order.

60 The Ledger-keeper's acceptance stamp must be kept under lock and key in the vault over night.

### *Overdrafts*

61 No overdraft shall be allowed without the permission of the Manager, expressed in writing at the head of the account or by his initials on the cheques.

The attention of Managers is directed to the serious danger which is involved in initialling cheques which create an overdraft and then handing them back to the customer instead of to the Ledger-keeper for certification.

## RULES AND REGULATIONS

### *Court Accounts : Ontario*

62 Cheques of the Supreme Court of Judicature of Ontario (generally known as Chancery cheques) paid by Branches outside of Toronto, must be stamped on their face with the Teller's dating stamp.

63 Deposits under the Devolution of Estates Act should be accepted without charge ; they should be made in the following manner:—"In the matter of A— B—, for credit of F. W. Harcourt, Official Guardian, and C— D—, Administrator (or Executor, as the case may be); " and should be credited and advised to the Toronto Branch, where the Devolution of Estates Account is kept.

64 Deposits made at any Branch of the Bank in Ontario to the credit of the County Court in any suit or cause, may be paid out on the signatures of the County Court Judge and the Clerk of the Court. The order for payment may be a cheque signed by these officials, or in such other form as it may be the practice of the Court to use.

65 The rate of interest allowed on County Court accounts should be the same as that on the Court of Chancery accounts, which can be ascertained by enquiry of the Toronto Branch from time to time.

66 When a certificate is given that no money has been paid into the Bank under any order or judgment of the Court, a charge of twenty-five cents is to be made therefor. If the certificate refers only to the Branch at which it is presented it may be signed by the Manager. Certificates that money has not been paid into the Court accounts at Toronto should, of course, be sent to that Branch for signature. If a certificate covers all the Branches of the Bank the wording should be altered. No certificate should state that no money was paid into the Bank *before* a particular date.

### *License Fund Accounts*

67 No commission should be charged on cheques deposited to the credit of License Fund accounts where they can be collected at par by the Bank.

## RULES AND REGULATIONS

### *Collateral Accounts*

68 Collateral accounts should be kept at the end of the Deposit Ledger, and withdrawals from such accounts must be initialled by the Manager.

### *Balancing Pass-books and Certification of Current Account Balances*

69 The pass-books should be collected from the customers before the end of each month, in order that they may be written up and balanced on the last day of the month ; after which the Manager or Accountant, provided such Accountant does not act as Teller or as Deposit Ledger-keeper, shall compare the balance in the pass-book with the corresponding balance in the Deposit Ledger ; attesting the comparison by placing his initials opposite the balance in the pass-book as well as in the Ledger.

70 The pass-books, after being balanced, should be ready for delivery to the customers on the first business day of each month ; there must be no delay, either then or at any time during the month, in entering up and returning them whenever applied for. On no consideration, however, shall a balanced pass-book be returned until the balance has been compared and initialled by the proper officer.

71 Each balanced pass-book, when delivered to the customer, must be accompanied by its relative certificate (regarding the correctness of the balance and the return of the cheques) carefully filled up by the officer who has balanced the book ; and also by the cheques to date of balance, provided the customer, or his attorney, is prepared to compare these with the pass-book and sign the certificate at the Bank counter. The cheques should not be allowed to be taken away from the Bank until the certificate, signed by the customer himself or his duly constituted attorney, is in possession of the Bank's officers, except with out-of-town customers. In their case the vouchers should be carefully compared by a second officer with the pass-book or the copy of the

## RULES AND REGULATIONS

customers' names must be written on them before they are mailed, so that in the event of their loss in the mails, or of a dispute with a customer, the Bank may be in a position to prove that the vouchers were despatched.

72 The certified forms must be checked by the Manager or Accountant with the Deposit Ledger *after signature*, and shall then be carefully preserved in monthly packages in the custody of the Accountant, and filed away in such order as will facilitate their immediate production, which may at any time become essential in support of the Bank's case in a suit-at-law.

73 Managers and Accountants are requested to bear steadily in mind that this certificate is equivalent to an adjustment of the account as between the Bank and its customer; and it is therefore desirable that as few balances as possible should remain uncertified. From time to time lists of uncertified accounts should be prepared, and a strong endeavour should be made to bring about in each case the return of the cheques, and consequent certification of the balance.

### *Custody of paid Cheques*

74 The cheques of customers on accounts in the Deposit Ledger, after they are cancelled, must be placed in the custody of the Ledger-keeper, who will have charge of them until they are returned to the customers. Before leaving the office each day he must see that all cheques, whether sorted or not, are placed in the box furnished for the purpose, and the box locked and placed in the vault.

### *Savings Bank*

75 The practice of issuing cheques upon Savings Bank accounts should be discouraged as far as possible, in fact it should not be permitted at all unless the competition of other Banks in this respect renders an occasional departure from the rule advisable.

76 Savings Bank receipts after being marked by the Ledger-keeper must be handed to the Teller and not given back to the customer.

In the case of receipts on the Bank's safety paper for amounts not exceeding \$200, however, a deviation from this rule will be permitted at offices where, owing to the large volume of Savings Bank business, its strict observance would, in the judgment of the Manager, cause delay or difficulty as to the identification of the customer by the Teller.

## RULES AND REGULATIONS

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70 The pass-books, after being balanced, should be ready for delivery to the customers on the first business day of each month; there must be no delay, either then or at any time during the month, in entering up and returning them whenever applied for. On no consideration, however, shall a balanced pass-book be returned until the balance has been compared and initialled by the proper officer.

71 Each balanced pass-book, when delivered to the customer, must be accompanied by its relative certificate (regarding the correctness of the balance and the return of the cheques) carefully filled up by the officer who has balanced the book; and also by the cheques to date of balance, provided the customer, or his attorney, is prepared to compare these with the pass-book and sign the certificate at the Bank counter. The cheques should not be allowed to be taken away from the Bank until the certificate, signed by the customer himself or his duly constituted attorney, is in possession of the Bank's officers, except with out-of-town customers. In their case the vouchers should be carefully compared by a second officer with the pass-book or the copy of the

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## RULES AND REGULATIONS

77 The production of Savings Bank pass-books should be required when withdrawals are made. This requirement must under no circumstances be waived in the case of persons who are not well known to the Bank, without identification of the depositor to the satisfaction of the Manager or Accountant.

78 Interest should be calculated on the minimum balance at credit of the account during each calendar month. In the months in which an account is *opened* and *closed* interest should be allowed on the minimum balance for the number of days during which the account is open in each month respectively. No interest, however, shall be allowed in the month during which the account is closed, unless it has been open for at least three months.

79 In the case of deposits of unusual amounts in old accounts, Managers are accorded discretion to allow interest for the broken period, provided that the mone remains on deposit for not less than three months.

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81 No interest should be deducted in lieu of notice ; depositors are entitled to interest up to the end of the last calendar month completed at the date of withdrawal, whether they give notice or we dispense with it.

82 The interest on Savings Bank accounts which are closed during the financial half-year must be checked by a second officer, this checking being attested by the officer's initials in the interest column of the ledger before the interest is paid.

83 In cases where interest is not paid at the time the accounts are closed, it must not be capitalized at the end of the half-year, as this multiplies unnecessarily the number of unclaimed balances.

## RULES AND REGULATIONS

### *Cross Entries*

84 No cross entries are permitted in the Deposit or Savings Bank Ledgers without an entry in the Journal or Cash Book, under the authority of the Manager or Accountant.

### *Change of Ledger-keepers*

85 During two complete months of the year—chosen at random, and separated by an interval from each other—the Savings Bank Ledger-keeper should be changed, or the duties temporarily assigned to another, providing the number of officers at the Branch renders such an arrangement possible without interfering with other regulations.

### *Balancing Ledgers*

86 The Deposit Ledger must be balanced on the last day of each month, the Savings Bank Ledger on the 15th or last day of each month, or a few days before if convenient, the balances being entered in the books supplied by Head Office for the purpose.

87 The balances as set out in the Balance Books must be compared with the Ledgers by the Manager or Accountant, or under their supervision, the summations of the Balance Books proved, and the initials of the officer making the comparison placed opposite the sum representing the balances in the General Ledger. The Balance Books must remain in the hands of the officer making this verification from the time the checking is begun until the balance has been proved.

88 No Teller shall assist in this comparison, nor shall the Ledger-keeper assist in the checking of the balances of his own Ledger under this rule, whether such Teller or Ledger-keeper performs the duties of Accountant in addition or not.

89 The officer performing the Teller's duties shall on no account make any entries in the Deposit and Savings Bank Ledgers, nor shall he be permitted to balance or assist in the checking of these Ledgers.

## RULES AND REGULATIONS

77 The production of Savings Bank ~~accounts~~  
should be ~~maintained~~

79 In the case of new accounts, however, opened in the early part of the month, or of deposits of unusual amounts in old accounts, Managers are accorded discretion to allow interest for the broken period, provided that the money remains on deposit for not less than three months.

80 When a Savings Bank balance is transferred to another Branch, interest for the broken period to the date of transfer should be computed and advised separately to the other Branch, to be paid to the depositor if the balance transferred remains until the end of the then current month. The Branch to which the account is transferred should also allow interest for the broken period there.

81 No interest should be deducted in lieu of notice; depositors are entitled to interest up to the end of the last calendar month completed at the date of withdrawal, whether they give notice or we dispense with it.

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## RULES AND REGULATIONS

### *Cross Entries*

84 No cross entries are permitted in the Deposit or Savings Bank Ledgers without an entry in the Journal or Cash Book, under the authority of the Manager or Accountant.

### *Change of Ledger-keepers*

85 During two complete months of the year—chosen at random, and separated by an interval from each other—the Savings Bank Ledger-keeper should be changed, or the duties temporarily assigned to another, providing the number of officers at the Branch renders such an arrangement possible without interfering with other regulations.

### *Balancing Ledgers*

86 The Deposit Ledger must be balanced on the last day of each month, the Savings Bank Ledger on the 15th or last day of each month, or a few days before if convenient, the balances being entered in the books supplied by Head Office for the purpose.

87 The balances as set out in the Balance Books must be compared with the Ledgers by the Manager or Accountant, or under their supervision, the summations of the Balance Books proved, and the initials of the officer making the comparison placed opposite the sum representing the balances in the General Ledger. The Balance Books must remain in the hands of the officer making this verification from the time the checking is begun until the balance has been proved.

88 No Teller shall assist in this comparison, nor shall the Ledger-keeper assist in the checking of the balances of his own Ledger under this rule, whether such Teller or Ledger-keeper performs the duties of Accountant in addition or not.

89 The officer performing the Teller's duties shall on no account make any entries in the Deposit and Savings Bank Ledgers, nor shall he be permitted to balance or assist in the checking of these Ledgers.

## RULES AND REGULATIONS

### *Deposit Receipts*

90 When a book of deposit receipt forms is received, the numbers of the forms should at once be entered in consecutive order in the Deposit Receipt Register. The book of forms is to be placed in the burglar-proof safe over night.

91 In dealing with deposit receipts it should be remembered that a receipt containing a promise to pay money may be in law a promissory note unless it is declared to be not negotiable or not transferable. No receipt should be issued in such a form that it might be a negotiable instrument.

92 Every deposit receipt issued must be entered in the Register provided for the purpose before being signed, and the Manager's initials must be placed opposite the amount, both in the Register and on the counterfoil.

93 To ensure future identification, a specimen should be taken of the signature of every person obtaining a deposit receipt.

94 Paid deposit receipts, after being checked with the Cash Book, and deposit receipts which have been cancelled without being issued, should be pasted on their counterfoils. On no account must any deposit receipt form be destroyed.

95 After payment of a deposit receipt, the amount of interest is to be added to the principal, and the total sum, expressed in words, together with the date of payment, written in ink across the face of the receipt, the signatures of the officers who signed the receipt being at the same time carefully defaced.

96 Calculations of interest on receipts must be checked by the Accountant or another experienced officer prior to payment, and the depositor's endorsement on the receipt must be compared with the specimen of his signature, the comparison being attested by the initials of the officer making it.

## RULES AND REGULATIONS

97 In the event of a depositor losing his receipt, he must, before payment is made by the Bank, provide the customary bond—executed by one or more responsible persons—for double the amount of the sum deposited. It will be observed that it is not, under any circumstances, necessary to issue a *duplicate* deposit receipt.

98 The payment of a deposit receipt by any Branch other than that where the receipt was issued, without the authority of the latter, involves risk, and should not be done without a proper indemnity. (See rules of the Canadian Bankers' Association respecting endorsements, Supplement "C").

The foregoing instructions regarding Deposit Receipts apply equally to non-negotiable Certificates of Deposit where such are in use, except in respect to interest.

### *Unclaimed Balances*

99 Immediately before the close of each calendar year all balances which stand in the books of the Branch which must be included in the return to the Government called for in Section 88 of the Bank Act, should be transferred to Head Office, the total only being entered in "Branch Clearings" account. It must be borne in mind that Savings Bank Accounts, Deposit Receipts, Certificates of Deposit and Unpaid Drafts come within the terms of that Section equally with balances in Current Accounts. Small balances representing interest entries only should not be transferred to Head Office, but should be credited back to "Interest" account.

100 There shall be kept at the end of the Deposit Ledger at each branch a record of all amounts transferred to Head Office as "Unclaimed Balances," or retransferred to the branch by Head Office, including outstanding cheques, cash over, etc. All such accounts should be entered in the index of the current Deposit Ledger as if open on the books of the Branch. Full particulars should be given, and the details of the record must be carried into each new Deposit Ledger which is opened, so that at any time a complete list of unclaimed balances may be readily obtainable.

## RULES AND REGULATIONS

101 Where the person entitled to receive a balance which has been transferred to Head Office, claims it, the amount should be debited to Head Office and re-credited to the customer in the books of the Branch. It is then subject to withdrawal in the usual way.

### *Powers of Attorney, Letters of Probate and Administration, etc.*

102 Powers of Attorney, as far as possible, should be executed on the Bank's approved forms. They should be numbered in the order of their receipt, and entered by the Manager or Accountant in the Register provided for the purpose.

103 The original of any Power of Attorney must be permanently lodged with the Bank, unless it has been filed in a city or county Registry Office, in which case a copy certified under the hand and official seal of the Registrar may be accepted.

104 When an instrument is executed before a Notary Public in the Province of Quebec, and the original left on record in his office, a copy certified by the same Notary is in order. A Notary in the Province of Quebec is a public officer authorized to act as a depositary for such documents; but the ordinary certification of a Notary Public in the other Provinces has no special status before the Courts, and no value can be attached to it as a permanent record. A notarial copy of a Power of Attorney or other instrument which remains in private hands should not be accepted.

If any cases arise where a strict adherence to these rules would be unnecessarily severe or inconvenient, they may be referred to Head Office.

105 When a Power of Attorney is revoked the Manager may, if necessary, acknowledge receipt of the notice of revocation; but on no account should a Power of Attorney once lodged with the Bank ever pass out of its possession. Immediately after receipt of the notice of revocation the particulars should be entered in the Register.

## RULES AND REGULATIONS

106 Powers of Attorney given by a firm should be signed by each of the partners.

107 A Power of Attorney should not be witnessed by the person in whose favour it is drawn.

108 Care should be taken to procure properly certified copies of the by-laws or resolutions authorizing officials to sign for incorporated companies. These should be entered in the Register in the same manner as the Powers of Attorney, under a heading raised for the purpose.

109 The particulars regarding any Power of Attorney, or any by-law authorizing officers of incorporated companies to sign for such companies, lodged with the Bank, shall also be entered in the Ledger, stating date when granted, name of person authorized to sign, extent of the power and limitations placed upon its use, if any. This information shall be entered at the commencement of the account in each Ledger, or at the head of the page covering the date when the documents are received or changed, by the Manager or Accountant, whose duty it will be to cancel the entry in the event of the power being revoked. While the original entry in each Ledger must be made by the Manager or Accountant, the particulars may be carried forward from page to page by the Ledger-keeper.

110 The exhibition of Letters of Probate or Letters of Administration issued by a Surrogate Court in Ontario, is all that is necessary to entitle the Executors or Administrators of a deceased depositor to deal with moneys held on his account by the Bank. The usual and convenient course is to deposit a copy of the Letters certified under the seal of the Court. If the parties refuse to furnish a copy, one should be made in the office and compared with the original, the fact of the comparison being certified on the copy by the Manager.

The Registrar of the Surrogate Court will furnish at a cost of fifty cents a short certificate under seal, setting out the fact of the appointment of executors or administrators. Such a certificate may be accepted for lodgment.



## RULES AND REGULATIONS

**NOTE.**—This rule does not apply to the Branches outside of Ontario, who will be guided in such matters by their Solicitors. Nor does it apply to transfers of the Stock of the Bank, which the Board of Directors has by law power to regulate.

111 In the case of Letters of Probate and the like, issued out of Ontario but dealing with property within that Province, the lodgment of a copy certified under the seal of the Court is necessary, but before acting on such documents as these, they should be referred to Head Office.

### I—CASH, TELLER, ETC.

112 The cash in the Treasury shall be kept in the joint custody of the Manager and Accountant, each of whom shall have the exclusive control of one of the keys or combinations of the Treasury compartment, as provided for in paragraph 212, and on no account whatever shall either officer entrust the other with his key or combination.

All transfers of cash to and from the Treasury must be duly recorded and initialled in the Treasury Book.

113 The Manager must examine the Teller's cash at the close of business each day, checking off the items in the Cash Statement Book, verifying the amount of commissions received by the Teller on cash items sent into other Banks, and certifying to the examination by placing his initials against the balance, the correctness of the same having been ascertained by comparison with the Cash Book. He will then see that the cash is placed in the Teller's box and locked up in the safe. At least twice in each month, on days selected by the Manager, this examination should be in detail, when the Manager should verify by actual count that the amount of money and cash items or other components shown in the Cash Statement Book is on hand. Care should be taken to avoid falling into any fixed habit with regard to the selection of the days, and the examination should occasionally be made more frequently than twice in the month.

## RULES AND REGULATIONS

114 Every deficiency in the Teller's cash in excess of \$20 must be reported to the General Manager, whether it is made good immediately or not.

115 Deficiencies in the Teller's cash must not be charged to a "Cash Short" account; and no such account shall be kept.

116 When there is a surplus in the Teller's cash, if the error is not discovered within three days the amount shall then be credited to an account called "Cash Over" account. No debits shall be made in this account without the permission of Head Office.

117 The Teller's cash chest shall have two locks; the key of one to be kept by the Manager, the key of the other by the Teller.

118 The Teller must not permit any officer to enter his telling box except the Manager and the officer who may be authorized under paragraph 128 to make up money parcels with the Teller. The door of the box shall close with a spring, and be provided with a spring lock opening on the outside with a key. The Teller must not leave his box during business hours unless under absolute necessity, and then only when someone is on guard.

119 Tellers will be held personally responsible for the safe custody of revolvers with which they are supplied. These must be kept on the counter during the day and cleaned every few months.

120 No unpaid note, draft or acceptance, shall be held as part of the Teller's cash over night; nothing shall be held as cash, except such items as may be properly entered under some heading of the "Specification of Cash on Hand" in the Monthly Return. American currency and money orders may be regarded as "Notes of and Cheques on other Banks." The holding of cheques drawn by officers of the Bank on this or another Bank is forbidden, unless they are marked good by the Bank on which they are drawn. Tellers

## RULES AND REGULATIONS

are not permitted to hold over cheques received from customers or others, or to cash drafts drawn by officers of the Bank, without the Manager's express sanction.

121 Packages of silver deposited by customers and initialled by them must be counted within a reasonable time, and should not be paid out until this has been done.

122 Tellers must be careful not to receive from the public gold or silver which is mutilated or worn to any considerable extent.

123 As light gold coin, although passing current, is not available for exchange with the Receiver General, it should be utilized for payments across the counter where gold is asked for or is acceptable.

124 The Teller's stamp, showing the date of payment, must be impressed on all debit vouchers and branch drafts at the time of payment. The final cancellation by means of a perforating stamp must take place only after comparison of the vouchers with the Cash Book.

125 The Teller must keep the cash in his custody carefully assorted; the notes of various Banks under their respective names and denominations, the specie according to its kind, etc. In this way his cash will always be in a condition to be inspected or handed over to another officer.

126 Notes of other Banks not redeemed locally must not be allowed to accumulate in the Teller's cash. Parcels should be made up whenever the notes to be despatched to any one point amount to ~~\$1,000~~<sup>500</sup> or over, but parcels need not be made up on Saturday, and as far as possible it should be arranged that they should not reach the receiving office on that day. In remitting foreign notes, the notes of each Bank must be kept separate. Gold coin, other than British and American, is to be transmitted to Toronto, Montreal, or New York from time to time for sale.

127 The Teller will prepare all money parcels, making out the necessary specification, which should

## RULES AND REGULATIONS

be written in copying ink; the Accountant and a clerk (or if the Accountant is engaged with more important duties, two clerks), will then, *in the presence of each other*, count and seal up the parcel, using two thicknesses of wrapping paper, *initial the specification*—of which a press copy is to be kept—and see that a receipt is obtained from a duly authorized employee of the Express Company or the Post-office. The officers employed to count and seal up the parcels must be able, each for himself, to make oath as to the sum enclosed.

128 Where it is more convenient for the Teller to be one of the two officers to undertake the sealing and despatch of the parcel, it will be sufficient for the Accountant or another *senior* officer to count and seal it up after its preparation by the Teller, *in his presence*. In such case the Teller and this officer will jointly retain the custody of the parcel until they together deliver it to the Express Company or Post-office. If it is inconvenient for the Teller to deliver the parcel another officer may be deputed to take his place, the Teller in the meantime retaining the seal. This rule is to be so observed that in case of loss or dispute evidence will be forthcoming from not less than two officers as to the contents of every parcel despatched from the Branch.

129 The special seal with which each Branch has been furnished must be used for the sealing of remittances of money, and of debentures or other securities payable to bearer. The Manager or Accountant shall have the custody of the seal and when not in use, it must be kept under lock and key.

130 When a parcel is delivered by the Express Company or Post-office the seals should be carefully examined before a receipt is given; and if they are broken to such an extent as to warrant the supposition that the package has been tampered with, it should be opened without injury to the seals and counted by two officers, if possible in the presence of the person by whom it is delivered.

It is to be noted that the contract of indemnity which we have from the Express Company for parcels

## RULES AND REGULATIONS

entrusted to it usually ceases when tender of delivery by the Company has been made at the proper time, in a proper place and to a proper officer of the Bank; and the Company would only be liable thereafter for the ordinary care of a bailee. It is therefore important that no parcel should be refused when tendered, if proper care can be taken of it by the officers to whom it is tendered. If, however, the safe or vault has a time lock which is closed at the time the parcel is tendered, or if the safe cannot be opened because the officers in charge of the locks have left for the day, then delivery should not be taken.

131 It is the duty of the Manager or of the Accountant, when the latter is duly appointed, to see that advice of all remittances of cash is promptly sent and an acknowledgment duly received. Such Manager or Accountant shall have the custody of the Express Company's and the Post-office receipt books, and must satisfy himself that the person signing any receipt is duly authorized to do so.

132 Parcels of money to be despatched by mail or express, or to be deposited with other Banks, must invariably be taken out by two officers. At Branches where the staff consists of three officers only this duty must be performed before or after banking hours.

133 No parcel for deposit with another Bank shall be sent out unsealed.

134 Express parcels should not be delivered to the Agent or other official of the Express Company except in the Company's office.

135 From day to day all soiled, thin and mutilated notes must be removed from those which are to be re-issued; this is a very important duty, and the Manager should see that it is performed with judgment and thoroughness.

136 Unissuable notes sent to Toronto for destruction should be straightened out, turned all one way, and put up as neatly as possible. ~~Fives and tens should be sent forward in complete bundles only.~~ The issuable

## RULES AND REGULATIONS

notes should be carefully smoothed out, the corners straightened, etc., the packages of hundreds being tied with a fine string, tightly enough to keep the bundle in neat shape without injuring the edges of the notes.

137 When a note of the Bank, so mutilated as not to be reasonably entire, is presented for payment, it must first be referred to Head Office, accompanied, if possible, by a statutory declaration, drawn up by the Manager or Accountant and signed by the owner or other person having knowledge of the facts, stating how the note was mutilated and what has become of the missing portions. If other people besides the owner were present at the time of mutilation their verification of the statement should be obtained in writing. What is needed is a reasonable amount of direct evidence that the missing portions of the bill have actually been destroyed. Without some proof of this kind mutilated notes cannot be redeemed at their face value.

138 Tellers must keep a record of the amount of the Bank's notes paid out each day. The notes sent to other Branches should not, of course, be included. The managers should see that the system adopted for keeping this record is such as to ensure accuracy.

139 Unissuable or soiled notes of the Dominion of Canada (Legal Tenders), transmitted for redemption, must not be intermixed with notes which are perfectly whole and comparatively clean.

140 All Branches requiring new supplies or having surplus stocks of notes of the Bank, legal tenders, silver, or British or American gold of standard weight in excess of a few hundred dollars, must fill out one of the requisition and notification forms provided for the purpose, and forward it to Head Office, or, in the case of the Western Branches, to Winnipeg or Vancouver, as the case may be.

141 In the case of Branches having surplus moneys, after the first advice has been sent to the supply office,

## RULES AND REGULATIONS

a fresh advice, with corrected figures, should be sent on the Monday of each week, until the desired relief has been obtained. Should the surplus supply become exhausted by the ordinary business of the Branch, the supply office should be notified of the fact at once.

142 When a supply is required, the latest day on which it should reach the Branch must be noted in the space allotted for that purpose ; and, where possible, *two or more clear days' notice should be given*, so that the order may be filled at the least expense to the Bank. This, however, is not intended to debar Branches from ordering supplies by wire in cases of emergency.

143 Express, postage and insurance charges on all money parcels will be borne by the remitting office, except in the case of parcels ordered by the receiving office, when these charges will be paid by the latter.

144 The attention of officers of the Bank is directed to the clause of the Bank Act respecting Counterfeit Notes, which reads as follows :

“ . . . . Every officer of a Bank doing business in Canada shall stamp or write in plain letters the word ‘ Counterfeit,’ ‘ Altered,’ or ‘ Worthless,’ upon every counterfeit or fraudulent note issued in the form of a Dominion or Bank Note, and intended to circulate as money, which is presented to him at his place of business ; and if such officer or person wrongfully stamps any genuine note, he shall, upon presentment, redeem it at the face value thereof.”

145 Dividend Warrants of the Bank, when paid, should be entered on a list, debited in total to Head Office, and forwarded with the “ Branch Clearings ” account in which they are advised. They are addressed to “ The Tellers of The Canadian Bank of Commerce,” and should, therefore, be properly cancelled at the time of payment in precisely the same manner as if they were cheques drawn upon the Branch at which they are cashed.

## RULES AND REGULATIONS

### J - DRAFTS, REMITTANCES, CREDITS, ETC.

146 On receiving from Head Office a book of draft forms, money orders or sterling bills on London, the forms should be immediately counted and acknowledged to the Stationery Department. The numbers of each book should be entered as No. — to — on a page in the Securities Register and when a book is brought into use it should be ruled out. Deposit Receipt forms should also be counted and acknowledged in a similar manner, but they should be recorded in detail in the Deposit Receipt Register. All books of these forms, and forms of Letters of Credit, must be placed in the burglar-proof safe over night. Branches sending forms to other offices must advise the Stationery Clerk.

For the purposes of this rule, the duly appointed Accountant, or Acting Accountant, at any Branch is *ex officio* authorized to sign "pro Manager," and at any Branch where there is not a regularly appointed Accountant, the officer next in rank to the Manager has the same authority; but to avoid misunderstanding, as many junior officers are authorized to sign "pro Accountant," special advice is given by circular respecting officers authorized to sign "pro Manager" as well as "pro Accountant."

148 When signing drafts drawn on the Branches or Agents, the Manager must initial the register in the proper column, the book, with the prepared form and application slip, being put before him for that purpose.

149 In filling up drafts the writing for the amount should commence at the extreme left side of the draft form, and the figures for the cents should be written *immediately after the amount*, not at the end of the line. Crosses must not be used to indicate no cents. In the case of sterling drafts the amount in figures should be written thus "~~£40 15 2d~~" and in the body "Forty pounds 4/2." Drafts must not be typewritten, nor should they be issued bearing any alteration whatever.

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145 Dividend Warrants of the Bank, when paid, should be entered on a list, debited in total to Head Office, and forwarded with the “ Branch Clearings ” account in which they are advised. They are addressed to “ The Tellers of The Canadian Bank of Commerce,” and should, therefore, be properly cancelled at the time of payment in precisely the same manner as if they were cheques drawn upon the Branch at which they are cashed.

## RULES AND REGULATIONS

### J—DRAFTS, REMITTANCES, CREDITS, ETC.

146 On receiving from Head Office a book of draft forms, deposit receipts, or sterling bills on London, the forms should be counted and acknowledged to the Stationery Department, and the numbers entered in the front or back of the register as No.— to —. All books of these forms, and forms of Letters of Credit, must be placed in the burglar-proof safe over night. Branches sending forms to other offices must advise the Stationery Clerk.

147 All Drafts, Letters of Credit, and orders for the payment of money must be signed by the Manager or Assistant Manager, or by an officer authorized to sign "pro Manager," and countersigned by the Accountant, or officer authorized to sign "pro Accountant."

For the purposes of this rule, the duly appointed Accountant, or Acting Accountant, at any Branch is *ex officio* authorized to sign "pro Manager," and at any Branch where there is not a regularly appointed Accountant, the officer next in rank to the Manager has the same authority; but to avoid misunderstanding, as many junior officers are authorized to sign "pro Accountant," special advice is given by circular respecting officers authorized to sign "pro Manager" as well as "pro Accountant."

148 When signing drafts drawn on the Branches or Agents, the Manager must initial the register in the proper column, the book, with the prepared form and application slip, being put before him for that purpose.

149 In filling up drafts the writing for the amount should commence at the extreme left side of the draft form, and the figures for the cents should be written *immediately after the amount*, not at the end of the line. Crosses must not be used to indicate no cents. In the case of sterling drafts the amount in figures should be written thus "~~£40 4s 2d~~" and in the body "Forty pounds 4/2." Drafts must not be typewritten, nor should they be issued bearing any alteration whatever.

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151.

All drafts drawn on London, England, branch  
must be advised to the General Manager.

150 All cancelled drafts and money order forms should be initialled for opposite their numbers in the Register by the Manager, or by the Accountant where one is regularly appointed, and carefully retained in his custody in the safe until the following inspection of the branch, when they will be examined and destroyed.

151. At the close of each day's business, or as soon as necessary to take advantage of the first mail, advices must be prepared of all drafts issued and cheques marked at par, for amounts in excess of \$200, *except* in cases where the payee is well known and in good standing at the place of payment. Where the payee is a regular customer of a Bank, or is otherwise generally well known, an advice is not necessary. The advices are to be signed by the Manager or Accountant after comparison, in the case of drafts, with the Register and, in the case of cheques, with the entry in the book used for that purpose, and despatched to the respective Branches or Correspondents. All drafts drawn on or marked payable at the office of another Bank, must be advised to the latter. The Northern Trust Company, Chicago, however, need not be advised regarding drafts not exceeding \$200.

All drafts drawn on London, England, branch must be advised irrespective of the amounts.

~~Amounts exceeding \$200,000~~ the General Manager must be advised in the same way.

153 Advices of drafts drawn are to be entered in the proper register at the Branch receiving them, or placed in order on a file; and all drafts presented must be compared with the advice by the Accountant, and initialled by him, *before* being paid by the Teller. The date of payment should be entered by the Accountant in the register, or, where no register is kept, on the advice itself.

154 When a draft has been lost, notice stopping payment should at once be sent to the Branch on which

RULES AND REGULATIONS

the draft is drawn. Before a duplicate is issued Head Office must be advised regarding the loss of the original, so that payment may be stopped at all the Branches.

Stop Payment Notices of both drafts and cheques are to be retained by the Teller in the envelope supplied for the purpose; the former should be filed alphabetically under the name of the paying branch.

advice. The neglect of these instructions frequently causes much inconvenience to customers and loss of business to the Bank.

In the case of sterling drafts the signatures should be taken in duplicate and the second specimen forwarded by the following mail.

No.....	£.....
Signature.. .....	

156 All official letters establishing or confirming a credit for the payment of money, or advising or confirming a transfer of money without the issue of a draft, must be signed by the Manager and Accountant, or by two officers who are authorized to sign and counter-sign drafts, and no Branch is permitted to act on any advice which may be incomplete in this respect. The amount must be stated both in words and in figures. On no account must a stamped signature be used in signing such letters.

Letters establishing credits should be written on post size paper, and no reference to any other matter should be contained in them.

151.

All drafts drawn on London, England, branch must be advised irrespective of the amounts.

150 Cancelled draft and money order forms are to be entered as cancelled on the daily list of drafts and money orders issued and forwarded to Head Office attached to the list.

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The ad... by the Manager or Accountant... comparison, in the case of drafts, with the Register and, in the case of cheques, with the entry in the book used for that purpose, and despatched to the respective Branches or Correspondents. All drafts drawn on or marked payable at the office of another Bank, must be advised to the latter. The Northern Trust Company, Chicago, however, need not be advised regarding drafts not exceeding \$200.

All drafts drawn on London, England, branch must be advised irrespective of the amounts.

... \$100,000 the General Manager must be advised in the same way.

153 Advices of drafts drawn are to be entered in the proper register at the Branch receiving them, or placed in order on a file; and all drafts presented must be compared with the advice by the Accountant, and initialled by him, before being paid by the Teller. The date of payment should be entered by the Accountant in the register, or, where no register is kept, on the advice itself.

154 When a draft has been lost, notice stopping payment should at once be sent to the Branch on which

RULES AND REGULATIONS

the draft is drawn. Before a duplicate is issued Head Office must be advised regarding the loss of the original, so that payment may be stopped at all the Branches.

A blank book must be kept at each Branch, into which notices of lost drafts, etc., must be copied by the Teller, who must initial the notice with date of his entry, and return it to the proper officer.

155 To facilitate identification of persons who have purchased drafts from the Bank to provide themselves with funds, specimen signatures of the payees should be taken on slips of the following form and attached to the advice. The neglect of these instructions frequently causes much inconvenience to customers and loss of business to the Bank.

In the case of sterling drafts the signatures should be taken in duplicate and the second specimen forwarded by the following mail.

No.....	£.....
Signature.. .....	

156 All official letters establishing or confirming a credit for the payment of money, or advising or confirming a transfer of money without the issue of a draft, must be signed by the Manager and Accountant, or by two officers who are authorized to sign and counter-sign drafts, and no Branch is permitted to act on any advice which may be incomplete in this respect. The amount must be stated both in words and in figures. On no account must a stamped signature be used in signing such letters.

Letters establishing credits should be written on post size paper, and no reference to any other matter should be contained in them.

## RULES AND REGULATIONS

157 Telegraphic advices of transfers must be confirmed by the first mail; to avoid the possibility of the confirmation being inadvertently taken for a separate advice, some such form of words as "we wired you to-day as follows," should be used.

158 In connection with telegraphic transfers to the United States, it is the invariable practice of New York Banks to receive money without responsibility, beyond crediting the amount to the account of the Bank through which the payment is made, and advising the same by wire. They do not in any way guarantee that the money will be paid by their correspondents to the persons entitled thereto. Managers undertaking business of this kind should be careful to protect the Bank from responsibility in this respect.

159 All remittances of \$25,000 or over, to any Branch at a point where there is a Clearing-House, should be advised by wire at the expense of the Branch to which the remittance is being sent. This, of course, does not apply to remittances of cheques, etc., drawn on any Branch.

160 When cheques or drafts on other Banks are sent to Branches where there are Clearing-Houses, the cheque lists should quote the names of the Banks upon which they are drawn, as that facilitates the making up of the bank deposits immediately after receipt of the letters.

### K—STERLING EXCHANGE BUSINESS, LETTERS OF CREDIT, ETC.

161 Sterling bills purchased or sold by Branches which do not keep direct accounts with the London, Eng., Office, will be charged or credited to the Montreal Branch at the rates quoted in the daily bulletin from that office; these rates will be made as close as possible, and each Branch should look for a reasonable profit for itself.

162 Drafts drawn by the Bank of Scotland or the London, Eng., office, on Branches not keeping direct accounts with these offices, should be forwarded on payment at debit of the Montreal Branch.

## RULES AND REGULATIONS

163 Branches in Ontario, other than those authorized to issue sterling Letters of Credit, must send applications for credits to the Toronto Branch, with a copy of the customer's application on the proper form, the original thereof being retained at the Branch. Branches in British Columbia should apply to the Inspector at Vancouver; branches in Manitoba or the North-West Territories to the Winnipeg office.

164 Whenever the amount of the credit applied for exceeds £200 or \$1,000, ~~advice of the forwarding of the application is to be sent to Head Office, together with information as to the security on which the issue of the credit is to be based.~~ *in a discount account*

165 On transactions under these credits passing through their hands the Toronto, Winnipeg or Vancouver Branches, as the case may be, will be entitled to receive, in addition to the actual cost of providing cover,  $\frac{1}{4}$  of one per cent. The profit on the exchange and the balance of the commission will accrue to the Branches at which the credits originate. In the case of sterling credits the Branches must see that they charge their customers, in addition to the commission, the full selling counter rate for cable transfers.

166 No Credits should be issued to strangers unless they are introduced and identified by respectable persons well known to the Bank.

### L—DISCOUNT AND COLLECTION BUSINESS, TREATMENT OF BILLS, SECURITIES, ETC.

#### *Registration and Custody of Bills*

167 Every bill lodged with the Bank, whether for discount, collection or otherwise, shall be registered under a number before the business of the day is over, so that no unrecorded bill may be placed at night in the Bank's safe.

168 The cases containing the bills, which must be in the custody of the Manager, or the Accountant when



## RULES AND REGULATIONS

the latter has been regularly appointed, are to be placed over night in the Treasury, or in a similar compartment provided with two keys or combinations.

169 In the smaller offices of the Bank the loan bills, trade bills, local collection bills, and collateral bills must be taken over by the Manager from the clerk at least every second day; and at the larger offices not less often than twice in each week.

### *Casual Loans*

170 The proceeds of paper discounted, when not paid through a customer's account, must only be paid on a voucher on the Bank's regular form signed by the Manager or Accountant and by another officer, usually the Discount Clerk.

### *Balancing Discount Diary*

171 The Discount Diary must be balanced with the figures of the loans and trade bills in the General Ledger, at least once a month.

### *Bills Sent for Collection*

172 No bill of any kind shall be despatched from any Branch with marks or calculations left upon it indicating the commission charged.

173 In discounting bills payable after sight, their maturities are to be carefully estimated, and full time allowed for procuring acceptance.

174 All drafts cashed and remitted that are payable one or more days after sight or date, are to be treated as trade bills remitted. Sight drafts for more than \$100 drawn on points which cannot be reached by mail within twenty-four hours, and all drafts on *any point* which are accompanied with instructions to hold for arrival of goods, must be treated as remitted discounts, and, if of \$400 or over, must so appear in

## RULES AND REGULATIONS

the Weekly Return, the probable due date being set far enough ahead to ensure that all bills outstanding at the date of the succeeding Liability Return will be shown among the liabilities of customers. This regulation does not affect the question of the charges on such drafts, which may be covered by the exchange alone, or by exchange and interest, as may be expedient.

175 Drafts against shipments of flour on persons in the Lower Provinces must not under any circumstances be charged to "Cash Items" account.

176 Drafts sent forward for collection with bills of lading or other documents attached, must be accompanied by definite instructions as to whether the latter are to be surrendered on acceptance or held for payment.

177 Managers should arrange with customers to have shipping documents made out in the following form:—

"Notify A—— B—— and 'The Canadian Bank of Commerce' (or any other Bank acting as agent for this Bank) on the arrival of the goods."

This is specially applicable to flour shipments to Montreal and the Maritime Provinces.

178 In forwarding drafts, etc., to Toronto City Branches the street address of the drawee should be obtained if possible. Managers should encourage the practice of having bills specifically addressed to the street and number.

179 Bills must not remain in the hands of correspondents after protest for non-acceptance, unless under special direction of the Manager; and, conversely, the same rule should be applied to all bills held for collection. It should be borne in mind that in some countries bills protested for non-acceptance are held and subsequently protested for non-payment unless instructions are given to the contrary.

180 In order to obviate the possibility of dispute, bills must be recalled by letter or telegram and not by telephone.

## RULES AND REGULATIONS

181 Where the Bank has regular transactions with customers in the way of the discount and collection of bills, the Manager should arrange to obtain the customer's signature to one of the Bank's forms of "Waiver of Protest."

182 In all cases where the Bank discounts or undertakes to collect bills payable in the United States, or at points in Canada where there is no chartered Bank, the manager should be careful to obtain from the customer the usual authority to send the same at his risk to our collecting agents.

Collection bills sent to agents in the United States, proceeds to be remitted to the New York Agency, should be accompanied with instructions that the remittance is to be made "For credit of——Branch."

183 Items should not, as a rule, be sent to private bankers until near maturity; but if they have to be sent forward at once for the purpose of procuring acceptance, they may be left in the private banker's hands until maturity, unless he is known to be financially weak, or the bills are for important amounts. It is recommended that items of \$500 and upwards should usually be sent for acceptance and return, and then retained at the Branch until nearly due.

184 A charge of ten cents may be made by the Branches to other Banks or to other Branches of this Bank:

(a) On bills drawn on parties residing in the larger cities in presenting which use has to be made of the street cars:

(b) On bills which have to be presented for acceptance by mail. (It is always open to the Branches at which such bills originate to make this presentation).

The charge may be made whether or not the collecting Branch is able to procure acceptance of these bills.

185 The Branches should exercise every possible care in connection with documentary sterling bills purchased by them and transmitted to Montreal, to see that

## RULES AND REGULATIONS

the bills and documents are in perfect order. This is important because of the risks involved and also because of the extra trouble imposed on the Montreal and London, Eng., Branches by any irregularity.

186 Every sterling bill with documents should be accompanied by the Bank's regular letter of hypothecation. If the goods are insured on this side, the insurance receipt should be attached; if insured on the other side, the customer should state this in the letter of hypothecation, so as to leave no room for misunderstanding.

187 Sterling bills endorsed in blank require the words, "Pay to the order of The Canadian Bank of Commerce," stamped or written above the last endorsement. If any endorsement is made by procuration, or by rubber stamp, or in any other way than by the endorser's own signature, it should be guaranteed in the usual form over the Manager's signature. The latter provision applies to bills of lading and insurance receipts as well as to bills of exchange.

188 Bills of lading accompanying sterling bills should, as far as possible, be drawn to the order of the shipper. They must be endorsed in blank before they are forwarded, whether they are drawn to the order of the shipper or of the Bank.

189 The usual endorsing stamp should not be impressed upon sterling bills; if it is desirable to place the Branch endorsement on them, it should simply be, "Pay The Canadian Bank of Commerce, ———, or order."

190 When sterling bills purchased are dishonoured they should at once be charged to "Past Due Bills" account, unless they are taken up by the customer immediately on receipt of notice of dishonour.

### *Bills Received for Collection*

191 It is very important that all collection bills should be dealt with *promptly*. They should, whenever possible, be presented on the day they are received, and

## RULES AND REGULATIONS

should always be remitted for on the day of payment. Branches not keeping a direct account with the London, Eng., Branch should advise that office direct by first mail of payment of bills received from them for collection, crediting the proceeds through the Montreal Branch.

192 In returning unaccepted drafts to Branches and correspondents, the reason assigned by the drawee for refusing to accept should always be given when it can be obtained.

193 The form of Notice and Power of Attorney provided for use in the case of bills drawn on persons living at a distance from the Bank should always, in the event of dishonour by non-payment, be retained at the Branch instead of being returned to the owner of the bill. When such a bill is paid the slip may go with it. This form cannot be used by an attorney unless a power of substitution has been granted to him, or by a joint-stock company unless the officers of the Company have been authorized to delegate their authority in this way.

### *Past Due Bills*

194 Before closing the Cash Book each day, loans or discounts unpaid must be charged to "Past Due Bills" account, the cost of protest being debited on return of the bills by the notary.

These instructions must be understood to apply also to bills discounted remitted, sterling bills and cash items, other than cheques, returned for non-acceptance or non-payment, which, if not taken up before the close of the following day, must be placed in "Past Due Bills" account.

195 Bills which have remained in "Cash Items" account for an unduly long time must be charged to "Past Due Bills" account, and shown in the Weekly Return.

196 Managers must be careful to see that no items remain in default at the end of the month, except those which are uncollectible, or which cannot be made current without prejudicing their security or early recovery.

## RULES AND REGULATIONS

### *Notice of Dishonour*

197 When a notice of dishonour is sent direct from a Branch on form 45, care must be taken to preserve proper evidence of its despatch. Proof should be forthcoming that it was deposited in a Post-office with the postage paid on the day on which the note fell due, or on the following business day, addressed to the party at his customary address or place of residence, or at the place at which such bill is dated, unless he has under his signature designated another place. Where an address is specially designated care must be taken to see that it is the proper one, or that it was written by, or by the authority of, the party himself.

### *Registration and Custody of Securities*

198 Bonds, debentures, mortgages, and any other securities—other than warehouse receipts, assignments under Sec. 74 of the Bank Act, and collateral notes—whether pledged as collateral security or lodged for safe-keeping, should be entered under their proper headings in the Securities Register supplied by Head Office. The securities must remain in the custody of the Manager and Accountant, and all negotiable securities must be kept in the Treasury or in a similar compartment provided with two keys or combinations, so that a perfect joint custody may be observed.

### *Bonds, etc., Held or Forwarded for Collection*

199 Bonds, debentures, etc., held, or forwarded to another point for sale or collection of interest, must not be stamped, numbered or otherwise marked, except with a lead pencil. When forwarded for payment at maturity, however, they may be stamped and numbered in the usual way.

200 If it becomes necessary to take charge of locked boxes, sealed packages, etc., which cannot, owing to their size, be conveniently placed in the Treasury compartment, receipt of such boxes or packages must be entered

## RULES AND REGULATIONS

in the Securities Register, and the fact that they are not placed in the Treasury noted opposite the entry. Packages such as envelopes containing papers, should invariably be sealed by the depositor.

201 When deposits are left with the Bank in escrow, Managers should on no account undertake to carry out the terms of the *agreement*. The papers should be sealed in an envelope bearing a superscription that the contents are to be delivered on payment, etc., and setting out the disposition to be made of the packet on default. The person depositing should sign this, and on delivery of the contents they should be receipted for on the envelope.

202 As it is not desirable to accept the charge of securities for safe-keeping, when it can be avoided, it may be well to decline to do so where the owner is a stranger and has no claim upon the Bank, or even when the owner is known, unless it is apparent to the Manager that some advantage direct or indirect will result to the Bank in consequence of assuming the responsibility.

### M—DAILY COMPARISON OF ENTRIES

203 It is the duty of the Manager, either individually or in conjunction with the Accountant, to compare carefully each day all the entries in the Cash Book, Supplementary Cash Book and Journal, with their respective vouchers, examining the regularity of all endorsements on the latter; to compare all credit entries with the registers and other original records; to see that the proper entries have been made in the Cash Book or Journal for all items received or advised in the correspondence, and so far as practicable to see that every credit entry that should have been made is in one of these books; to see that the balances are properly carried forward and the additions and extensions correctly made, and that after comparison all vouchers—both debit and credit—are cancelled with a perforating machine so as to preclude the possibility of their being used a second time. The performance of this duty shall

## RULES AND REGULATIONS

be attested daily by the initials of the Manager placed in the Cash Book opposite the balance to be carried forward.

At Branches where the same officer performs the duties of Accountant and Teller, or where the staff consists of three officers or less, including the Manager, the latter shall, unless otherwise authorized by Head Office, make the comparison referred to in this rule without assistance; in any case the Teller must not take part in the work.

204 It is also the Manager's duty to see that the checking of the General Ledger, Deposit and Savings Bank Ledgers is properly carried out by the officers to whom this portion of the work may be assigned, and that they compare carefully all entries in the Cash Book, Journal, Discount Blotter, etc., with these ledgers.

In making this comparison, all credit entries in the respective Ledgers from the Cash Book, Journal, Blotter, etc., must first be checked before any debit entries are called.

205 The daily comparison with the Cash Book and Journal of entries in the Deposit and Savings Bank Ledgers must be completed before 10 o'clock each morning. The Teller must not take part in this comparison, nor shall the Ledger-keeper be allowed to check his own work.

206 A book must be kept in which must be entered the particulars of discrepancies discovered and of all alterations made by the Ledger-keeper himself. Such alterations must be examined and compared with the book of discrepancies by the officers making the daily comparison of the Deposit, Savings Bank, and General Ledgers.

### *Correction of Errors*

207 The correction, by erasure, of errors in any of the Bank's books or documents is strictly forbidden. When errors occur the wrong entries must be neatly cancelled with pen and ruler, and the corrections made between the lines. *This rule must be rigidly enforced.*



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### N—CHECKING OF CALCULATIONS

208 All calculations of discount, interest, exchange, etc., must be carefully checked by a *senior* officer, who shall initial the Register; and no charge collectible by the Bank shall be waived without the sanction of the Manager, or the officer performing his duties for the time being.

### O—COMBINATION AND TIME LOCKS

209 The custody of the combination and time locks is one of the most important trusts in the Bank. Every officer must understand that he will be held strictly to account for the *intelligent* observance of the following rules, and for the maintenance of the Bank's security as regards any point which may not be covered by the rules.

210 No one outside the Bank should have any information as to the distribution or custody of the various keys and combinations, and for this reason no lock should be opened in the presence of anyone not connected with the Bank, if it can be avoided.

211 No excuse will be admitted by the Board of Directors for any suspension—however temporary—of a strictly divided custody of the Bank's vaults and safes. Such custody must be so regulated that the co-operation of two officers shall at all times be necessary to afford access to either the vault or safe. No officer shall communicate his combination or surrender his key to another, unless such transfer be rendered necessary by his absence or removal, and then in such manner only as shall not impair the absolute division of custody above prescribed.

212 The two senior officers at the Branch shall have custody of the locks on the outer door of the safe (or of the burglar-proof compartment, where such exists), and also of the Treasury compartment, each officer holding one lock. The compartments of the safe must always be kept locked. The safe door should be kept closed during the day, but it need not be kept locked. No departure will be permitted from this rule without the permission of Head Office.

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213 When a combination lock has to be transferred to another officer, no matter for how short a time, it must be immediately re-set. The officer taking over the custody of the lock must understand that observance of this rule is necessary for his own protection. Each officer having charge of a lock is responsible to that extent for what it protects, and it is his duty to see, above all things, that where joint custody is involved it is impossible for the officer in charge of the other lock to learn his numbers. Unless he at once re-sets his lock on taking it over he obviously cannot do this, since the numbers are not in his sole control.

214 When a lock is re-set the numbers must be committed to memory. To ensure correctness of the record for Head Office, the new numbers should be written down before being set. The numbers should be written in pencil, or, if in ink, care must be taken that the writing is not blotted. The record thus made should be that for Head Office, and for no other purpose should a memorandum of the numbers be made in writing.

215 When an officer is opening or re-setting his combination, he must take care that it is *absolutely impossible* for anyone else to overlook what he is doing and so learn his numbers.

216 In the manganese steel safes with which some of the branches are supplied the two combination locks on the main door of the safe are connected with the one set of bolt work, and the operation of either combination will make the necessary connection to enable the safe to be opened. These two locks should both be in the custody of one officer, whenever possible the senior officer at the branch, but should be set on different sets of numbers. All these safes are fitted up with time locks, so that joint custody of the main door can be maintained by its being the duty at locking-up time of the officer next in rank to the Manager to see that the time lock or locks are wound for the proper length of time, and that the safe is then immediately closed and locked up.

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When any interior compartment of such a safe is controlled by one combination lock only, this lock must not be held by the officer in charge of the locks on the main door.

217 Where an officer holding one of the combinations of the cash safe has occasion to leave the office before the cash is put away, he must arrange with one of the senior officers, other than the one responsible for the second combination, or for the time-lock, to see, before leaving the office, that his combination is thrown off.

218 A record must be kept in the Discount or Collection Diary, or, if more convenient, in a separate book, of the hour when each combination on the outer door of the cash safe or safes and on the vault door is thrown off, the time lock set, and the doors closed; this record must be initialled by the officers performing the duty.

219 The combination on the vault door may, where expedient, be held by two officers, provided neither has charge of the key of the inner door of the vault; but whenever this combination is placed in joint custody the envelope covering the numbers must state the fact, or if the combination is afterwards entrusted to a second officer, it must be advised in an official paragraph.

220 The particulars of every officer's combination must be sent to Head Office, and this regulation shall be carried out in the following manner: When an officer has changed the combination of a lock he will enclose the particulars of the new combination (folding the slip of paper so that it would not be possible to decipher the numbers by holding the envelope up to the light) in the envelope provided for that purpose, sealing it with his private seal, and filling in on the face of the envelope the information there called for. He will then send this envelope with the usual form of advice to the General Manager, sealing and mailing his communication in person.

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221 In the case of Branches in British Columbia or on the Pacific Coast, and in Manitoba or the North-West Territories, these particulars are to be sent to the Vancouver and Winnipeg Branches respectively.

222 Combinations must be changed only under instructions from the Manager, and the fact that the advice enclosing the combination has been sent as ordered above, is to be advised by him to the office to which the combination is being sent. If, however, it is the Manager or his substitute who forwards the numbers, a second advice is not necessary. But he must mail the official advice personally.

223 The officer's letter enclosing particulars of the combination and the Manager's relative advice should be forwarded by the same mail.

224 The receipt of the envelope containing particulars of the combination will be acknowledged direct to the officer sending it, and also to the Manager. Unless absolutely necessary, two combinations should not be altered at the same time; the combinations of two important locks, say of the vault and safe doors, should under no circumstances be entrusted to the same mail. Acknowledgment of one should be received before the other is transmitted.

225 When the custody of a combination lock is transferred to an officer who is not thoroughly acquainted with the method of working such locks, the Manager shall see that he is instructed in the manner of opening and shutting the doors and of changing the numbers; and when a lock is re-set by any officer, whether experienced or otherwise, he shall not lock the safe or vault until he has tested the new combination twice or three times with the door open, by throwing the bolts, turning off the lock, and ascertaining that it will open readily on the new numbers. Officers should be instructed to avoid setting or opening combination locks in the presence of any other person.

226 In setting locks a mistake in the number of turns may destroy the security afforded; if, for instance,

## RULES AND REGULATIONS

an extra turn is given in setting the last number the lock will open on the last number alone. Numbers should always be set at least 15 points apart and "shop numbers," as, for instance, "30, 60, 90," "25, 45, 70, 90," etc., must never be used.

227 When a lock becomes deranged, and the services of a workman are required, the Manager will telegraph to Head Office, to the Inspector at Vancouver, or the Inspection Department at Winnipeg, to that effect; but no request of this nature is to be sent to the safe manufacturers direct.

228 No safe workman shall be admitted to the Bank's vaults, by whomsoever sent, unless Head Office, the Inspector at Vancouver, or the Inspection Department at Winnipeg, shall have given advice of his proposed visit and forwarded a specimen of his signature for the purpose of identification. An exception to this rule may be permitted where an expert from New York is sent to repair a time lock, in which case advice sent direct, accompanied by a specimen signature, may be acted upon, but care should be taken to make the identification complete.

229 Some or all of the combination locks should be changed as soon as possible after the visit of a man from a safe manufactory or of a time lock expert.

230 The numbers of every combination lock must be changed at least once in each year.

231 No person whatever, except the Bank's officers having charge of the keys and combinations for the time being, shall have access to the locks on the doors of the vault and safes, unless especially authorized by Head Office.

232 Keys of combination locks, when not in use, must be placed in the Treasury compartment.

233 The duplicate and triplicate keys of the vault and safe shall be deposited for safe-keeping as Head Office may direct, and where any exception to this rule is permitted Head Office, the Inspector at

## RULES AND REGULATIONS

Vancouver, or the Inspection Department at Winnipeg, must be advised in the official correspondence regarding the disposition made of them. The keys must invariably be sealed up by the Manager and Accountant personally, the package bearing a superscription of the following import:—

“ Deposited by the Manager and Accountant of  
“ The Canadian Bank of Commerce, Barrie Branch,  
“ with the Bank of Toronto, 30th April, 1903; to  
“ be given up only on the joint order of the said  
“ Manager and Accountant, or of the two officers at the  
“ Branch acting as Manager and Accountant at the time  
“ of surrender.” A receipt should be prepared beforehand, ready for signature by the Manager of the Bank where the keys are to be deposited, which should expressly state that they will be surrendered only in accordance with the instructions given; and it is the duty of the Manager and Accountant to see that it is properly signed.

234 When keys are lodged with another Bank in the place where the Branch is situated, or delivered to an Express Company for transmission to another point, the package must pass directly from the joint custody of the Manager and Accountant to the said Bank or Express Company.

235 A memorandum showing the particulars of the keys and the place where they are lodged for safe-keeping, must be made in the Securities Register.

236 The following instructions as to the means necessary to keep locks, bolts, safe and vault doors in order, should be duly observed in so far as they relate to each Branch respectively, viz.:

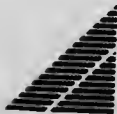
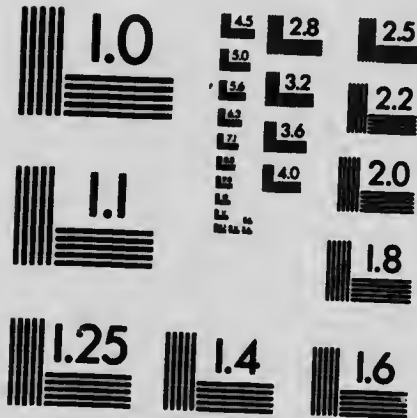
All bolts and lock-bars, and the gearing by which they are moved, should be examined at least once a month, and every appearance of rust cleaned off by using coal oil, care being taken to see that the oil is in turn removed by applying a dry cloth.

All hinges and points subject to heavy friction should be carefully attended to, and oiled as



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often as may be found necessary ; neglect in this particular causes the hinges to cut, and the doors to drop, making it difficult to open or shut them. Holes will be found in the top of each hinge, through which the oil may be applied. No oil of any kind is required on the locks.

237 The Accountant must wind up the time lock in the morning as soon as the door to which it is attached is opened. The lock is to be set for the full time which must elapse until the morning of the next business day, and before leaving the office in the afternoon, it shall be the duty of the Manager to check the number of hours the movement has still to run, to put up the lever, and to see that the door is then closed. If the Manager is obliged to be away from the office at locking-up time, he must specifically depute this duty to some officer other than the Accountant. It is the intention of this rule to provide that two officers shall be jointly responsible for the proper operation of the time lock, and it is the duty of each one to see that the other does not have it in his power, by failing to wind up the movement for the full time, or by omitting to raise the lever, or by any other means, to render it possible to open the door before the proper time.

At offices supplied with time-locks without the lever attachment, the locks must not be wound up until locking-up time.

## P—SUNDRY REGULATIONS

### *Repairs to Bank Premises, Furniture, Etc.*

238 Expenditures on Bank premises and furniture must not be debited to "Charges" account. Where outlays authorized in this connection are of a casual nature they should be debited to Head Office at once ; but where important alterations or improvements in premises or furniture are undertaken, the cost should be debited to an account in the General Ledger until the

## RULES AND REGULATIONS

work is complete, and then charged to Head Office. No expenditure of an important amount should be undertaken without authority from Head Office.

### *Charges Account*

239 All vouchers representing items of expenditure must be initialled by the Manager or Accountant before being paid, and the accounts or other vouchers should, as far as practicable, be receipted by the person to whom the money is paid.

240 All expenditures of a special nature, such as donations, subscriptions, outlays for repairs and furnishings of any moment, etc., must first be referred to Head Office. The Bank's medals should as far as possible take the place of cash subscriptions to agricultural societies.

### *Old Books and Vouchers*

241 Old books and vouchers must not be put away in any place where they would be exposed to injury in case of fire.

242 In forwarding old books and vouchers to Head Office, or to the Inspector at Vancouver, Managers or Accountants must see that the officers having charge of the work of putting them up follow closely the card of instructions specially furnished in the matter. Lack of attention to this rule causes a great deal of inconvenience and loss of time.

### *Stationery*

243 All stationery required for the use of the Branches must be ordered from the Stationery Department, unless otherwise authorized by Head Office. Requisitions should be sent twice a year only, for a six months' supply at a time. The forms are constantly changing, and in order to avoid waste, care must be exercised to ascertain requirements as closely as possible; the margin left should be only such as to obviate the necessity of repeat orders. The Manager should carefully revise all orders for stationery before forwarding them to Head Office.

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244 The stationery on hand at the Branch must be in the custody of the Accountant, and must be kept carefully assorted in drawers or presses under lock and key.

245 The book of sample forms of stationery authorized by Head Office must be kept carefully entered up as each new form is received.

246 All special cheque forms required by the Bank's customers should, as far as possible, be prepared in the Stationery Department, and printed on the Bank's special safety paper.

### *Charge of Bank Office*

247 The office must never be left, even temporarily, in charge of one officer during business hours. In the small Branches, where this rule causes inconvenience at mid-day, Head Office will on application authorize the closing of the office for a short time each day.

248 Under no circumstances must any of the Bank's books be left between the outer and inner doors of the vault over night.

249 The Manager must provide for a regular and careful examination on each Sunday and holiday, of the exterior of the vault, and of the cellar or basement underneath the office, by one or more officers of the Branch, who will attest the performance of the duty by signing a record thereof in a book to be kept for the purpose.

*"Notice to Tellers," and "Notice to Ledger-Keepers."*

250 The cards of "Notice to Tellers," and "Notice to Ledger-keepers" must be hung up in the respective compartments of the officers mentioned.

### *Manager's Diary*

251 Managers are desired to make a point of entering in their diary a note of every matter the discussion of

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which with Head Office has been deferred until some stated time, the date of the expiry of each authorized credit, requests of Head Office to report on the condition of accounts, etc. It would be well to make entries for the following matters in red ink, in order to distinguish them as items to be carried forward from year to year:

Dates of officers' departure on furlough.

Dates of civic holidays when fixed.

### *Branch Advertisements*

252 Before any engagement regarding advertising is entered into at any Branch, the proposed advertisement must be submitted to Head Office for approval. Branches under the supervision of the Inspector at Vancouver should obtain his approval.

## RULES AND REGULATIONS

### SECTION II

#### RULES GOVERNING OFFICERS

253 The following by-laws have been adopted by the Board of Directors :

**By-Law 11**—Every person in the employ of the Bank, but intending to leave the same, shall give the Bank three months' notice in writing of his intention; and it shall be competent for the Board of Directors to put an end to the engagement of any person in the employ of the Bank, either by giving him three months' notice in writing to that effect, or by paying him a sum of money equal to three months' salary in lieu of such notice. In case of misconduct, however, on the part of any person in the employ of the Bank, the Board of Directors may summarily dismiss the person guilty of such misconduct without any previous notice; and in such case the salary of the person dismissed shall be paid up to the time of dismissal only, unless he be also a defaulter, or be otherwise indebted to the Bank, in which case any balance due to him for salary, or otherwise, shall be placed to the credit of his debt.

**By-Law 12**—No person in the employ of the Bank shall be allowed to enter into any trade, mercantile or other business, agency, or office whatever, either in his own or another name; nor shall he become a party to any negotiable paper, or give or enter into any personal security whatever, other than his security to the Bank, unless the recorded consent of the Board of Directors shall have been first obtained.

No person in the employ of the Bank shall either directly or indirectly take or receive any per-

## RULES AND REGULATIONS

quisite, reward, fee, or emolument, other than his salary, and any such further remuneration as the Board of Directors may authorize.

254 Before the appointment of a junior clerk is confirmed he will be required to satisfy Head Office, by undergoing a medical examination, that he is in good health and likely to be able to qualify for admission to the Pension Fund when he reaches the age of twenty-five. The expense of this medical examination is to be borne by the officer himself, and the report of his own physician may be accepted.

### *Early Marriage of Officers*

255 The early marriage of junior officers prevents those frequent removals necessary for the training and promotion of young men, by making the change inconvenient to the officer or unduly expensive to the Bank. In addition to this, a married clerk on a small salary has either to live in a manner unbecoming his position, or else incur debt. Either alternative is injurious to the Bank, the latter especially so, while an undue measure of private, financial or other engrossing cares, also materially interferes with an officer's ability to discharge efficiently the duties of his position. Any officer who is unfitted for the duties devolving upon him, either from the causes indicated or for other reasons, will not be retained in the Bank's employment, and no officer who assumes untimely and imprudent obligations should expect any special consideration from the Bank. These considerations have led the Board of Directors to adopt the following rule: Any officer marrying, who is in receipt of a salary of less than \$1,000 per annum, will be liable to dismissal from the service, unless the approval of Head Office is first obtained.

### *Officers not to Engage in Politics*

256 It is imperative that every officer shall abstain from political partisanship, this being calculated to produce results more or less injurious to the Bank. It is not intended hereby to endeavour to control the opinions of

## RULES AND REGULATIONS

any officer, or to prevent him from recording his vote for the candidate or party he prefers, if he thinks proper so to do.

If the circumstances warrant it, permission will be accorded by Head Office to officers to serve as members of Municipal Councils, School Boards, etc., if elected by acclamation, but no officer will be permitted to engage in or be a party to a contest for any such seat or office.

### *Personal Conduct of Officers*

257 In the event of any officer becoming involved in debt, resorting to gaming houses or billiard rooms, or engaging in stock or other speculations, he shall be dismissed from the Bank's service.

### *Postage*

258 Officers must pay their own postage and telegraph charges.

### *Officers' Accounts*

259 No officer under the rank of Manager shall keep an account with the Bank in the Deposit Ledger except with the sanction of Head Office.

Managers shall not overdraw their accounts or otherwise borrow from the Bank without first obtaining permission from Head Office.

No officer of the Bank shall borrow from or keep a current account with any other Bank or banker except with the sanction of Head Office.

allow interest to officers at the special rate is \$2,500. All deposits in excess of this amount will bear interest at the ordinary current rate at the Branch.

261 Officers in receipt of a salary of \$1,000 and upwards are permitted to issue a moderate number of cheques on their Savings Bank account. Except with

## RULES AND REGULATIONS

the sanction of Head Office, no other departure shall be allowed in connection with the Savings Bank accounts of officers from the rule contained at paragraph 75.

262 No officer shall make any entry in his own account, or initial or mark "good" his own receipt for a withdrawal from the Savings Bank. In connection with the accounts of Savings Bank Ledger-keepers, these duties shall be performed by the Manager or Accountant.

### *Removal of Officers to Another Branch*

263 When an officer is removed from one Branch of the Bank to be *regularly attached* to the staff of another, the Bank will defray all reasonable expenses incurred in the removal, including, if necessary, two or three days' living expenses at an hotel while the officer is seeking permanent lodgings. The amount charged must, of course, not exceed the actual outlay.

Where in consequence of inability to procure a house a married officer on his removal to another Branch has for a time to live with his family at an hotel, an allowance will be made to cover the expense necessarily incurred thereby *in excess* of what his house-keeping expenses would have been, provided it is made clear that no tolerably suitable house was obtainable. Such a condition however being exceptional, Head Office should be apprised thereof without unnecessary delay.

In case an officer ordered for duty elsewhere has engaged a room by the month, the cost of the room for the unexpired portion of the month may be charged to the Bank.

264 Accounts for moving expenses which include freight charges on household furniture, or any items out of the ordinary, must be referred to Head Office before being paid. Under ordinary circumstances the Bank will bear the whole of any reasonable expenses actually incurred by an officer in moving his family and effects, but it must be distinctly understood that it is not in any way intended that new furnishings should be bought at the expense of the Bank. Any carpets or other furnishings



## RULES AND REGULATIONS

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Office. Every officer of the Bank shall keep a current account with the Bank, and not with any other Bank or Banker, except with the sanction of Head Office.

Managers should encourage officers to keep their savings in the Savings Bank Department, and on such deposits a special rate of interest will be allowed, to be determined from time to time by Head Office.

The maximum amount upon which the Bank will allow interest to officers at the special rate is \$2,500. All deposits in excess of this amount will bear interest at the ordinary current rate at the Branch.

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## RULES AND REGULATIONS

which an officer may consider it necessary to buy in consequence of his change of residence must be provided at his own cost, but whenever blinds, carpets, etc., which were in use have to be actually discarded, or when damage to furniture occurs in transit, the General Management will be ready to consider the question of a special allowance to cover a loss thus caused. In any case where this rule appears to work unfairly, the circumstances may be brought to the attention of Head Office.

265 If an officer who is sent to a Branch to *relieve*, remains attached to the staff of the Branch from which he is moved, the Bank will pay the expenses of removing referred to above, and will also bear whatever extra charge he is put to in regard to his living expenses as compared with the cost of living at the place where he was last regularly stationed. But if he is definitely detached from the staff of the Branch he was last at, only the expenses indicated in paragraph 263 will be allowed. This rule, however, is not to apply to Montreal or New York. The cases of clerks relieving at those offices will be specially dealt with from year to year, and any other cases where the rule seems to work unfairly may be referred to Head Office.

266 The salary of an officer removing will be paid up to and including the day of his departure, and the Manager will advise the Branch to which he is going as to the rate of his salary, the amount of his contributions to the Pension Fund, and the date to which the same have been paid. In the case of officers stationed at the Northern Branches leaving for the outside all allowances in excess of \$300 per annum, including those covering board, will cease from the date upon which the officer leaves the Branch. This regulation applies in the case of either a temporary or permanent absence from the Branch.

267 When officers are moved from one Branch to another, no delay in proceeding to their destination will be permitted without the sanction of Head Office, or of the Inspector at Vancouver in the case of the Branches under his supervision.

## RULES AND REGULATIONS

### *Furloughs*

The furlough year commences on 1st December. Every officer in the service is entitled to an annual furlough of two weeks if taken between 1st May and 1st December, and three weeks if taken between 1st December and 1st May. These furloughs must be taken at such time as may be fixed by Head Office in each case, or by the Superintendent at Vancouver in the case of officers stationed at the branches under his supervision. It is obligatory on every officer in the service to take this annual furlough.

Advice of the date on which each officer will leave on furlough should reach Head Office or the Inspector at Vancouver two or three days before his departure.

### *Communications to the General Manager*

269 Officers below the rank of Manager must not address the General Manager direct. All communications must be sent through the Managers, who shall forward them with their recommendations.

### *Handwriting of Officers*

270 Pains must be taken by the officers to avoid a careless and illegible style of writing, and a slovenly and unbusiness-like manner of making up returns and statements. In arranging for promotions considerable weight is attached to an officer's qualifications in this respect, and, other claims being equal, one who writes plainly and legibly will obtain the preference, while a marked deficiency may prove an insuperable barrier to an officer's advancement. Every officer should cultivate a readable signature and distinct initials. Managers and Accountants must take special pains to correct

## RULES AND REGULATIONS

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If any officer whose regular Canadian domicile is in a district remote from the Branch at which he is stationed, demands his furlough in visiting his home, his leave may be extended by the length of time *necessarily* occupied travelling.

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## RULES AND REGULATIONS

the handwriting of the younger officers under them, and to see that, when necessary, daily practice is resorted to with a view to improvement. Copy books to serve as a model will be supplied by Head Office.

### *Officers' Pension Fund*

271 The expenses of officers in connection with examination for admission to the Pension Fund may be debited to Head Office. (For rules regarding the Pension Fund see Supplement "B.")

### *Letters of Recommendation*

272 Managers should not give letters of recommendation to officers who are leaving, or who have left, the service of the Bank. Matters of this kind must be referred to Head Office.

## RULES AND REGULATIONS

### SECTION III

#### INSTRUCTIONS TO MANAGERS RESPECTING THE CONDUCT OF DISCOUNT BUSINESS.

##### *Annual Revision of Discount Credits*

273 Managers are accorded authority to make advances up to \$2,000 on their own responsibility, but before making advances in excess of this amount, either by way of loans or the discount of trade bills, an application should be submitted to Head Office for the necessary credit. It is not intended to draw a hard and fast line in cases where time does not permit of a reference beforehand to Head Office, but where larger advances are made on the Manager's own responsibility justification for his action must depend on the judgment shown in the particular matter.

Where a Manager is called upon to make advances without previous reference to Head Office, the transaction should be immediately recorded in the official correspondence and confirmation asked.

274 It is essential to the proper administration of the discount business of the Bank that all business which is conducted under a regular credit should be brought under review at a regular period in each year, and that every important account should be managed upon lines definitely approved by Head Office at such intervals.

275 Every credit authorized by Head Office expires one year from the date of its authorization, unless it is specifically granted for a shorter or longer period; and unless the credit is renewed, transactions with a customer thereafter must be regarded as carried on upon the Manager's responsibility.

276 The Manager's diary, specially provided for use in this connection, should be kept written up from the Head Office correspondence, each advice of the



## RULES AND REGULATIONS

granting, extension, or cancellation of a credit being at once entered; and Managers should consult this diary from time to time far enough in advance to enable them to compile the necessary information and submit an application for renewal if desired, before the expiry of the credit.

277 It is of course desirable that the Bank's discount customers should understand that their accounts come under discussion once in each year with the General Management, and indeed that this discussion should be inaugurated by their submitting a regular application for a renewal of their credit. The latter is not, however, absolutely necessary; in cases where it is not feasible Managers should ascertain what their customers' requirements are likely to be, and upon this an application may be based.

278 When bringing an account up for the annual revision the Communication should contain an express recommendation as to the lines upon which it should be carried for another year, and should call for the express approval of Head Office for the continuance of the account for another season. In all applications for authority to discount trade paper, the probable volume of the discounts should be stated, so that a line of credit for such transactions may be approved.

279 Credits granted to produce dealers and millers must be regarded in every case as expiring on 31st August in each year. If at that date there should be advances still current in such an account, the matter should be brought before Head Office without delay. If grain and produce dealers are impressed with the fact that the Bank looks to see their accounts cleaned up then, and that advances to them cannot be permitted to extend beyond that date without the express sanction of the General Management, it would tend to discourage the holding of grain, etc. on speculation.

It is not to be understood from the foregoing that it is expected that advances in grain accounts will drag on at any high point until the month of August. Where a grain dealer's business is conducted in a legi-

## RULES AND REGULATIONS

timate manner, his advances should only be at a high level for a few weeks in the year, and it is upon these lines that Managers should endeavour to keep their grain accounts. The 31st August, however, is fixed as the date at which such accounts should be quite cleaned up.

### *Applications for Credit*

280 In order to facilitate the consideration of applications for credits at Head Office, the following points connected with the mode of submitting them are suggested :

- (1) The Communication should begin with a concise statement of the exact credit required, the amount, the purpose for which the advances are to be used, the security offered, the names of proposed endorsers or guarantors, when the advances will be required, and when and from what source they will be repaid, etc. Sometimes preliminary Communications are written giving information on these points, although this practice should be avoided as much as possible, but the final Communication should nevertheless contain full particulars, and references to previous Communications should not be made merely to save the trouble of repeating the information, unless in special and involved cases.
- (2) In the discussion of the application, it will ensure attention to all the necessary points if the Manager will review in order the particulars given as to the amount, the security offered, the financial position of the customer and his endorsers or guarantors, the quality of the trade bills, etc., and say what is needed about each.
- (3) The particulars called for by form 130, covering the working of the account and the profit derived therefrom, should always be given as far as possible. The figures afforded in this statement should be for the twelve months preceding the date of the customer's statement of affairs which it accompanies.

## RULES AND REGULATIONS

- (4) If the application is from a new customer, the cause of the change of his bank account should be reported. If the application is for a line on trade bills, a statement showing the aggregate on each name under discount with his previous bankers, with addresses and ratings, or at least a list of the parties whose paper he will chiefly offer, and the approximate amount of credit accorded each, will usually be necessary to enable the General Management to form a judgment about the account.
- (5) When necessary, as in the case of a new customer, or an old customer getting a credit for the first time, it should be stated whether the business for which it is required is a new enterprise or not, and what the experience and prospects of the parties are. It should be remembered that the General Management may not be aware that an applicant is a regular customer of the Bank, if his name has not come before them as a borrower.
- (6) The condition of the account at the moment of writing, and the position of any loans still current should be mentioned. This is of special importance when an addition to an existing credit is desired. Any credit granted (unless otherwise expressed) is intended to cover *all* transactions with the customer.
- (7) The most recent statement of the customer's affairs should accompany the application, or if this statement has already been sent, this fact should be stated. When transmitting a customer's statement of affairs, either with an application, or at any other time, a comparison with the last previous statement, on form 131 should accompany it, and if the statement is the first one that has been received a classification of the customer's assets and liabilities should be made on this form. Form 130, completed as far as possible, should also be forwarded at the same time. Managers are expected to report on any changes of importance in the

## RULES AND REGULATIONS

nature of the assets, and in the proportionate amount of liquid assets and liabilities. If there are endorsers, or guarantors, it will be most convenient for Head Office if the information as to their financial position is made up in the form of a "Statement of Affairs" also. All statements of affairs should be sent on Form 14, with the information called for by the form filled up, and special care should be taken to give the date to which they are made up. Particulars regarding the names and ages of parties, nature of the business, etc., should always be entered at the top of the form.

- (8) The Manager's recommendation in the matter is an essential point, and should never be omitted.
- (9) The Communication should be carefully and methodically framed, and the information set out in due order and sequence, each subject being discussed in a separate clause, and all that is to be said on a particular subject brought together in the one place, as far as possible. This can usually be accomplished only by the Communication being drafted, carefully corrected and rewritten.

### *Communication to Head Office of Information respecting Borrowers*

281 Information respecting borrowers' accounts, which it is desirable should be brought to the attention of Head Office, must be communicated in the discount correspondence; the liability returns and weekly reports on business must never be used for this purpose.

### *Customers' Balance Sheets*

282 Copies of all Balance Sheets of customers or others should be forwarded to Head Office immediately on receipt thereof, whether the parties are indebted to the Bank at the moment or not.

283 Managers should make it a point to obtain accurate and not estimated Balance Sheets at regular

## RULES AND REGULATIONS

intervals, and to educate their customers so that they will expect as a matter of course to submit a statement of their affairs annually. It is of course desirable that such statements should be signed by the customers, who should be allowed to make them in their own way, as long as the figures given are exact.

### *Interviews at Head Office*

284 Managers desiring to visit Head Office either on their own account or on behalf of a customer must make an appointment beforehand, giving full particulars of the matters to be discussed.

When an interview has taken place between the Manager and Head Office, the Manager is expected to write an official letter or Communication immediately on his return to the Branch, putting on record the result of the interview, setting forth the points which were discussed and his understanding of the conclusions arrived at, and asking for confirmation if correct.

### *Loans to Farmers*

285 At Branches where it is the practice to make loans to farmers, information regarding these obligants should be recorded ~~in the book~~ specially supplied for the purpose by Head Office, and in accordance with the particulars called for therein.

### *Returned Drafts*

286 Managers are directed to keep a register with a space allotted to each important account, in which the particulars of returned trade bills, including sterling items and cash items, must be recorded, together with the reasons for refusal to accept. Such a record will often be found to afford a valuable insight in the matter of customers' losses, etc.

### *Overdrafts*

287 Managers should, wherever possible, discourage borrowing by way of overdraft. The chief reasons for objecting to this form of advance are:

## RULES AND REGULATIONS

(a) That it does not fix the customer's liability as indisputably as a note does.

(b) That it leaves the date of repayment uncertain and thereby tends to encourage laxity on the part of the borrower.

(c) That the Bank, being entitled to expect every customer to keep a balance at his credit proportionate in amount to the extent of the services rendered him, is deprived by the overdraft of a legitimate source of profit.

### *Notification of Obligants on Bills Discounted and Collateral Notes*

288 All promissors, acceptors or endorsers upon bills discounted or received as collateral security (other than the obligant to whom the proceeds have been advanced) are to be notified of the negotiation of the paper by the Bank when the liability of any one of these in connection with the account of the customer lodging the paper amounts to \$1,000 or more, except when the signature has been affixed in presence of an officer of the Bank. In addition, Managers will select at random, from the bills on hand at the end of each quarter (say March 31st, June 30th, September 30th, and December 31st), a certain number of notes or bills from each account, say one-tenth or more of the total number in the account in respect to which the obligants have not already been notified, and send to the obligants on these selected bills or notes notices as provided in this rule.

Such notices may be sent at any time (but as a rule not later than one month) after the paper has been discounted. It is not desirable, however, that the day of discount, or any stated day thereafter, should be adhered to for their despatch.

The notices must, of course, be in closed envelopes, and sent at the ordinary letter rate of postage. Their despatch may be recorded in the general Register of Letters Despatched, with particulars opposite each of the items to which it refers, or they may be entered in bulk

## RULES AND REGULATIONS

in the register, and a note placed opposite the items in the diary or liability ledger to show that the parties have been notified.

The envelopes used for this purpose should bear the usual printed direction to the Postmaster to return to The Canadian Bank of Commerce, ———, if not called for within a certain time.

No exceptions to this rule are to be made without the consent of Head Office.

### *Legal Proceedings*

289 No suit-at-law shall be brought without the permission of Head Office, excepting where urgency is necessary. When this is the case, immediate action may be taken, but Head Office must be promptly advised of such proceedings.

290 Where, in cases begun by local solicitors, it becomes necessary to appoint agents in Toronto to take proceedings before the Superior Courts, the Bank's solicitors must be employed.

291 No suits-at-law shall be entered in the Bank's name for the convenience of its customers or others without the consent of Head Office.

292 Law costs incurred in proceedings in connection with debts owing the Bank must in no case be debited to "Charges" account. They must be added to the relative debts to be dealt with in due course through the Bad and Doubtful Debts Statement.

### *Register of Overdue Debts. Manager's Register of Collateral Securities*

293 In the "Register of Overdue Debts" shall be recorded :

- (1) The details of all debts which through failure of obligants, or for other causes, are capable only of gradual, remote or partial recovery.
- (2) The particulars of all legal or other proceedings taken to recover or secure doubtful advances, of whatever nature, whether the same be current or overdue.

294 (a) All overdue debts which have been written down to \$3 or less should be charged to an account in the General Ledger styled "Old Overdue Debts," the name of the primary debtor and the folio of the Overdue Debts Register at which the particulars of the debts are to be found being given in each case. The balance of this account is to remain at the sum of \$1; any amount exceeding this sum being debited to Head Office when the debts are charged to the account.

It is intended that this General Ledger account shall serve as an index to all debts which have been written off but in which some of the obligants have not been discharged, by composition, outlawry or otherwise. From time to time as the last of the obligants for a debt becomes discharged, the name should be ruled out of the General Ledger. The names remaining are to be carried forward whenever a new Ledger is opened.

In order to distinguish in the Overdue Debts Register the accounts in connection with which we have any claim still alive from those in which the debtors have been completely discharged, the pages of debts of the latter description in the Register are to be scored through.

296 In connection with the foregoing paragraph, the attention of Managers is directed to the necessity for care in the treatment of promissory notes which collaterally secured by mortgages, warehouse receipts, etc., in order to preserve the identity of the debt which the security is pledged. If a note at maturity is charged up to a customer's current account, security pledged for payment of that portion of the debt might not be applicable to a note given a day or more afterwards in renewal thereof. In like manner security taken for a debt in the form of an overdraft might be held invalid to the extent of any credits in the account subsequent to the giving of the security. This is specially applicable to produce accounts.



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## RULES AND REGULATIONS

294 Dishonoured Bills are to be charged to "Over-Debts" account and entered up in the Register only if their *early* recovery in full is considered improbable. Each debt (*i.e.*, the entire liability of the principal direct obligant) should occupy a separate section of the Register, with sufficient space accorded to it to avoid the confusion of carrying forward.

The minutes of procedure relating to each component part of the debt should be written against it in the right hand margin, and that relating to the principal obligant upon the last pages of the record.

It is intended that in this book there shall be such a complete and intelligible record of the position of each debt that a report could, at any time, be prepared by an officer having no previous acquaintance with its history.

295 In the "Manager's Register of Collateral Securities" all securities of a special character, such as mortgages, etc., relating to current as well as overdue liabilities, must be entered. Bills and notes held in connection with advances not considered doubtful need not be recorded in this register, but collateral notes in connection with the overdue debts or doubtful advances should be recorded, in view of the procedure, etc., being entered up.

### *Treatment of Notes, etc., Collaterally Secured*

296 In connection with the foregoing paragraph, the attention of Managers is directed to the necessity for care in the treatment of promissory notes which are collaterally secured by mortgages, warehouse receipts, etc., in order to preserve the identity of the debt for which the security is pledged. If a note at maturity is charged up to a customer's current account, security pledged for payment of that portion of the debt might not be applicable to a note given a day or more afterwards in renewal thereof. In like manner security taken for a debt in the form of an overdraft might be held invalid to the extent of any credits in the account subsequent to the giving of the security. This is specially applicable to produce accounts.

## RULES AND REGULATIONS

### *Letters of Guarantee*

297 All guarantees should be on the Bank's approved form. No other form may be accepted without the approval of Head Office. If a guarantor will not sign the Bank's form without alteration, a copy of the form as altered should be submitted to Head Office.

### *Mercantile Agency Reports*

298 All Mercantile Agency reports must be ordered through Head Office, except in the cases of those Branches where a departure from this rule has been specially authorized.

Agency reports on parties in the United States, however, may, when urgently required, be asked for direct from the New York office.

299 On application, Head Office will supply the ratings of commercial houses doing business in the chief cities and towns of Great Britain and Ireland, and in all places in the United States.

### *Rates of Discount*

300 Rates of discount must not be fixed by the Managers for any definite period. The Bank must be left free to increase rates at any time on reasonable notice.

### *Advances to Officers of Other Banks*

301 Managers must not make advances to officers of other chartered Banks without the authorization of Head Office.

### *Insurance*

302 In dealing with policies of insurance against fire the following points should be kept in view :

- (1) The description of the property insured must be correct, and the place or places where it is stored correctly set out.
- (2) The interest of the insured in the property (as owner, trustee, bailee, etc.) must be expressed, and if subject to a mortgage or other lien, that also must be stated.

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- (3) If insured in more than one company, the consent of each to the concurrent insurance in the other company or companies must appear on the policy, unless the policy expressly waives this requirement.
- (4) If there is a co-insurance clause the effect of this must be carefully considered.
- (5) Any assignment of the *contract of insurance*, that is of the policy itself, without the consent of the company, or made with such consent to a party who has not an "insurable interest" in the property insured (that is, who has not a mortgage or lien thereon), would invalidate the insurance.
- (6) The assignment of the possible *loss* is not an assignment of the insurance contract, and does not affect the policy, nor require, except for the purpose of preventing other assignments, notice to or consent of the Insurance Company. This assignment may be in the form of an endorsement on the policy, or the use of the common phrase "Loss, if any, payable to The Canadian Bank of Commerce," or by a separate agreement setting out the assignment.
- (7) Where the loss is made payable to the Bank, "as its interest may appear," we are given a claim on the insurance money only if we have an insurable interest (mortgage, assignment, warehouse receipt, etc.) and to the extent of such interest, and policies bearing this objectionable clause should not be taken.

The matters referred to under clauses 1, 2, 3 and 5, need to be carefully looked after, as any irregularity therein might vitiate the insurance.

From clauses 6 and 7 it will be seen that the Bank may hold an assignment of any possible loss as security for all its advances, whether specially secured by mortgage or lien on the property insured or not. The use of the general clause mentioned in clause 6 is much preferable to the limited clause set out in clause 7 ; in case of

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fire, and the failure of a customer in consequence, the Bank may be saved from loss if it is in a position to retain the proceeds of all insurance policies in its hands.

Where the Bank holds from customers insurance in the form of mutual company policies, Managers should be careful to see that all assessments thereunder have been paid.

In cases where the Bank's advances are protected by insurance, the Managers should see that the policies have been written by Insurance Companies in undoubted standing. Managers will in all cases be held responsible regarding this.

Managers should lose no opportunity of urging upon their customers the wisdom of keeping their property well insured, even though the Bank's interest may not be such as to make the matter of insurance of immediate concern to it.

### *Customers' Wills*

303 Under ordinary circumstances and speaking generally, the business in which a man is engaged at the time of his death must be liquidated by his executors or, if he is a member of a firm, by the surviving partners, without the expenditure of further moneys. In many cases this would entail heavy loss, and if the Bank is interested the safety of its advances may be endangered.

For this reason it is very desirable that every borrowing customer should be influenced to provide in his will power to his executors to continue his business after his death until it can be profitably liquidated. Deeds of partnership should also make similar provisions.

Managers should bear this matter in mind in connection with every important account in their books, and should see that the necessary provision is made. The Bank has a right to press this as a condition of lending its money.

### *Non-Trading Partnerships*

304 Where the Bank is likely to have discount transactions with firms composed of Barristers or Soli-

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citators, Surveyors, Architects, Insurance Agents or other non-trading partners, or may be in the way of making them advances by overdraft or otherwise, the Manager should require from them an undertaking—signed by each member—acknowledging themselves to be jointly liable for all transactions with the Bank, entered into in the name of the firm by any individual member of the same, or by such member as they may designate to transact their banking business.

Forms of both kinds, authorizing each partner or a special member, are provided by the Stationery Department for this purpose; they cover full authority to make or endorse promissory notes, bills of exchange, etc., but they may be altered in these respects where it is intended to limit the authority to drawing and endorsing cheques only.

Managers are not permitted to transact discount business with firms of this nature, unless the bills are signed or endorsed by each partner individually, or by one partner under the letter of authority above referred to.

### *Loans to Joint Stock Companies*

305 The following procedure should be observed in the case of loans to companies incorporated under the Joint Stock Companies Act of the Dominion, or of the Province of Ontario:

- (1) The necessary by-law authorizing the Directors to borrow (a form of which is supplied by Head Office), after being passed by the Directors of the Company, must be sanctioned by the shareholders at a meeting held after proper notice that it is called for the purpose of considering the by-law, or that such is one of its purposes. A vote of at least two-thirds in value of the subscribed stock held by those present at the shareholders' meeting, either in person or by proxy, is required to sanction the by-law. A copy of the by-law and a certificate under the seal of the

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Company and hands of the proper officers, certifying that these proceedings have been taken, and that the copy is a true copy, should be lodged with the Bank.

- (2) To fix the liability of the Company for the acts of its officers, the Directors should pass a resolution indicating the officers who are to sign, and a copy of this resolution properly authenticated should be lodged with the Bank.

In the case of a company incorporated under any Act other than the two above mentioned, reference must be made to the Act under which it is organized in order to ascertain the borrowing powers of the Company and the formalities necessary to keep advances to it in order.

### *Procedure in British Columbia*

306 Under the "Companies Act" in force in the Province of British Columbia it is provided that the borrowing powers conferred thereby cannot be exercised except with the sanction of the shareholders conveyed by a special resolution. This must be passed at a general meeting of shareholders, of which notice has been given specifying the intention to introduce such a resolution, and must be confirmed at a subsequent general meeting of shareholders duly called and held not earlier than fourteen days, and not later than one month, from the date of the first meeting.

The resolution must be passed at the first meeting by not less than three-fourths of the members of the company entitled to vote who may be present in person or by proxy; the confirming resolution must be passed at the second meeting by a majority of those present in person or by proxy, a quorum according to the by-laws of the company being of course essential.

In the case of companies not incorporated under the British Columbia Companies Act the provisions of the Act under which they operate should be examined and compliance therewith obtained.

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- (a) Companies incorporated since 15th February, ~~1894~~ 1904
- (b) Such companies incorporated prior to 15th February, 1904 as pass a special resolution declaring that Sub-section 1, Section 122 of the "Companies Act" of 1897, as set out in Section 8 of the "Companies Act Amendment Act, 1904," shall apply to themselves.
- (c) Companies, the shares of which are of the non-personal liability class, (to this class most mining companies belong).
- (d) Companies incorporated under the Act of 1878 or the Act of 1888. (The requirements in this case are set out below).
- (e) Companies incorporated under the Act of 1890 as amended in 1892 and 1894. (The requirements in this case are set out below).

The directors of companies included under headings (a), (b) and (c) are by virtue of their office vested with power to borrow and to pledge the assets of their corporations subject to the restrictions, if any, contained in the respective Articles of Association of their companies. In the case of a company coming under Class (c), the directors may not borrow in excess of 25% of the amount of paid-up capital of the company at any general meeting of



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Company and hands of the proper officers, certifying that these proceedings have been taken, and that the copy is a true copy, should be lodged with the Bank.

- (2) To fix the liability of the Company for the acts of its officers, the Directors should pass a resolution indicating the officers who are to sign, and a copy of this resolution properly authenticated should be lodged with the Bank.

In the case of a company incorporated under any Act other than the two above mentioned, reference must be made to the Act under which it is organized in order to ascertain the borrowing powers of the Company and the formalities necessary to keep advances to it in order.

### *Procedure in British Columbia*

306 Under the "Companies Act, 1897" and amendments now in force in the Province of British Columbia it is provided that, except as hereinafter noted, the borrowing powers conferred thereby cannot be exercised except with the sanction of the shareholders conveyed by a special resolution. This resolution must be passed at a general meeting of the shareholders, of which notice has been given specifying the intention to introduce such resolution, and must be confirmed at a subsequent general meeting of the shareholders duly called, and held not earlier than fourteen days, and not later than one month, from the date of the first meeting.

The resolution must be passed at the first meeting by not less than three-fourths of such members of the company entitled to vote as may be present in person or by proxy; the confirming resolution must be passed at the second meeting by a majority of those present in person or by proxy, a quorum according to the by-laws of the company being of course essential.

Companies which come under the following heads, however, do not need to comply with these requirements:—

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- (a) Companies incorporated since 15th February, ~~1894~~ 1904
- (b) Such companies incorporated prior to 15th February, 1904 as pass a special resolution declaring that Sub-section 1, Section 122 of the "Companies Act" of 1897, as set out in Section 8 of the "Companies Act Amendment Act, 1904," shall apply to themselves.
- (c) Companies, the shares of which are of the non-personal liability class, (to this class most mining companies belong).
- (d) Companies incorporated under the Act of 1878 or the Act of 1888. (The requirements in this case are set out below).
- (e) Companies incorporated under the Act of 1890 as amended in 1892 and 1894. (The requirements in this case are set out below).

The directors of companies included under headings (a), (b) and (c) are by virtue of their office vested with power to borrow and to pledge the assets of their corporations subject to the restrictions, if any, contained in the respective Articles of Association of their companies. In the case of a company coming under Class (c), the directors may not borrow in excess of 25% of the amount of paid-up capital of the company without the sanction of a general meeting of the company unless directly authorized thereto under the Memorandum or Articles of Association, or By-laws of the company.

Companies coming under Class (d) may borrow, provided that shareholders representing two-thirds in value of the capital stock actually paid up consent thereto and that the total amount borrowed together with all other debts shall not at any time exceed the amount of the capital stock actually paid in.

Companies coming under Class (e) may borrow, provided that shareholders representing two-thirds in value of the subscribed capital consent thereto.

In the case of companies not incorporated under the British Columbia Companies Act the provisions of the Act under which they operate should be examined and compliance therewith obtained.

In any event the Charter or Memorandum and Articles of Association should be examined, no matter where they have been taken out, so that it may be known that the borrowing powers are not specially limited or entirely denied. A clause in the Charter or Memorandum or Articles of Association permitting the directors to borrow, whether with or without limitation, does not obviate the necessity for the shareholders passing and confirming any resolution above stated to be required.

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### SECTION IV

#### BUSINESS WITH MUNICIPALITIES, SCHOOL BOARDS, ETC.

##### A—ONTARIO MUNICIPALITIES

307 Sec. 20, Chap. 228 of the Revised Statutes of Ontario, 1897, enacts that the treasurer of a municipality shall deposit all moneys received by him in a separate account kept in his name as treasurer under some designation that will show the account to be an account of the municipality. Subject to this provision, the treasurer may be regarded as custodian of the funds of his corporation and the proper person to pay out the same; and in the absence of special provision made by the corporation for the purpose, he has power to withdraw them from the Bank. Should the corporation, however, have made special provision by by-law or otherwise as to the deposit of funds or the drawing of moneys deposited, the terms of such provision must be strictly followed and no cheque on the account should be honoured, unless drawn and signed in the manner required by the corporation. It is the duty of the Manager to use his best endeavours to ascertain whether any such special provision has been made by the corporation for the handling of its moneys.

Section 433 (a) of the Consolidated Municipal Act, 1903, as amended by the Municipal Amendment Act, 1904, enacts as follows:

“The council of any municipality, pending the sale  
“of any debentures issued under a by-law, or in lieu  
“of selling and disposing of the same, may by resolu-  
“tion or by-law authorize the head or acting head and  
“treasurer of the municipality to raise money by way  
“of loan on such debentures and to hypothecate the  
“same for any such loan. Provided that the proceeds  
“of every such loan shall be applied for the purposes  
“for which such debentures were issued and should  
“such debentures be subsequently sold and disposed  
“of the proceeds thereof shall first be applied in repay-  
“ment of such loan, but the lender shall not be bound  
“to see to the application of the proceeds of any such  
“loan.”

By Section 435 of the Consolidated Municipal Act, 3 Edward VII, Chap. 19, as amended by Section 9, Chap. 40, 7 Edward VII, it is enacted:

(1) “The Council of any Municipality may by  
“by-law authorize the Head or Acting Head, with the  
“Treasurer thereof, to borrow, either before or after  
“the passing of the by-law levying the taxes for the

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“current year, from any person or Bank such sums as  
“the Council deem necessary to meet the then current  
“expenditure of the corporation and such further sums  
“as may be required to be paid to the treasurers of the  
“respective Public School Boards from time to time  
“upon the requisition of the School trustees as pro-  
“vided for by *The Public Schools Act*, until such time  
“as the taxes levied (or to be levied) therefor can be  
“collected, and the Council shall by such by-law regu-  
“late the amounts to be so borrowed, and define the  
“notes, cheques, covenants or agreements, or other  
“vouchers to be given in security therefor;

(2) “The amount so borrowed and outstanding  
“shall not, in the case of any municipality, other than  
“a county, exceed 90% of the estimated ordinary  
“expenditure for the preceding year, and such further  
“sums as may be required to be paid to the treasurers  
“of the respective Public School Boards from time to  
“time upon the requisition of the School trustees as  
“provided for by *The Public Schools Act*, and in the  
“case of a county, the amount so borrowed and out-  
“standing shall not at any time exceed the amount to  
“be raised and paid over to the county by the local  
“municipalities therein for ordinary expenditure for  
“county purposes for the current municipal year, and  
“in the event of any Council authorizing the borrow-  
“ing of any larger sum than the amount limited by  
“this sub-section, the members of the Council who  
“vote therefor shall be disqualified from holding any  
“municipal office for the period of two years.

(2a) “In the case of a town, township or village,  
“any portion of which is situate within two miles of  
“a city containing more than 100,000 inhabitants, the  
“amounts so borrowed and outstanding shall not  
“exceed 80% of the taxes levied in the preceding muni-  
“cipal year.

(3) Section 435 of the Municipal Act also provides  
“that the powers by this Section conferred shall not be  
“exercised except for the purpose of meeting the  
“ordinary expenditure of the municipality, and the  
“person or Bank lending any sum to a municipal  
“corporation under this section shall not be bound to  
“establish the necessity of borrowing the same.”

(4) “The Council of any municipality shall have  
“similar borrowing powers. with regard to moneys  
“required by the trustees of any public school within  
“such municipality or by trustees of a high school dis-  
“trict of which such municipality is partly or wholly com-  
“posed; provided such sums of money do not exceed

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“ the estimates submitted by such public or high school  
“ trustees as required by the Public Schools Act and the  
“ High Schools Act.”

308 The procedure, as far as the Bank is concerned, in connection with loans for local improvement purposes, is not in the main different from that in the case of current expenses, but there are so many technicalities connected with loans for local improvement purposes that each requires special and separate investigation as to its legality, and no general instructions can very well be given here.

309 No municipality is responsible for a loan to the Treasurer, or to the \*Head and Treasurer, whether by way of overdraft or on promissory notes, unless such loan is authorized by by-law (as at paragraph 307), and made strictly in accordance with the Act ; therefore any overdraft or other loan granted to the Treasurer (or to the Treasurer and other officer transacting the corporation business with the Bank), unless made in accordance with paragraph 307, must be considered to be a loan to the Treasurer (or to him and the other officer) personally. If it should ever be necessary or advisable to make such a loan, it should be clearly understood and agreed between the Bank and the borrowing party that he (or they) become personally liable to repay the advance, and the amount of any such advance should be limited to a sum for repayment of which his (or their) personal responsibility forms ample security, no reliance being placed on the fact that the advance is on account of the Municipality.

310 The Manager should endeavour to have the form of by-law provided by the Bank adopted by the Council when the borrowing of money for current expenses is to be authorized.

311 It is deemed best, and each Manager is instructed to see, that the instrument, whether promissory note, covenant or agreement, given by the Head of the Municipality with the Treasurer thereof by way of

\*By Head of the Corporation is meant the Mayor, Warden, or Reeve, as the case may be.

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security for any amount borrowed, is under the seal of the Corporation, as well as the authority under which such instrument is given.

312 When the by-law authorizes the giving of a promissory note, the proper course is to discount the note in the usual way, and place the proceeds to the credit of the account. As this is the simplest form for the transaction to take, the Manager should, if possible, always so arrange his municipal loans. If, however, the Corporation wishes to borrow by way of overdraft, an agreement on the Bank's regular form (No. 101, amended issue) should be authorized by the by-law, executed under the seal of the Corporation in the usual way, and lodged with the Bank before any money is drawn on account of the loan. When this has been done an overdraft may be permitted in the current account. If this agreement is not given the authority to borrow would be exhausted as soon as the aggregate amount of cheques drawn on the account is equal to the total loan authorized by the by-law, and any subsequent deposits would be taken to be payments on account of the loan, so that further cheques coming in, although the total overdraft would be within the limit, would in effect represent advances outside the authorized amount.

313 The Municipal fiscal year by statute begins on January 1st, and the loan or loans of each year should be kept separate and liquidated by the application of the taxes of that year. If these taxes are not collected until the early months of the following year, there is no objection to the loan running until then, but a new account should be opened for the new year's advances.

314 By Sec. 21, chap. 228, R.S.O., 1897, every chartered Bank with which the Treasurer of any Municipality or School Board keeps his account as Treasurer is required, under penalty in case of omission, to truly state the balance in the account at any time when required to do so by a member of the Council or School Board. It is also the duty of the Bank on or before the fourth

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day of January, April, July and October in each year, to make up and deliver, or send by registered letter to the Head of the Municipality, or Chairman of the School Board, as the case may be, a statement in writing signed by the Manager or other person in charge, showing the balance in the Treasurer's account at the Branch on the last day of the preceding month.

A penalty of from \$5 to \$20 and costs may be imposed on the Bank for omission to comply with this law.

### B—SCHOOL TRUSTEES—ONTARIO

315 The following abstract of the law in Ontario has been prepared by our solicitors; it covers all the points connected with advances to school trustees, school boards, etc., as the law was in December, 1902:

#### (1) *Public Schools, Rural*

The Act relating to Public Schools is Chapter 39, 1 Edward VII.

Section 10, S. Chap. 39 1 Ed. VII., declares that for every rural school there shall be three trustees.

Section 10, Sub-section 1, declares that the trustees of every school section shall be a corporation under the name of "The Board of Public School Trustees for School Section of the Township of in the County of."

Section 11 provides that the trustees of any public and high school may unite as provided in The High Schools Act for the management of the public and high schools of any municipality as one corporation under the name "The Board of Education for the city, town, incorporated village or township of" (as the case may be) and that Boards of Education shall have the powers of both public and high school trustees.

Section 65 declares that it shall be the duty of the trustees, and they shall have power (under sub-section 10) "to provide for the payment of teachers' salaries quarterly, and, if necessary, to borrow on their promissory note, under the seal of the Corporation, at interest not exceeding 6% per annum, such moneys as may be required for that purpose, until the taxes imposed therefor are collected."

With the exception of special provisions contained in Section 33. (which authorizes trustees in unorganized townships of the districts of Algoma, Nipissing, Parry Sound and Muskoka, to issue debentures for certain purposes), and in Section 78 (which authorizes school trustees on certain conditions to borrow from a municipal corporation), sub-section 10 of Section 65, above quoted, is the

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only authority conferred to borrow money. The trustees of any school section of a township and the school board of the township may borrow under the authority of section 65, sub-section 10.

A form of resolution authorizing the borrowing and the giving of the notes is appended.

*FORM OF RESOLUTIONS to be passed by a Board of Public School Trustees for a School Section, or by a Public School Board of a Township, authorizing the borrowing of money for the payment of teachers' salaries.*

Moved by  
seconded by  
and resolved that, to provide for the payment of teachers' salaries, for which it is the duty of this Board to provide, until the taxes imposed for the moneys required for that purpose are collected, the sum of \$ \_\_\_\_\_ is required.

Resolved further that the Chairman and Secretary-Treasurer of this Board be and they are hereby authorized on behalf of this Board to borrow from such bank or person as may be willing to lend the same, between now and the \_\_\_\_\_ day of \_\_\_\_\_ A.D. 19 \_\_\_\_\_, sums of money for the purposes aforesaid, not exceeding in the whole \$ \_\_\_\_\_ such money to be repayable at such times, not extending beyond the \_\_\_\_\_ day of \_\_\_\_\_ A.D. 19 \_\_\_\_\_, as the said Chairman and Secretary-Treasurer may think proper: and that for the payment of such moneys the promissory note or notes of this Board as a corporation, under the seal of the corporation, be given, countersigned by the said Chairman and Secretary-Treasurer, and that such promissory note or notes may bear interest at such rate not exceeding 6% per annum as the said Chairman and Secretary-Treasurer may determine, or the same may be discounted at such rate as may be agreed upon, not exceeding the equivalent of interest thereon at 6% per annum.

I hereby certify that at a meeting of the Board of Public School Trustees for School Section \_\_\_\_\_ of the Township of \_\_\_\_\_ in the County of \_\_\_\_\_, or of the Public School Board of the Township of \_\_\_\_\_ in the County of \_\_\_\_\_ of \_\_\_\_\_ (as the case may be), duly called and held on the \_\_\_\_\_ day of \_\_\_\_\_ A.D. 19 \_\_\_\_\_, the above resolution was duly passed.

Witness my hand and the seal of the said Board this \_\_\_\_\_ day of \_\_\_\_\_ A.D. 19 \_\_\_\_\_ Secretary-Treasurer.

(2) *Public Schools, Urban, etc.*

Section 56 provides that every board of public school trustees in urban municipalities shall be a corporation by the name of "The Public School Board" (prefixing to the words "Public School Board" the name of the city, town or incorporated village for which such trustees are elected).



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Section 65 defines the duty and powers of the board of trustees of cities, towns and incorporated villages.

No power to borrow appears to be conferred. Provisions are made for application to the municipality for all moneys required.

Public school boards in cities, towns and incorporated villages have not power to borrow money.

R.S.O. 1897, Cap. 228, Sec. 20, requires the Treasurer to deposit money in a separate account kept in his name as treasurer under some designation that will show the account to be an account of the School Board.

### (3) *High Schools and Collegiate Institutes*

These are now covered by Chapter 40 1 Ed. VII. High School Boards and Collegiate Institutes have no power to borrow money. Provisions are made which enable them to obtain what is required from the municipalities.

### (4) *Separate Schools*

The Act relating to Separate Schools is Chapter 294 of the Revised Statutes of Ontario, 1897.

The words Separate School are by Section 19 Sub-section, 3 of the Act declared to "signify and mean a separate school for " Roman Catholics now or hereafter established."

Section 20 declares that " the Trustees of separate schools for " Roman Catholics heretofore elected or hereafter to be elected in " the several wards of any city or town or incorporated village " shall form one body corporate under the title of ' The Board of " Trustees of the Roman Catholic Separate Schools for the city (or " town or incorporated village) of . . . . ."

Provisions are made for the establishment of a separate school in any school section of a township, incorporated village or town, or within any ward of any city or town : and section 23 declares that the trustees elected for the management of such separate school shall be a body corporate under the name of " The Trustees " of the Roman Catholic Separate School for the Section Number in the Township of , or for the Ward of in the City or Town (as the case may be), or for the " Village of in the County of . . . . ."

Section 61 confers power upon " the trustees of a separate " school, as a body corporate, to borrow money for school purposes, " and to make valid mortgages and other instruments for the " security and payment of such borrowed money, or of moneys " payable or to be paid for school sites, school buildings or additions thereto or the repairs thereof, upon the school-house property " and premises or any other real or personal property vested in " them, or upon the separate school rates." The mortgages and other instruments which the trustees have power to make may be made in the form of debentures, and the debentures are made a

## RULES AND REGULATIONS

charge on the property and rates as in the case of mortgages thereof. Provisions are made with respect to the issue of the debentures, how they should be made payable, etc.

Bearing in mind the definition of the words "separate school" it follows that, under Section 61, the trustees of any separate school whether rural or urban, have power to borrow money for school purposes. *Special* power is conferred upon the trustees of the rural separate schools to borrow money for the payment of teachers' salaries. Sub-section 10 of Section 28 is in this respect similar to Sub-section 10, Section 65 of the Public Schools Act; and, if an application be made for money to pay teacher's salaries, the form of resolution therefor applicable under the Public Schools Act might be made use of. The very wide powers contained in Section 61, however, would no doubt include the power to borrow for teachers' salaries.

As applications for loans by separate school trustees on the security of debentures are not numerous, no form of by-law for this purpose is provided. As the formalities to be observed are somewhat special it would be better that each case should be dealt with at the time.

### C—MUNICIPAL LOANS—BRITISH COLUMBIA

316 The following statement of the laws affecting loans to Municipalities in British Columbia has been prepared by our Solicitors at Vancouver. The Statutes are as a rule revised or amended annually, and our Solicitors will inform us at the close of each Session of the Provincial Parliament what modification in these instructions may be necessary, of which the branches will be duly notified.

#### *Loans for Current Expenditure*

317 Under the Municipal Act the Council of a Municipality may, having passed a by-law for the purpose, borrow "such sum of money not exceeding the total amount of the taxes upon land or real property as shown by the revised assessment roll of the municipality for the preceding year, and bearing such rate of interest as may be requisite, to meet the *current legal* expenditure of the corporation, which becomes payable out of the annual revenue before the revenue for the year becomes payable by the tax-payers."

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The following are in brief the conditions:—

(a) That the money so borrowed shall be repayable and repaid on or before the 31st December in the calendar year in which it is so borrowed.

(b) That it shall be a liability such as is properly payable out of the municipal revenue for the then current year.

(c) That the obligation given to the lender shall be in writing signed by the Mayor or Reeve, by the Finance Committee (if any) and by the clerk of the Corporation, and shall bear the corporate seal of the municipality.

(d) That the Council shall in the by-law have named the amount to be so borrowed, the rate of interest not exceedable, the date on or before which the principal and interest shall be payable, and the form of the obligation to be given as an acknowledgment of the liability.

(e) If, owing to the non-payment of the taxes by the rate-payers, it becomes impossible to pay the amount borrowed in the then current year, the Council may by *resolution* arrange with the lender to defer payment of such sum of money or any portion thereof for a period to be agreed upon, the deferred payment to bear interest at the same *or a less* rate, and to become a valid liability of the Corporation, notwithstanding the previous sub-sections. The amount to be borrowed by the Corporation in the succeeding year plus the amount deferred or carried over, with interest thereon, must not exceed the amount of the total revenue, inclusive of arrears.

No debt may be contracted, or money expended, by any standing committee of the Council, in excess of \$50 at any one time, unless sanctioned by the Council in the manner provided by the statute.

### *Additional Loans*

318 In addition to the above, the Council, without submitting to the electors a by-law for the purpose, may borrow upon the security of debentures of the Municipality, a by-law for the issue of which has been approved by the rate-payers in the usual manner. Such debentures

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tures should be hypothecated to us as is customary, and the by-law for the loan should be passed by the Council. Before making any advances secured by such debentures, copies of the debentures themselves and of the by-laws under which they have been issued should be submitted to our Solicitors for approval.

### *Loans for Local Improvements*

319 There are further provisions in the Municipal Act whereby the Councils of Municipalities may borrow for the purpose of local improvements without submitting a by-law to the rate-payers, but any advances of this character should invariably be passed upon by the Bank's Solicitors before the Bar have been committed to make them.

### D—MUNICIPAL LOANS—MANITOBA

320 By section 394 of The Municipal Act, Chap. 100 R.S.M. (1891) as amended by section 10 of chapter 32, 58-59 Victoria, section 6 of chapter 20, 60 Victoria, and section 9 of chapter 24, 62-63 Victoria, it is enacted as follows:

" The Council of every municipality, except as in this Act is otherwise provided, may authorize its Head, with the Treasurer thereof, under the seal of the corporation, to borrow from any person or bank such sums as may be required to meet the then current expenditure of the corporation, until such time as the taxes levied therefor can be collected, and the Council shall, by by-law, regulate the amounts to be so borrowed, and the promissory note or notes, covenant or agreement, to be given in security therefor.

" Provided further that the Council of every municipality may borrow for the purposes aforesaid to an amount not exceeding the taxes levied for the preceding year, if at the time of such borrowing the taxes have not been levied to meet the then current expenditure.

" (2) The Council may, during the period of two years succeeding that in which such moneys are borrowed, pass by-laws for renewing such promissory note or notes.

" (3) The Council of every rural municipality may, anything in this Act to the contrary notwithstanding, authorize its Head with the Treasurer thereof, under the seal of the corporation, to borrow from any person or persons, bank or banks, a sum not exceeding \$4,000 for expenditure upon drainage work, in

## RULES AND REGULATIONS

“anticipation of the levy and collection of said amount in equal  
“portions by three successive annual levies, and the Council shall,  
“by by-law, regulate the amounts so to be borrowed and the nature  
“of the securities given therefor. Provided, however, that the  
“exercise of the provisions hereof shall be first subject to the  
“approval of the Lieutenant-Governor-in-Council. Notice of any  
“application for such approval shall be given by the Council in at  
“least two issues of a local newspaper, and in one issue of the  
“*Manitoba Gazette*.”

By sections 13 and 396 of the Municipal Act, it is provided that no village municipality shall incur any indebtedness, except by the issue of debentures to the amount of not more than \$6,000 for the purpose of providing fire apparatus for such village.

### E—LOANS TO SCHOOL TRUSTEES—MANITOBA

321 By Sec. 153 of the Public Schools Act, Chap.  
127 R.S.M. 1891, it is enacted that the trustees of every  
school district shall be a corporation under the name of  
“The School District of Number . . .”

Loans to School Districts are governed by Section 147 of the Act as amended by Section 5 of Chapter 41, 58 and 59 Victoria, and Section 3 of Chapter 27, 60 Victoria. Section 147 as amended reads as follows:—

“At any time in any one year, before the estimate of a school  
“district has been prepared by a board of school trustees or  
“handed to the clerk of the municipality, or before the moneys  
“have been paid over to the board by the municipality, a board of  
“school trustees in any city, town, village or rural municipality  
“may borrow moneys upon the credit of the board, and give the  
“promissory note or notes of the board for the same or for the  
“moneys heretofore borrowed to such an amount as is legally  
“authorized: or may borrow money by means of an overdraft of  
“the account of the board in any incorporated bank doing business  
“in the Province:

“(a) Provided however that if money is borrowed by means  
“of an overdraft as above provided, the amount of the indebtedness  
“of such School District to such bank, by reason of such over-  
“draft, shall not at any one time exceed the amount of the said  
“estimate for the current year, if such estimate has been made, or  
“the amount of the said estimate for the next preceding year, if  
“such estimate has not been made for the current year; and if  
“money is borrowed upon a promissory note or notes, as above  
“provided, the amount of such note or notes shall not in the  
“aggregate exceed the amount of the said estimate for the current  
“year, if such estimate has been made, or the amount of the said  
“estimate for the next preceding year if such estimate has not  
“been made for the current year.

## RULES AND REGULATIONS

" (b) Provided, also, that such moneys shall only be borrowed  
" or notes given upon a by-law or by-laws of the board, which  
" shall recite the amounts previously borrowed and the notes  
" previously given therefor and any sums paid thereon, but any  
" error or omission in reciting such sums or notes shall not invalid-  
" ate such by-law as against a *bona fide* lender or payee or holder  
" for value of any such note, not having notice of such error or  
" omission.

### F—MUNICIPAL LOANS—NORTH-WEST TERRITORIES

322 By section 95 of The Municipal Ordinance, chapter 70 of The Consolidated Ordinances, N. W. T. (1898), it is enacted that every municipality may pass by-laws for (among other things) "authorizing the Chairman and the Treasurer to borrow from any person, bank or corporation such sum of money as may be required to meet the expenditure of the municipality until such time as the taxes levied therefor can be collected; but such sum of money so borrowed shall not exceed the estimated revenue of the municipality of the then current year."

### G—LOANS TO SCHOOL TRUSTEES—NORTH-WEST TERRITORIES

323 Section 85 of The School Ordinance, chapter 29, Ordinances, North West Territories, 1901, provides that the trustees of every district shall be a corporation under the name of "The Board of Trustees for the School District No. of the North-West Territories."

Section 106 provides that "the Board of any district may by resolution authorize its Chairman and Treasurer to borrow from any person, bank or corporation such sum of money as may be required to meet the expenditures of the district, until such times as the taxes levied for the current year are available, and such loan shall be repaid out of, and shall be a first charge upon, the taxes which are collected for the year in which the loan was made, and may be secured by the promissory note or notes of the Chairman and Treasurer, given on behalf of the Board."

### H—GENERAL

#### *Municipal Statistics*

324 In the case of municipalities which are accustomed to borrow from the Bank, Managers should

## RULES AND REGULATIONS

advise Head Office, on the form supplied for that purpose, of the result of each year's municipal assessment and any other particulars called for in the form, as soon as the figures can be procured. Information respecting the financial position of the county and of the adjoining townships, as well as of the place where the Branch is situated, is always useful.

### *Municipal Debentures*

325 Managers should advise Head Office of any debentures offered by municipalities in their localities. The advice should be accompanied by as full information as can be obtained as to the population of the municipality, the assessment, net debt, etc., also as to what price was obtained for previous issues and the price expected or likely to be obtained for the proposed issue.

## RULES AND REGULATIONS

### J—MUNICIPAL LOANS—NEW BRUNSWICK

Municipalities in New Brunswick are not authorized to borrow by any general Act of the Legislature. It is therefore necessary that special legislation should be obtained before any Municipality can legally overdraw its account or make arrangements for a temporary loan. In every case in which this is done care should be taken to see that the terms of the Act are strictly complied with, and that the loan is duly authorized by the Municipality.

### K—LOANS TO SCHOOL TRUSTEES—NEW BRUNSWICK

No powers appear to have been given to School Trustees in New Brunswick to make temporary loans.

### L—MUNICIPAL LOANS—NOVA SCOTIA

Municipalities in Nova Scotia other than incorporated towns or cities are empowered to effect temporary loans from any chartered Bank in the Province of Nova Scotia for the purpose of defraying current expenditures which have been duly authorized by the Municipal Council; but the total of such loans must not at any time exceed \$5,000. Under the Incorporation Act (R.S.N.S. Cap. 71) a town may effect like loans to defray the annual current expenditure authorized and rated on the town, but the total of such loans must not at any time exceed \$5,000, except in case of a town of which the assessment exceeds \$1,000,000, when the total of the loans must not exceed  $\frac{1}{2}$  of 1 per cent. of such assessment. The Council of any incorporated town is, in addition, empowered to borrow from any chartered bank in Canada against debentures authorized but unissued up to 90 per cent. of the amount of such debentures, but every sum so borrowed must be repaid from the proceeds of the debentures when sold. The borrowing powers of cities are regulated by their special Acts.

### M—LOANS TO SCHOOL BOARDS—NOVA SCOTIA

The law in Nova Scotia does not confer on School Boards any power to negotiate temporary loans.





## RULES AND REGULATIONS

## SECTION V

## RETURNS AND STATEMENTS REQUIRED BY HEAD OFFICE

*Date to be made up and date to be Despatched*

## A—SUNDRY RETURNS

- 326 (1) *Daily Statement*.—To be made up and despatched at close of business each day.
- (2) *Branch Clearings Account*.—To be made up and despatched at close of business each day.
- (3) *Weekly Report on Business*.—To be despatched at close of business every Saturday.
- (4) *Balance Sheet, Monthly*.—To be made up at the close of business on the day when the books are closed each month, and despatched not later than the close of the following day.
- (5) *Cash Items Account*.—To be made up and despatched at close of business on 7th of each month.
- (6) *Estimate of Profits, Statement of*.—Twice a year (April and October). To be made up at close of business on 15th, and despatched the same day.
- (7) *Profits, Statement of*.—To be made up as soon as the books have been closed for the month in May and November, and despatched the same day.
- (8) *Unclaimed Balances, Statement of*.—To be made up when the books have been closed at the end of each calendar year and immediately despatched.

## B—LIABILITY RETURNS

- (9) *Weekly Return*.  
To be made up and despatched as follows, covering all transactions up to close of business on the preceding day:  
At the Branches from Atlin to Greenwood, inclusive, on Monday.

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At the Branches from Guelph to Ottawa, inclusive on Tuesday.

At the Branches from Paris to Seaforth, inclusive on Wednesday.

At the Branches from Seattle to Treherne inclusive on Thursday.

At the Branches from Vancouver to Woodstock inclusive, on Friday. †

(10) *Liability Return, Monthly*—(Ten times a year) To be made up at close of business on 15th of each month (except April and October, in which months the Full Liability Return is required) and despatched not later than the 20th.

(11) *Liability Return, Full*—Twice a year (April and October). To be made up at close of business on 15th, and despatched not later than 25th. Should the Inspection Return take the place of the regular return due at either of the above dates, on application to Head Office, another date will be substituted.

(12) *Liability Return, Inspection*—To be made up at close of business on 15th, and despatched not later than 20th.

(13) *Bad and Doubtful Debt Statement*.—Twice a year (April and October). To be made up at close of business on 15th, and despatched not later than 20th.

327 All statements and returns for Head Office are to be addressed to the General Manager. The Liability Returns from the Branches inspected by the Inspector at Vancouver should be forwarded to his office, and the Liability Returns of the Branches in Manitoba and the North-West Territories should be forwarded to the Inspector's Department at Winnipeg. Correspondence intended for the General Manager should be kept separate from statements and returns by being enclosed in special envelope.

328 Returns to Head Office, other than Inspection Returns, must not be sent in loose sheets, nor should they be bound with pins or fasteners with projecting points. All Returns to Head Office, including the

RULES AND REGULATIONS

Weekly Report on business, should, as far as possible, be typewritten.

A—SUNDRY RETURNS

DAILY STATEMENT

329 The figures in this return should be in even thousands only. The Manager should satisfy himself of its correctness before signing it.

COPY OF BRANCH CLEARINGS ACCOUNT

330 (a) A copy of this account must be forwarded at the close of business each day. This copy should be prepared in such a way as to show the totals of the debits and credits in each account.

(b) The total only of each "At Credit" slip should be shown in the return to Head Office. The dates of "At Credit" slips received must always be given.

(c) Entries must appear in the following order: Branch Entries (in strict alphabetical order); Sundry Head Office Entries; Marine National Bank, Buffalo; Northern Trust Company, Chicago.

(d) The particulars of all entries on Head Office account must be shown, except when instructions have been given by Head Office to credit or debit several

Saturday of each week. Managers should not feel

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At the Branches from Guelph to Ottawa, inclusive on Tuesday.

At the Branches from Paris to Seaforth, inclusive on Wednesday.

At the Branches from Seattle to Treherne inclusive on Thursday.

At the Branches from Vancouver to Woodstock inclusive, on Friday.

(10) *Liability Return, Monthly*—(Ten times a year) To be made up at close of business on 15th of each month (except April and October, in which months the Full Liability Return is required) and despatched not later than the 20th.

(11) *Liability Return, Full*—Twice a year (April and October). To be made up at close of business on 15th, and despatched not later than 25th. Should the Inspection Return take the place of the regular return due at either of the above dates, on application to Head Office, another date will be substituted.

(12) *Liability Return, Inspection*—To be made up...

(13) *Bad and Doubtful Debt Statement*.—Twice a year (April and October). To be made up at close of business on 15th, and despatched not later than 20th.

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327 All statements and returns for Head Office to be addressed to The Canadian Bank of Commerce, Head Office, Toronto, Ont. The Liability Returns from the Branches inspected by the Inspector should be forwarded to his office. The Liability Returns of the Branches in Manitoba and the North-West Territories should be forwarded to the Inspector's Department at Winnipeg. Correspondence intended for the General Manager should be forwarded separate from statements and returns by the Inspector in a special envelope, which should be enclosed in the Head Office envelope when practicable.

All Returns to Head Office, including the

## RULES AND REGULATIONS

Weekly Report on business, should, as far as possible, be typewritten.

### A—SUNDRY RETURNS

#### DAILY STATEMENT

329 The figures in this return should be in even thousands only. The Manager should satisfy himself of its correctness before signing it.

#### COPY OF BRANCH CLEARINGS ACCOUNT

330 (a) A copy of this account must be forwarded at the close of business each day. This copy should be prepared in such a way as to show the totals of the debits and credits in each account.

(b) The total only of each "At Credit" slip should be shown in the return to Head Office. The dates of "At Credit" slips received must always be given.

(c) Entries must appear in the following order: Branch Entries (in strict alphabetical order); Sundry Head Office Entries; Marine National Bank, Buffalo; Northern Trust Company, Chicago.

(d) The particulars of all entries on Head Office account must be shown, except when instructions have been given by Head Office to credit or debit several amounts in total. No other advice of Head Office entries is required. Whenever possible vouchers should be attached.

(e) The returns to Head Office must be numbered progressively, and the entries in them made in strict alphabetical order of branches.

Every return must be initialled by the officer who prepares it. The checking must be done by the Accountant, or the officer acting as Accountant.

#### WEEKLY REPORT ON BUSINESS

331 This Report should be sent forward on the Saturday of each week. Managers should not feel

## RULES AND REGULATIONS

themselves in any way limited to the subjects suggested therein. All information of a business kind may be of value, and it is preferable that too much should be written rather than too little. Clippings from newspapers may be pasted on the margin or back of the Return. Matters requiring the attention of Head Office or directly bearing on the position of customers' accounts must not be referred to therein.

### MONTHLY BALANCE SHEET

*and including*  
332—(a) The form covering Balance Sheet, Charges Account, Cash Statement, etc., is to be sent in at the end of each month. Prompt despatch is necessary, and it must be mailed at the latest on the first day after the date on which the books are closed for the month. Branches west of Manitoba must close their books four days before the end of each month, unless some other date has been specially fixed by Head Office. This Return is used in the preparation of the Government Statement, and unnecessary delay in its reaching Head Office must be avoided.

(b) The specification of cash on hand is to be for the day the Balance Sheet is dated. The Manager's certificate of the examination of the Teller's cash should have reference to the latest date on which he counted and examined the Teller's cash in detail under Rule 113.

(c) In Charges Account any unusual items should be explained, and care must be taken to properly classify all items which come under one or other of the printed headings. The salaries for the month, and the contributions to the Pension Fund, are to be shown respectively in one amount for each officer, and the position occupied by, and the yearly salary of, each officer *must* be shown opposite his name. Care should be taken to see that the amounts shown on account of officers' contributions to the Pension Fund agree with the amounts credited Head Office in this connection in the "Branch Clearings" account.

(d) The classification of deposits and loans on the back of the Return covers the exact headings required

## RULES AND REGULATIONS

for the Government Statement ; all items in the Balance Sheet must be classified in conformity therewith, and no additions or alterations are permissible. Collateral accounts are not to be included in the specifications of deposits, but are to be deducted from the relative loans. Savings Bank deposits must be classified as payable after notice. In the classification of loans and discounts every item in the Balance Sheet must come under one or other of the headings given. Overdrafts are to be entered as part of the "Current Loans," unless they come under the heading "Call Loans on Bonds and Stocks," or one of the other Government headings. The total of the loans as classified on the back must agree with the total of the loans and discounts in the Balance Sheet, less the balances at credit of collateral accounts, if any, which are to be deducted from the items to which they respectively apply.

(e) The certificates as to each of the various balances which should have been taken out during the preceding month, are to be signed by the respective officers charged with the work ; the certificate as to the checking of the balancing of the ledgers must be signed by the Manager or Accountant, whose signature will be understood to certify that the work has been done in accordance with the rules.

(f) The vouchers for the "Charges" account must be forwarded to Head Office [in the case of the British Columbia, Pacific Coast and Northern Branches to the Inspector, Vancouver] at the end of each month. After examination they will be returned to the various offices, to be filed away separately from other vouchers.

### UNCLAIMED BALANCES

333 (a) Immediately after the close of each calendar year this Return must be forwarded to Head Office. It should contain particulars of all the balances transferred to Head Office, which come for the first time into the Government Return. Care should be taken to show all particulars required by the Bank Act.



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(b) In the case of estates, Managers should be careful to comply with the wishes of the Government and show the nature of the estate, *e.g.*, Estate of John Brown, insolvent; Estate of John Brown, deceased, etc.

(c) Branches having no balances to transfer should advise Head Office of this fact, not in the correspondence, but by forwarding a blank sheet with the remark, "Nothing to transfer," or words to that effect, written across the face of it.

(d) A balance is not "unclaimed" where a pass-book has been brought in and written up at any time within five years of the date of the Return, or if a statement of the balance due is sent to the person entitled to draw the money, or to one of the persons, if there be more than one, and is confirmed by him in writing.

(e) In order to reduce the number of such balances in the Return, Managers should, at the beginning of each year, take out a list of all balances which on the 1st January following will have been undisturbed for five years, and from this list proceed to procure confirmation from time to time as opportunity offers. Unless the whereabouts of the person or persons concerned is not ascertainable, every account should be confirmed before the close of the year.

### B—LIABILITY RETURNS

#### *General Instructions and Memoranda*

334 (a) The term "loans" where used herein is meant to cover overdrafts and accommodation notes of every kind, bills secured by collateral notes or otherwise, and generally all bills payment of which is to be made by the customer to whom the advance has been granted.

(b) The term "Trade Bills" includes all bills known as business paper, drafts against goods sold, etc., bills passed between parties not actually in business which represent debts due by the promissor to the endorser, and all sterling bills, except drafts drawn by Banks, and cheques.

## RULES AND REGULATIONS

(c) The arrangement of the various Returns, both as to the order of the columns and the information called for by the respective headings, should be carefully observed. No requirement indicated by the headings must be neglected, and as far as practicable, the information should be given in the column assigned to it.

(d) In all Returns the names of all accounts are to be entered in alphabetical order, including accounts specially opened in the Full Liability Return for liabilities other than current discounts. The names of obligants on trade bills are also to be entered alphabetically.

(e) With regard to the returns generally, care must be taken to fill up all the blanks in accordance with their tenor. Every Return must be signed by the officer whose signature is provided for, or initialled by the officer whose duty it is to prepare it, and afterwards by the Manager or Accountant to attest its correctness.

(f) Where a reference is made to the Branches by which the respective Returns are to be made, it is to be understood that the reference covers the Branches on the Alphabetical List of offices, inclusive of those named.

### WEEKLY RETURN

335 (a) The various headings upon the form indicate the particulars required, but in the case of loans, brief information is essential as to the purpose for which the money is to be used, as to the source from which repayment is expected, and, when the names are new, as to the means and standing of the obligants. When loans of \$400 or upwards are made to parties whose names appear for the first time, or reappear in the Return after an interval of say a year, Managers will report fully upon each name *separately*, using the special form provided for the purpose, which is to be attached to the Return.

(b) This report should deal only with the financial responsibility of the obligants; any advices as to the reasons for the loan, etc., will appear in the Return, or be contained in the official correspondence.

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(c) Unless otherwise instructed new transactions not exceeding \$200 (except where the total transactions for the same customer are greater than this amount) need not be reported.

(d) The business and address of the person "for whom transacted" must be given, except where he is a regular customer of the Bank.

(e) In reporting loans or renewals of advances against collateral notes or other security, which do not come under an authorized credit, the total amount of the advances and of the relative security held must always be shown, but once in any weekly is enough.

(f) In the case of Trade Bills discounted under a regular credit, where the total amount is within the credit, only transactions involving a total liability of \$500 on the part of any obligant in the customer's account need be reported. Trade bills which are not discounted under an authorized credit are not required to be shown in detail unless the amount on any one name exceeds \$200. Where the bills are detailed the addresses as well as the names of the makers must be shown.

(g) Every overdraft, however small, must be shown, with the rate of interest charged.

(h) Overdrafts are to be entered by the Ledger-keeper, and the list initialled by him.

(i) The notes, etc., charged to "Past Due Bills" account during the period covered by the Return are to be shown, whether paid before the Return is made up or not, but the statement of Past Due Bills on hand may be omitted except in the last Weekly Return for the month.

(j) Under the heading "Particulars of Cash Items, etc., cashed," only unmarked cheques and drafts on other points for amounts over \$500 need be entered. Opposite all drafts against produce or other security a note is to be made of the security held, and as to whether it is held for payment of the draft or for acceptance. Cheques and drafts cashed under instructions

## RULES AND REGULATIONS

from another Branch or chartered Bank, or for which another Branch or chartered Bank is in any way responsible, should not be reported.

(k) The correctness of the Return must be certified by the Manager or Accountant.

### INSTRUCTIONS REGARDING THE PREPARATION OF THIS RETURN.

#### *Transactions within the Terms of an Authorized Credit*

5 1/2 (a) In the case of a transaction which is strictly within the terms of an authorized credit, the column for "Remarks" should contain nothing more than a statement to that effect, and *particulars of the security* held should *not* be given in the Return.

Wherever the total of a customer's advances within the terms of a regular credit is entered in the Return, (whether under the head of New Loans, Discounts, Renewals or Overdrafts), the word "Authorized" should be stamped or written in the "Remarks" column opposite the transaction.

#### *Transactions not within the Terms of an Authorized Credit*

(b) When a transaction, new or renewal, is not *strictly in accordance* with the terms of a credit, or is in excess thereof, *particulars of the security* held on account of the total advances (not merely the security for the particular transaction reported) should be shown.

In reporting assignments of or warehouse receipts for goods held for advances not within the terms of a credit, the approximate value of the goods should be given, together with the amount of insurance thereon; and, in the case of stocks, etc., the marketable as well as the par value of the security should be given.

#### *Transactions requiring Confirmation*

(c) Where the regulations call for Head Office confirmation of a transaction, the account should be brought

## RULES AND REGULATIONS

before Head Office in a Communication without delay. A reference to the number of the Communication should be made in "Remarks" column of the Return.

### *Overdrafts*

(d) The words "Temporary" or "Casual" should never be entered against any overdraft which runs from week to week. In the case of an overdraft in an account conducted under a regular credit, where the total advances (including the overdraft) are in accordance with the authorized credit, no other remark than "Authorized" is called for.

### *Extension of Totals*

(e) The total of a customer's advances in the shape of direct advances or discounts should not be extended more than once in the same Return. In every case overdrafts should be included in the total Loan advances.

### *Renewals*

(f) When reporting renewals the total amount of similar paper in the account should be given as well as the original amount of the particular note renewed.

### *List of Accounts not within Authorized Lines*

(g) This list should contain all the accounts at the Branch at the date of the Return, which are not strictly in accordance in every particular with the terms of an authorized and *unexpired* credit, or the omission of which from the list has not been specially sanctioned.

In the "Remarks" column of this list references to statements previously made are not permissible. The necessary explanations must be given in each Return.

## RULES AND REGULATIONS

### *Lengthy Lists to be Avoided*

(h) The lists of accounts not within authorized lines should contain as few names as possible. When a Manager finds it necessary to make advances temporarily in excess of an authorized credit, he should, unless the excess is quite trifling in amount, advise Head Office of the position of the account and ask to have the additional amount authorized for such a period as appears necessary.

In cases where it is clear that the credit authorized is inadequate, a formal application for the necessary increase should be submitted without delay.

When an authorized credit has expired and there is likely to be some delay in bringing the account before Head Office for revision, the Manager should ask to have the old credit extended for such a time as is likely to elapse before the renewal application will be ready.

### MONTHLY LIABILITY RETURN

336.—(a) This Return calls for the total figures only, in each account, of loans, trade bills, overdrafts, past due bills, overdue debts, real estate and mortgage accounts, stocks, bonds or similar securities owned by the Bank, and the amounts outstanding on account of sterling and foreign bills of exchange purchased and letters of credit, with *full* particulars as to the security held against all advances. The names of all endorsers must be entered in this return. In the case of real estate security, in which there are no changes to report, reference may be made to the last Full Liability Return for particulars.

(b) When any portion of a debt has been written off by Head Office, the original amount should be shown in the margin, the amount written off being deducted, and the net figures extended into the proper column.

(c) The customers' names are to be entered alphabetically, and the names and addresses of all obligants on trade paper or collateral notes for sums of \$5,000 and upwards (unless a lower limit has been specially

## RULES AND REGULATIONS

fixed for any Branch by Head Office), are to be shown. The column for "Total Direct Liabilities" must be added up and shown to agree with the balances in the General Ledger, in the manner provided for in clause L of the Regulations respecting the Full Liability Return.

(d) The only reports required are the particulars of the security held in connection with advances, for which purpose a few lines may be left after the customer's name when needed.

### FULL LIABILITY RETURN

337 (a) This important Return must be prepared with great care. It is intended to show the liabilities of every customer of the Bank in full detail, all Real Estate and Mortgage accounts, and all Stocks, Bonds, or similar securities owned by the Bank.

(b) In the case of loans, every liability is to be shown, however small, with the endorsers or the security held. The unused amount of outstanding credits should be entered in red ink, and included in the total liability.

(c) If the security is in the form of collateral notes, the total amount is to be reported, and the names and addresses of all obligants for \$400 and over given.

(d) If loans are secured by Stocks, Bonds, Warehouse Receipts, or other collateral, full particulars must be given, such as the par and market value of Stocks, name of the warehouseman, the quantity, quality and value of goods held, the insurance, etc. The details of the insurance need not be given, only the total; it is assumed that the policies will be in good companies and the loss, if any, made payable to the Bank absolutely.

(e) In the case of trade bills, the names of all obligants for sums of \$400 and upwards (unless a lower limit has been specially fixed for any Branch by Head Office) must be given, with addresses, etc. The Mercantile Agency ratings are to be entered against

## RULES AND REGULATIONS

every name in the Return. The particulars of the indirect liabilities, if any, of each customer are to be entered opposite his account in the left-hand column; and the particulars of the indirect liabilities of obligants whose names appear in more than one account, but do not appear as direct borrowers, are also to be stated when the amount exceeds \$2,000, a special heading being raised for the purpose and the amount entered to the left of the name.

(f) All liabilities by way of overdrafts, past due bills, overdue debts, sterling or foreign exchange, letters of credit, etc., are to be entered in each customer's account in the Return in detail (in red ink) and included in the total liability, so that the Bank's whole interest in any person or firm can be seen at a glance. Where no current discount account exists, and there are liabilities of the kind above referred to, a special heading must be raised in the Return for these liabilities in proper alphabetical order.

(g) The Return is to be sub-divided into three sections as follows:

- I All accounts (other than those of farmers and graziers) where the liability exceeds \$400.
- II All accounts (other than those of farmers and graziers) where the liability does *not* exceed \$400.
- III Advances to farmers and graziers.

The accounts in sections II and III should be entered in close order. In each section the names must be given alphabetically.

(h) No reports on the liabilities shown in this Return are necessary, unless there is some point which the manager specially wishes to explain.

(i) Where the transactions have been running for over twelve months, the period for which they have been carried should be indicated, but this need not be done if they appear in the Bad and Doubtful Debts Statement.

(j) The rates of discount and exchange charged in connection with each account are to be shown in the margin.



## RULES AND REGULATIONS

(k) When any portion of a debt has been written off by Head Office, the original amount should be shown in the margin, the amount written off being deducted, and the net figures extended into the proper column.

(1) The General Ledger balances for loans, trade bills, past due bills, overdue debts, real estate and mortgage accounts, and the amounts outstanding at the date of the statement on account of sterling and foreign bills of exchange purchased and letters of credit current are to be given in a memorandum at the foot, and the total of these should be shown to agree approximately with the total liabilities reported in the Return, the columns in which should be added up.

### INSPECTION LIABILITY RETURN

338 (a) The Inspection Return of Liabilities must show every liability in detail, and the names of the parties should be in strict alphabetical order as regards both the names of the Bank's customers, and the names of the makers of trade bills and collateral bills in each account. The classification of accounts other than those of farmers and graziers required in the case of the Full Liability Return, is not to be adopted in the Inspection Return unless under special instructions from Head Office.

(b) In writing his reports the Manager should leave a margin on the left of the sheets. This is required at Head Office for the purpose of making memoranda.

(c) In preparing reports for this Return the following are some of the matters which it is expected will be treated of by the Manager :

- 1 Age of customers. Full names and ages of partners in firms.
- 2 Terms of authorized credit and when granted.
- 3 Discussion of customer's position and balance sheet, giving copy of latest statement of affairs and notes as to changes of importance therein, indicating progress, etc.

## RULES AND REGULATIONS

- 4 What amount of insurance he is carrying on liquid and fixed assets, etc., etc.
- 5 Discussion of trade paper and collateral notes now in the account; the makers of trade bills or collateral notes for *considerable amounts* should, of course, be reported on specially.
- 6 Highest and lowest point of loan advances in the account in each month for the previous twelve months.
- 7 Memorandum of date and result of searches at Registry Office with reference to real estate owned by obligants.
- 8 Amount of annual sales made by the customer.
- 9 Percentage of loss on amount of sales.
- 10 Classification of trade bills and collateral notes as per rating of one of the Mercantile Agencies, together with a memorandum of the number and amount of these bills matured since the previous inspection, the number and amount returned unaccepted, and the number and amount returned unpaid.
- 11 Remarks *re* customers' wills or deeds of partnership, having reference to the way in which the Bank would be affected by the death of a customer.
- 12 In reporting on farmers' and other casual loans, the original date of the transaction should be given, with variations, if any, in the amount since it was first put through.

### STATEMENT OF BAD AND DOUBTFUL DEBTS, AND OF REAL ESTATE, MORTGAGES, ETC.

339.—(a) This return is to be made up to the 15th April and 15th October in each year and sent in within the following five days. Branches which have no bad or doubtful debts to report, will nevertheless send a return bearing a statement to that effect.

## RULES AND REGULATIONS

(k) When any portion of a debt has been written off by Head Office, the original amount should be shown in the margin, the amount written off being deducted, and the net figures extended into the proper column.

(l) The General Ledger balances for loans, trade bills, past due bills, overdue debts, real estate and mortgage accounts, and the amounts outstanding at the date of the statement on account of sterling and foreign bills of exchange purchased and letters of credit current are to be given in a memorandum at the foot, and the total of these should be shown to agree approximately with the total liabilities reported in the Return, the columns in which should be added up.

## INSPECTION LIABILITY RETURN

338 (a) The Inspection Return of Liabilities must show every liability in detail, and the names of the parties should be in strict alphabetical order as regards both the names of the Bank's customers, and the names of the makers of trade bills and collateral bills in each account. The classification of accounts other than those of farmers and graziers required in the case of the Full Liability Return, is not to be adopted in the Inspection Return unless under special instructions from Head Office.

(b) In writing his reports the Manager should leave a margin on the left of the sheets. This is required at Head Office for the purpose of making memoranda.

(c) In preparing reports for this Return the following are some of the matters which it is expected will be treated of by the Manager :

- 1 Age of customers. Full names and ages of partners in firms.
- 2 Terms of authorized credit and when granted
- 3 Discussion of customer's position on balance sheet, giving complete details of assets and liabilities and indicating the position of the business.

## RULES AND REGULATIONS

- 4 What amount of insurance he is carrying on liquid and fixed assets, etc., etc.
- 5 Discussion of trade paper and collateral notes now in the account; the makers of trade bills or collateral notes for *considerable amounts* should, of course, be reported on specially.
- 6 Highest and lowest point of loan advances in the account in each month for the previous twelve months.
- 7 Memorandum of date and result of searches at Registry Office with reference to real estate owned by obligants.
- 8 Amount of annual sales made by the customer.
- 9 Percentage of loss on amount of sales.
- 10 Classification of trade bills and collateral notes as per rating of one of the Mercantile Agencies, together with a memorandum of the number and amount of these bills matured since the previous inspection, the number and amount returned unaccepted, and the number and amount returned unpaid.
- 11 Remarks *re* customers' wills or deeds of partnership, having reference to the way in which the Bank would be affected by the death of a customer.
- 12 In reporting on farmers' and other casual loans, the original date of the transaction should be given, with variations, if any, in the amount since it was first put through.

### STATEMENT OF BAD AND DOUBTFUL DEBTS, AND OF REAL ESTATE, MORTGAGES, ETC.

339 (a) These returns are to be made up to the 31<sup>st</sup> of May and 31<sup>st</sup> of November in each year and sent in within the following five days. Branches which have had or doubtful debts to report, will nevertheless send a return bearing a statement to that effect.

## RULES AND REGULATIONS

(b) The May Return will include those debts only which are charged to Old Overdue Debts Account.

The November Return must include all debts (*current or otherwise*), other than those in Old Overdue Debts Account, concerning which there is any doubt of the amount at which they stand in the Bank's books being realized, and also Real Estate, Mortgages, Bonds, and all Stocks and other similar assets owned by the Bank, and all debts secured by or depending on realizations from similar assets (except current loans against satisfactory stock exchange securities) whether any loss is expected or not. Bills which are only casually overdue and considered quite good need not be reported.

(c) In making up these Returns, if the Bank's claim on any party to any debt will become proscribed within a year from the date of the Return, the date at which this would take place must be reported.

(d) In order to facilitate examination the items in the November Return are to be classified under the following headings, which must be written into the Return:

- 1 Debts in respect of which some loss is probable.
- 2 Lock-ups fully insured;  
Dragging accounts in enforced liquidation but in which no loss is anticipated; and  
Unsatisfactory accounts which have to be carried with a view to ultimate liquidation.
- 3 Uncurrent items such as real estate, mortgages (other than those held as collateral to debts in classes 1 and 2), stocks, bonds, etc., whether doubtful or not.

In the May Return only the one heading "Old Overdue Debts" is required.

(e) Under the first heading everything should be included that comes strictly within its terms—that is, where the promissors or endorsers on the notes are dead, or discharged by composition, outlawry, or otherwise, and where all securities have been liquidated.

## RULES AND REGULATIONS

(f) In connection with debts coming under the second heading, no names are to be omitted, even of parties who are absolutely worthless and likely to remain so. Any securities held must be shown, even if considered valueless.

(g) The third heading is for Real Estate, Stocks, Bonds, Life Policies and other assets of a non-banking character, owned by the Bank, or for debts secured by such assets. These are to be reported on in this Return whether a loss is expected or not.

(h) The first column "Party Primarily Liable," is for the name of the customer to whom the advance was made.

(i) The column "Balance now standing in the books of the Branch," is primarily intended to show the amount which the items represent as assets of the Bank. Where there are a number of Trade Bills remaining uncollected, in connection with a debt on account of which an appropriation has been made, it is right to report the amounts due on such bills, and the column referred to is probably the most convenient place to enter them, but care should be taken to indicate plainly that the figures are those of the securities held, not of the amount standing in the books against the securities.

(j) The exact figures for the first four columns must be given, the totals for each debt being shown opposite to the customer's name, with the various items in detail below. No general summation of the Return is necessary.

### *Reports*

(k) In reporting on the debts, Managers should be as brief as possible, but *nothing essential should be omitted*. All the information necessary to enable the General Management and the Board of Directors to judge as to the value of the Bank's assets should be given.

(l) It will be most convenient if the reports on the primary debtors appear immediately below the entry of

## RULES AND REGULATIONS

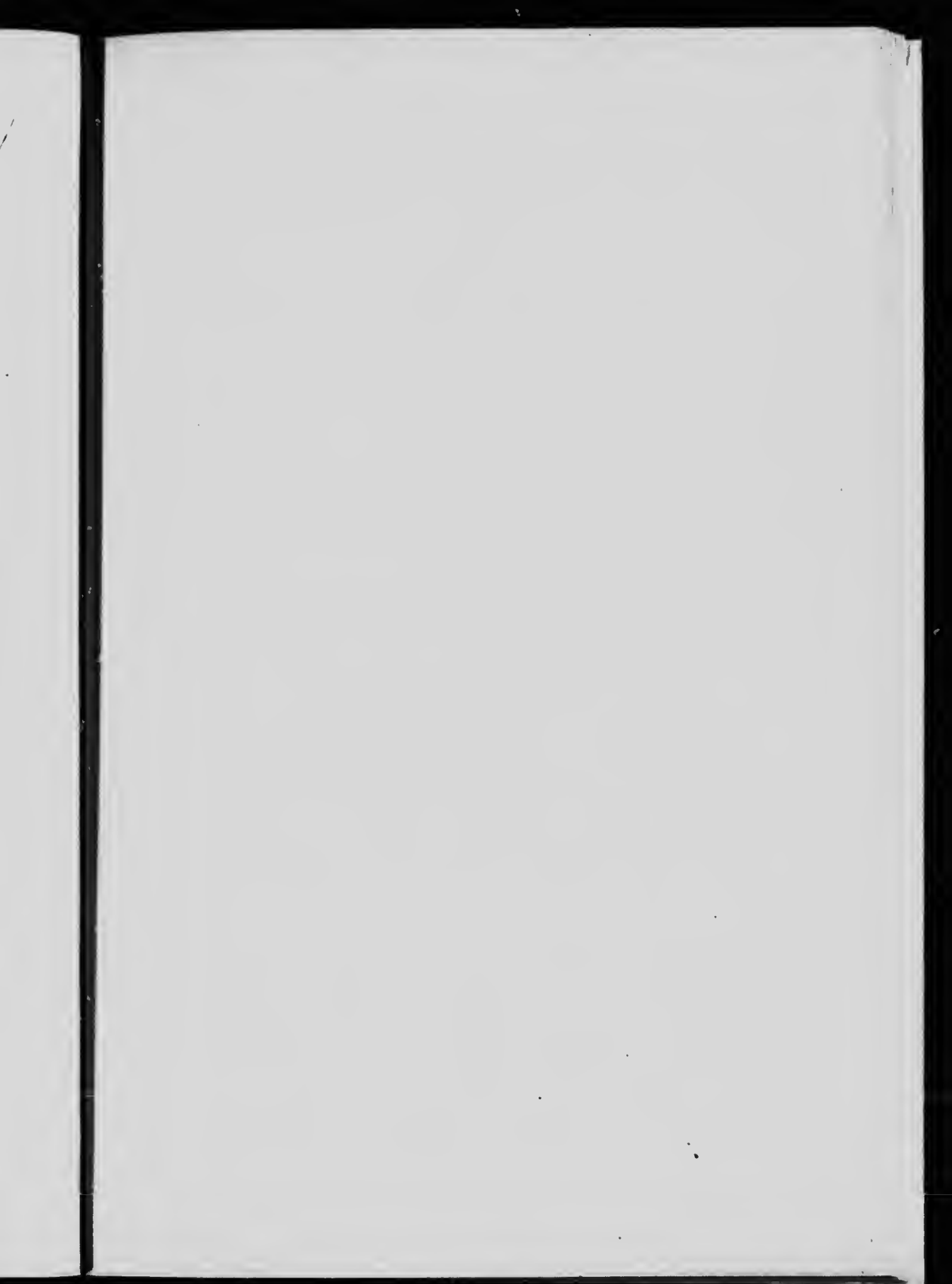
the debt, and the reports on the secondary names or securities on the margin; but this order is not essential.

(m) In making up these Returns reference may be made to a previous statement for any information it contains regarding the past history of a debt, but with this exception each new Return must contain full particulars of every debt, the securities held, with valuations, etc., together with a concise report as to the present position and prospects. Managers should report especially as to what has been accomplished since the last Return was written, in the way of liquidation or of improving our security, or in the way of impairment, and should indicate fully what steps have been taken to ascertain the whereabouts and financial position of the debtors.

(n) The fifth column, "Present Value of Debts," is intended to be filled in by the Manager, and the usefulness of the Returns will depend largely on the reliance which can be placed on his valuation. This will need the exercise of his best judgment as to the recoveries to be expected from the parties who are liable, the securities held, etc., and the most careful and painstaking review of all the circumstances which affect the value of each debt. It is essential that this part of the Return shall be made up with all the care that can possibly be given to it.

(o) The sixth column is for the use of Head Office, and must be left blank.

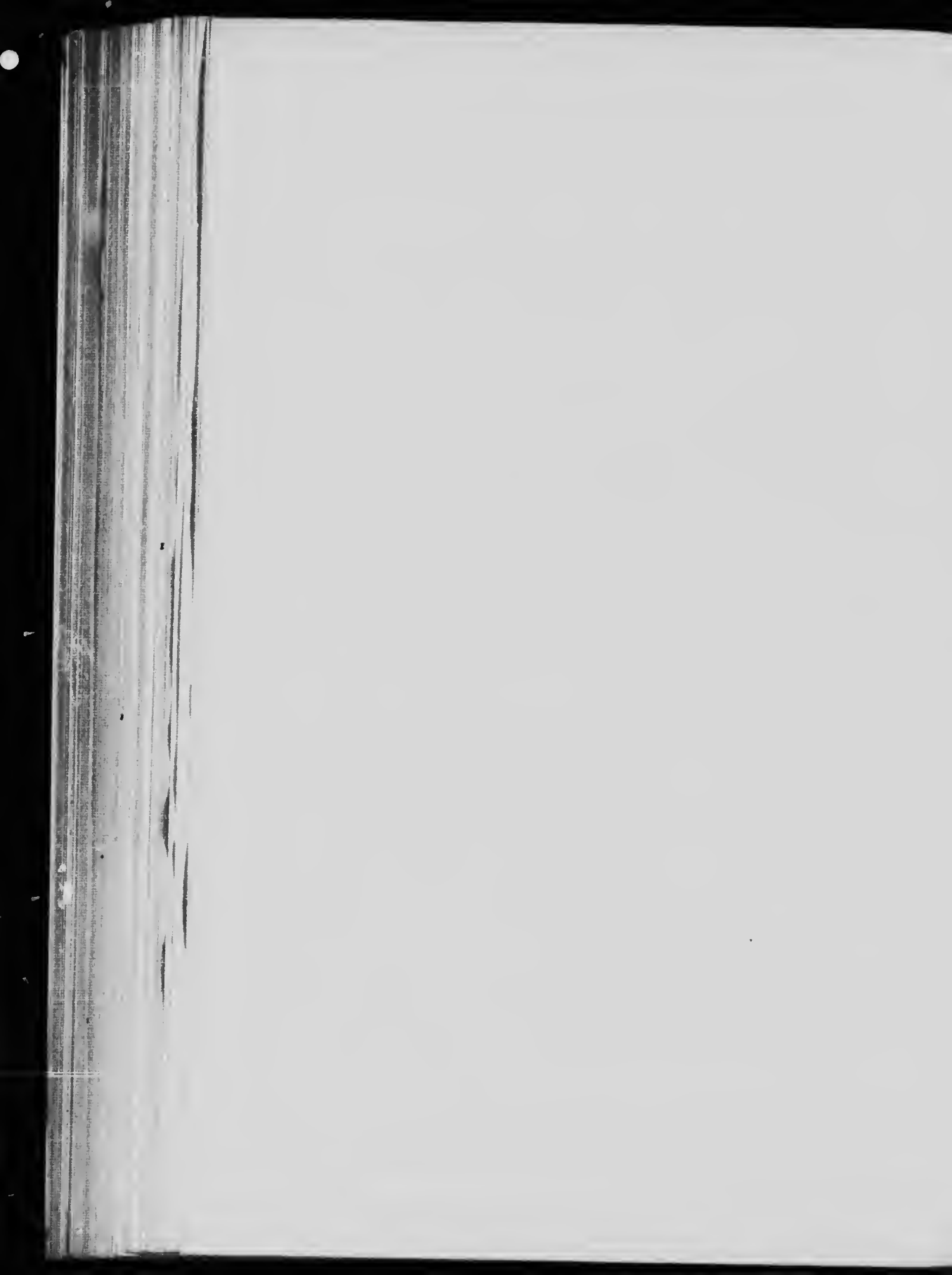
(p) It is the Bank's policy to keep alive on its books all debts where the parties are not actually discharged, no matter how worthless their names may now be.







# SUPPLEMENTS



## "SUPPLEMENT A"

### WAREHOUSE RECEIPTS, BILLS OF LADING, AND ASSIGNMENTS UNDER SECTION 74 OF THE BANK ACT

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A—THE PERSONS TO WHOM THE BANK MAY LEND ON THE SECURITY OF WAREHOUSE RECEIPTS, BILLS OF LADING OR ASSIGNMENTS

#### *Warehouse Receipts and Bills of Lading*

Section 73: The Bank may acquire and hold any warehouse receipt or bill of lading as collateral security for payment of any bill, note, debt or liability incurred to it by *any* person in the course of its banking business; provided such security is acquired at the time of the contraction of such debt or liability, or the Bank holds at such time a written promise that the security will be given.

#### *Assignment of Goods*

Subject to the same conditions with respect to the time at which the security is acquired, or the written promise held:

Section 74 : (1) The Bank may lend money to any *wholesale manufacturer* of goods upon the security of the goods actually manufactured by him or procured for such manufacture. The Bank may not, however, lend to a manufacturer upon the security of any goods procured by him to be sold in substantially the same condition in which they were received.

(2) The Bank may also lend to any *wholesale purchaser or shipper* of, or *dealer* in products of agriculture, the forest, quarry and mine, or the sea, lakes and rivers, or to any wholesale purchaser or shipper of, or dealer in live stock or dead stock and the products thereof, upon the security of the same.

## RULES AND REGULATIONS

No definition of the term "wholesale" manufacturer, purchaser, shipper or dealer, is given in the Act—in fact, it would not be possible to define the term—but no difficulty will probably arise in the majority of cases, as the dividing line will be found tolerably clear. The common sense and business knowledge of Managers must be applied in each case, but whenever a Manager is in doubt he should give the Bank the benefit of the doubt and before making the advance explain the position to Head Office and ask for instructions.

### B—CASUAL OR ISOLATED LOANS

When a customer obtains a casual loan\* from the Bank on the security of an assignment of goods or of a warehouse receipt given at the time the loan is effected, the procedure is, of course, simple. As long as the note remains unpaid the security afforded by the assignment or warehouse receipt also remains, so long as the particular goods assigned remain in store or—in the case of goods covered by sub-section 2 of section 74 of the Bank Act—goods of substantially the same character and of substantially the same value or of less value have been properly substituted therefor. (See paragraph 6, Section C as to substitutions). If the transaction takes this shape simply the Bank would have no power to take any warehouse receipt, bill of lading or assignment other than that acquired at the time the loan is made.

It may, however, be very desirable, even where security is given at the time of making the advance, that the Bank should have power to take further security, or it may be necessary to make a casual advance to be afterwards secured by assignments or warehouse receipts. If these advances are casual or isolated transactions not coming within the category of regular credits, and form 117 is, therefore, inapplicable, a special promise to give security should be taken with each note. A form of note for this purpose containing a provision at the foot for the necessary promise is provided.

\* *i. e.* Any advance not under a regularly authorized credit.

## RULES AND REGULATIONS

Much of what is hereafter said respecting advances under credits is, of course, applicable to casual transactions.

### C—PROCEDURE IN CONNECTION WITH ADVANCES UNDER A REGULARLY AUTHORIZED CREDIT

#### 1 *The written Promise on Form No. 117*

When a credit is granted the advances under which are to be secured by warehouse receipts, bills of lading or assignments, it is important that the Manager should, *before any advances are made*, take a written promise from the customer to give security from time to time on *all his goods, etc.*, for *all advances* made under the credit. It is not necessary that he should thereafter in due course give such security if we choose to dispense with it, but such a promise will enable the Bank, at any time during the currency of his advances under the authorised credit, to take warehouse receipts, bills of lading, or assignments, covering such portions of his goods, etc., as may be thought fit. There is no "written promise" short of the general form above described which would meet the varying conditions of an active account; and this promise, on form 117, with the relative agreement on form 103, should always be obtained as a regular part of any application for a grain, lumber, cheese, milling, or other credit of like nature. It should bear a date not later than the date on which the advance is made and it must not be ante-dated.

In produce accounts, where the customer is permitted to overdraw to pay for grain, etc., coming in, and to cover by a note as soon as he knows what his requirements are, the promise is an absolute necessity. The advance is made in such cases when the customer's cheques are paid, and if we have not at that moment a written promise to give warehouse receipts or security under Sec. 74, we cannot afterwards acquire such security.

The real loan is made when the money is first advanced by the Bank. Where, for instance, a note is discounted to cover an overdraft, the discounting of the

## RULES AND REGULATIONS

note is not a new transaction, and we could not take security therefor by way of warehouse receipts, bills of lading, or assignments of goods, unless at the time the overdraft was granted we had a promise in writing that such security would be given.

Care should be taken to have the written promise include each class of product on which it is at all likely that the Bank may be asked to lend during the season, and all places where the customer is likely to store goods. (See Sections 3 and 4, *infra*, which relate to the promise as well as to the actual assignment).

If during the season the customer finds that he needs (and the Bank is willing to grant) advances larger than those applied for in the written promise, such advances to be covered by goods of the same nature and stored in the same place as those referred to in the promise, a new written promise should be taken from the customer covering the *additional* amount of advances required. The two promises may then for all practical purposes be treated as one, and no attempt need be made to keep separate accounts for the amounts advanced under each of them respectively. If, however, the customer desires to obtain advances upon goods of a different nature from those covered by the original promise, or if the goods, whether of the same nature or not, are stored in places not mentioned in the original promise, then a fresh promise must be taken for the amount of advances required under the new conditions, and a separate account must be opened, through which must pass the proceeds of all advances made in accordance with the terms of the second promise. On no consideration must the proceeds of the advances made under one promise be used to repay advances made under the other.

### 2 *The Debt Secured*

In taking assignments the advance from the bank must be described as it actually is. We cannot take security for "*all advances*," or in any general way; it must be for a specific loan in money, or for a specified

## RULES AND REGULATIONS

promissory note or notes. In connection with loans by way of overdraft, where we have a written contract with the customer covering an agreement to give us assignments of all certain goods as security for all our advances under the credit, assignments should be taken from time to time of *all* such goods as security for the *whole overdraft* at such time.

### 3 The Description of the Goods

This concerns both the "written promise" and the "assignment."

The best description, where it is possible to get it, is one which takes in all the goods in a particular place, such as the following: "*All the logs, lumber, and products thereof, which are now in the following place(s), namely, ... ..*" This description, if the place or places are in addition properly described, would leave no doubt as to what goods are assigned, and it would be suitable for our purposes even if we have already an assignment of the whole or part of the same goods, and the document is a second, third, or subsequent assignment containing the same description. It would transfer the goods to the Bank subject to whatever claim we might already have under the previous assignments, and, in addition, all the goods covered by the description that had been added since the date of the last previous assignment. The words "*except previous assignments to the Bank,*" should always be left in the form when there are previous assignments.

Failing this general description, the validity of which has been thoroughly tested under the Chattel Mortgage Act in Ontario, the security, to be good, must contain such a definite description by marks, location, or otherwise, as will enable the Bank to identify the goods without question, even if there are other goods of the same kind in the same place not assigned to us. Such a description, *e.g.*, as "100,000 feet of saw logs," where there may be 125,000 feet, or even 105,000 feet, and where the particular 100,000 feet is not specified, would probably be held invalid. With grain, however, it is different. If



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we have security on 10,000 bushels of wheat and the bins are found to contain 12,000 bushels, we would be entitled to hold our 10,000 bushels. This right has been recognized by the Courts.

### *4 The Place or Places where Stored*

This also concerns both the "written promise" and the "assignment."

A clear and definite description of the place or places where the property is stored is as necessary as a description of the goods themselves, and indeed is an essential part thereof. The ponds, yards, etc., where logs and lumber are stored, the warehouses about a mill containing flour or grain, and in fact all the places where goods are situated which are to be assigned, must be described in such a way that there can be no doubt which particular places are meant, and so that if there are other places of a similar kind belonging to the customer, they can be clearly distinguished. Such a description, *e.g.*, as "my mill," or "my elevator," if the customer owned two mills, or two elevators, would not be good. If the customer is likely to use any other than the usual storage places, the phrase in the "written promise" should be made wide enough to include these also.

It is to be noted that the Act authorizes us to take security on goods whether in the possession of the owner or not. The forms (Nos. 65 and 66) have been framed to meet the customary cases, but they may be altered to suit the circumstances when goods are in possession of another person; as for instance at a railway station where the agent cannot grant a warehouse receipt, or in bond under the charge of the Customs or Excise Departments.

### *5 As to the Practice to be followed in working an Account under a Written Promise on Form 117*

Under the terms of a written promise on form 117 it will be practicable for the Bank at any time, and from time to time, during the currency of the advances to take security for all that are current, covering all or any part

## RULES AND REGULATIONS

of the goods described in the promise, whether such advances have been previously secured or not, or whether the advances are by way of overdraft, or are represented by promissory notes.

The security would naturally be taken whenever a note is discounted, or at other times when it is desirable because the customer has added new stock since the previous assignment was given, the assignment in each case being filled up to secure the new note and the notes previously discounted. In the case of an overdraft the assignments should be taken at such intervals as may be found necessary; keeping in view the object to be gained, which is this, that as far as possible the Bank shall at all times have security on all the customer's grain, &c., applicable to all its advances.

The earlier assignments in these cases should be retained, and those subsequent to the first should have the words "except previous assignments to the Bank" left in. When the customer from whom we have such security is paying off his advances, it is not material to which note payments on account are applied, assuming that the securities are all in order; but should there be any doubt as to the regularity of the security for any note, such note should be paid first.

All that is here said as to taking assignments applies equally to warehouse receipts, provided these cover property which is clearly a portion of that described in the promise. There could be no doubt on that point if the promise is to give security by assignment of all the grain, etc., now held or hereafter held by the customer, or by warehouse receipts covering the same or any part thereof, as the printed form provides.

Managers are aware that the substitution of one warehouse receipt or assignment for another is invalid, and it may be well to mention that the taking of the subsequent warehouse receipts or assignments recommended above is not a substitution. The customer has promised that he will from time to time give us security on all his goods for all his advances, and the subsequent assignments, etc., are not substituted for previous security,

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but are given in addition and in fulfilment of his promise to give security on the particular goods covered thereby.

### 6 Substitution of Goods

Under the amendment of 1900 to Section 74, it is provided that :

"The bank may allow the goods, wares and merchandise covered by such security to be removed and other goods, wares and merchandise, mentioned in this sub-section," (i.e. sub-section 2) "to be substituted therefor, and those so substituted shall be covered by such security as if originally covered thereby ; provided always that such goods, wares and merchandise so substituted are of substantially the same character, and of substantially the same value as, or of less value than, those for which they have been so substituted."

It will be observed that this right of substitution applies only to such goods as are mentioned in sub-section 2, namely : Products of agriculture, the forest, quarry and mine, fish, live stock and dead stock and products thereof. *It does not apply* to manufactured goods taken under sub-section 1. The effect of the decision in *Molsons Bank v. Beaudry* is, that for the purposes of this Act flour, lumber, etc., are not products of agriculture, or of the forest, but that they must be considered as manufactured goods, to which the right of substitution would not apply.

The clause will no doubt be helpful in making the security in such accounts as those of grain-dealers, etc., more satisfactory, but if it were relied upon too far it might lead to trouble, for which reason it would be inadvisable to depart from the existing practice of requiring a written application containing a promise to give security at any time during the use of the credit. Hitherto, in the working of such accounts, no matter how careful a Manager might be, there was the risk of the security being impaired because we were relying on what might prove to be a substitution of goods. Now, if the goods are of substantially the same character and of substantially the same value as or of less value than those for which they have been substituted, we would have a right to hold them under the original assignment.

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It is important to note that the clause provides that *the bank may allow the goods to be removed.*" There should always be an understanding with the customer on this point, *i.e.*, the customer should not remove goods without the Bank's previous consent. The most satisfactory way would be for the customer to make a formal application to the Bank for consent to remove certain goods and to substitute others, and in giving the consent care should be taken that the goods to be substituted are of substantially the same character and of substantially the same value as or of less value than those to be removed. Where practicable this course should be followed, but if it cannot be followed without too much inconvenience, in cases where it is intended to trust the customer to remove goods and substitute others without first notifying the Bank a previous understanding to that effect with the customer should be arrived at and evidenced in writing. If possible, a statement should be obtained from the customer at intervals, showing the removals and substitutions, and the Manager should then see either that the terms of the Act have been complied with, or that anything then necessary to comply with its terms is at once done.

If it should happen in any case that goods have been removed and others substituted without either a general or special consent of the Bank, a statement of the removal and substitution should be taken and the Manager should ratify the customer's act if he thinks it in the interests of the Bank so to do, or he should report the case to Head Office and ask for instructions. It is doubtful whether in a case under this statute the customer's unauthorized act can be ratified so as to give the Bank the right to the substituted goods, but unless some other course (such as proceedings against the customer for removing the goods) be clearly in the Bank's interest there would seem to be no course open except to ratify the transaction and hold on to the substituted goods.

It will be observed that under this clause our right to substituted goods will not depend on an assignment being taken after the substituted goods are acquired, but

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on our having an assignment covering the original goods for which the new goods have been substituted. For this reason it will be well to keep all the assignments until the whole of our advances to a customer are cleaned up at the end of a season.

The provision that substituted goods must be of substantially the same character and of substantially the same value or of less value, is one which will be certain to involve some difficulty. If, for instance, the substituted goods were of *substantially greater* value than those which had been removed, while under the assignment of the original goods we might have a right to substituted goods of an equal value, the particular goods might not be distinguishable, and our security might in this way be rendered entirely worthless. In case of doubt Managers should refer to Head Office.

Speaking generally, it may be said that the benefit of this new clause will be most felt when security has been taken upon any grain, minerals, logs, live stock, etc., at a time when the stock is at the highest point. The removal with the Bank's consent of a portion of the goods, and the substitution of other goods would leave the assignments applicable to all the remaining stock, *provided* it were not of substantially greater value than the stock covered by the previous assignments.

Notwithstanding this amendment to Section 74, it seems still desirable to maintain the present practice of taking security on *all* the goods, and *taking assignments frequently during the season when the stock on hand has a tendency to increase*. The difficulty with respect to the identification of the goods assigned, as indicated in the preceding paragraph, is removed whenever the stock on hand becomes of smaller amount and value than that covered by the previous assignments.

It is to be noted, further, that where assignments of articles specified by numbers and marks are taken and these articles are not disturbed, it is not desirable to take a new assignment relating thereto unless it may be by way of a second assignment to secure a debt different from that to which the original assignment relates.

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same extent as any owner of goods detained from him can follow the same.

### *9 Assignments by Customer's Attorney*

An assignment under Section 74 is akin to a chattel mortgage, and where it has to be signed by the customer's attorney, the Manager should see that the Power of Attorney is sufficient to make his signature for this purpose valid. Our full form of Power of Attorney would cover the right to endorse warehouse receipts or bills of lading to the Bank, as they would be included under the phrase "transfer . . . other securities," but to enable the attorney to give assignments, the Power of Attorney should contain this phrase in addition: "to give security to the Bank under Section 74 of the Bank Act." In the case of a Joint Stock Company a resolution of the Board to a similar effect is necessary, and forms 122 and 128 are provided for use in this connection.

### *10 Irregular Assignments*

Head office is so frequently called on to advise as to the best mode of curing defects, that we think it well to add a clause on that point.

Where a written promise on the approved form has been obtained before any advances are made, the new assignments taken from time to time to secure the whole debt from time to time will probably cure any defects that may exist.

Where advances have been made without the Bank receiving a promise to give security, the following is the best mode of putting matters right:

- (1) A promise on the approved form should be taken.
- (2) All advances prior to the promise should be entered in the Liability Ledger, and that account then closed so far as any further loans are concerned, a new liability account being opened for advances made after the promise is received.
- (3) Renewals of loans made prior to the promise should be kept in the old liability account, and all the advances therein shown should be liquidated out of the

## RULES AND REGULATIONS

receipts of the customer's business by the cash taken in, proceeds of trade bills discounted, etc., care being taken that not a single dollar of the indebtedness that existed at the time the promise was taken is paid out of the proceeds of any loan advances charged to the new account.

This course will sooner or later leave all the advances clearly within the scope of the written promise, and put the bank in a position to keep its securities in the best possible shape.

### *11 Transactions with Private Bankers*

If it is desired that loans obtained by any grain dealer or the like through the mediation of a private banker shall be secured under the Bank Act, it is necessary that the loan shall be made direct to the grain dealer (the endorsement or guarantee of the private banker being taken) and not to the private banker on the security of the grain dealer's note. The private banker can take security in Ontario under the Ontario Mercantile Amendment Act, but he cannot, of course, take security under the Bank Act.

### *12 The name "Assignment" to be used*

In applications for Credits and in returns to Head Office, etc., the word "Assignment" should invariably be used in describing security under Section 74.

## D—FORMS

In order to obviate confusion, the forms authorized for use in connection with security upon goods are enumerated here:

(a) Form 117—Application for credit and promise to give security.

(b) Form 103—Contract with customer respecting warehouse receipts, etc.

(c) Form 65—1900—Assignment to secure advances by discount of promissory note.

(d) Form 66—1900—Assignment to secure a demand loan or loan by way of overdraft.

## RULES AND REGULATIONS

(Where security is taken for advances partly on notes and partly by overdraft, Form 65-1900, may be used, by inserting after the description of the note or notes discounted, the words *and the granting of an overdraft now amounting to \$* ).

(e) Form 120—Note to be taken for advances made in pursuance of a promise on Form 117.

(This form should only be used where the advance is made at the time of the discounting of the note. Where a note is merely taken to cover advances already made by way of overdraft, the ordinary form should be used.

(f) Form 37—Note to be taken for casual advances secured by assignments, bills of lading or warehouse receipts.

(g) Form 64—Warehouse receipt.

(h) Form 122—For certified copy of resolution authorizing the officers of a Company, among other things, to give security under Section 74.

(i) Form 128—For certified copy of by-law authorizing the Directors of a Company to borrow money and give security on goods under Section 74 of the Bank Act.

### E—SECURITY ON STANDING TIMBER, ETC., UNDER SECTION 16 OF CHAPTER 26, 1900

“The Bank may lend money upon the security of standing timber and the rights or licenses held by persons to cut or remove such timber.”

If the borrower owns the timber, whether or not he is also owner of the soil, the security can only be taken by way of mortgage, and the formalities as to registration, etc., applicable in the case of an ordinary mortgage of lands must be observed. A sufficient description for the purpose of registration of the lands on which the timber stands, is therefore requisite.

In the case of Government licenses, a proper assignment of these should be taken, and notice thereof promptly given to the head of the proper Government Department in that behalf.

The forms adopted for taking security under Section 74 are not suitable for security on standing timber under Section 16 of Chapter 26, 1900, and where advances are to be made on security of the latter description, Head Office should be consulted as to the necessary documents.



## SUPPLEMENT "B"

### PENSION FUND—REVISED CONSTITUTION AND RULES ADOPTED MAY, 1901

#### I

1 The Pension Fund of The Canadian Bank of Commerce has been established to provide pensions and other benefits for the officers and other employees of the Bank, in accordance with the rules from time to time in force relating to the Fund.

2 The Fund consists of moneys derived from :

(a) A sum transferred by the Board of Directors from the "Officers' Guarantee Fund," and such other sums as the Board of Directors may think proper in future to transfer from that Fund.

(b) Contributions by the Bank as authorized by the shareholders.

(c) A sum transferred to the credit of the Fund in connection with the purchase of the assets of the Bank of British Columbia and the admission of the former officers of that Bank to the Pension Fund.

(d) Contributions by the staff of the Bank.

(e) Interest on the moneys of the Fund.

3 The Fund is subject entirely to the control of the Board of Directors, free from any claims except for pensions actually granted and remaining in force under the Rules and Regulations respecting the same.

4 The moneys of the Fund shall be held by the Bank, and shall bear interest at such rate as shall from time to time be fixed by the Board of Directors, which shall be added to the Fund on the 30th November and 31st May in each year.

#### II

5 These rules shall apply to and be binding upon all the officers and employees of the Bank who have been admitted to the Fund, and on all others who may hereafter be admitted by the Board of Directors to the Fund, provided that notwithstanding anything in these rules contained :

## RULES AND REGULATIONS

(a) The officers and employees of the Bank who were admitted to the Fund by the Board of Directors by resolution of 12th June, 1894, as from the 1st day of June, 1894, shall continue to be subject to the provisions of clause number 5 of the Constitution and Rules of the Pension Fund as then in force :

(b) For the purposes of these Rules the service in the Bank of British Columbia of the officers and employees of that Bank, who on 1st January, 1901, became officers and employees of The Canadian Bank of Commerce shall be counted as service in this Bank, and each such officer and employee shall be regarded as having contributed to the Fund from the age of twenty-five, if at that age he was in the service of the Bank of British Columbia, or from the date of his appointment to the staff of that Bank, if such appointment was made after he had passed the age of twenty-five.

6 All officers of the Bank shall be eligible for admission to the Fund on attaining the age of twenty-five years, together with such messengers and other employees as may be specially designated by the Board of Directors; provided that each of such officers and employees shall first pass a medical examination made by a physician appointed by the Board of Directors. The expenses of such examination will be borne by the Bank. No officer who has reached the age of twenty-five shall remain in the service of the Bank unless he is admitted to the Fund, but the Board of Directors may waive this rule in special cases.

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7 Subject to the foregoing Rules, officers and employees of the Bank admitted to the Fund, who have been in the service of the Bank for ten years and upwards (not including service prior to the age of twenty-one), and have completed the sixtieth year of their age, or are incapacitated for further duty, shall be eligible for and entitled to apply for pensions.

8 The service of every officer or employee shall *ipso facto* terminate on his completing the sixty-fifth year of his age, but the Board of Directors may, with the

## RULES AND REGULATIONS

concurrence of any officer or employee, retain him in the service beyond that period.

9 Pensions may be granted at the rate of one-fiftieth of the annual salary at the date of retirement for every full year's service after the age of twenty-one, up to but not exceeding thirty-five years. The limit of salary for the purpose of this computation shall be \$4,000 per annum, and no pension shall exceed \$2,800 per annum. No contributions are to be payable in respect to the portion of the salary of any officer which may exceed \$4,000 per annum. Allowances, in respect to which no contribution is made, shall not be treated as part of the salary under this rule.

10 Pensions will be paid quarterly at the end of February, May, August and November in each year during the life of the pensioner, the first payment on the quarter day following the date of retirement and covering the proper proportion for the broken period; a full quarter's pension will be paid on the quarter day following the date of death of the pensioner, to such of the relatives or dependents of the deceased as the Board of Directors may think fit.

11 Each officer or employee of the full age of twenty-five years and upwards, shall contribute to the Pension Fund, until he becomes a pensioner, a sum equal to 3% of his salary, which shall be deducted by the Bank from his salary in settling for it as the same shall fall due from time to time, and transferred to the Fund.

(a) When any officer or employee enjoys the use of a free house, fuel and light, or other privileges, the same shall be valued by the Board of Directors, and treated as forming part of his salary; but this does not apply to or include the allowances made to the staff at New York, Winnipeg and elsewhere, to offset the increased cost of living.

12 No officer or employee who may be dismissed from the service, or whose resignation may have been required because of fraud, dishonesty or other misconduct, shall be eligible for or receive a pension, or any other benefit or allowance from the Fund.

Where an officer resigns from the service his contributions to the Pension Fund shall be discontinued, and he shall cease to have any connection therewith from the date on which his resignation is handed in, without regard to the date of actual retirement.

13 Should any officer or employee having completed ten years of service (exclusive of service under the age of twenty-one) die while in the service of the Bank, the Board of Directors may, if in their judgment the condition of the Fund warrants it, pay to such of the relatives or dependents of the deceased, as they may see fit, a sum not exceeding one-half year's salary. The Board of Directors may also pay in like manner to such of the relatives or dependents of a deceased pensioner as they see fit, a sum not exceeding one-half year's pension.\*

14 If the salary of any officer or employee who has contributed to the Fund shall for any cause be reduced, the surplus contributions theretofore made by him in excess of the contributions which he would have made to the Fund had his salary at no time exceeded his salary as reduced, may be applied to the payment of any contributions to the Fund which may thereafter be payable by him, without allowance for interest. But no officer or employee shall be entitled to repayment of such excess payments; nor shall he have any claim on the Fund in respect to the same, except to be allowed to apply the same on any further contributions as herein provided.

15 If the salary of any officer or employee who has contributed to the Fund for *twenty years* or more shall for any cause be reduced, his nominal salary may for the purposes of these Rules, if he so desire, be taken to be the salary he received before the reduction was made, or such lesser sum as he may elect, and his contributions

\*NOTE.—The Board of Directors will receive and record the names of the beneficiaries to whom the officers of the Bank would wish benefits under clauses 10 and 13 to be paid, and will, unless in their opinion injustice would be done thereby or inconvenience and expense result, accept and carry out the nominations made.

## RULES AND REGULATIONS

shall be made on the basis of such nominal salary, and his pension shall be calculated on the same basis.

16 If any officer or employee hereafter appointed to the staff of the Bank is at the date of his appointment of the full age of thirty-one years or upwards, the Board of Directors may for the purpose of these Rules add ten years to the term of his actual service, on payment into the Fund in one sum or in such instalments as the Board of Directors may authorize, the equivalent of the contributions he would have made had he been actually in the service of the Bank during the ten years prior to his appointment. Such payment shall be actuarially determined on such basis and at such rate of interest as the Board of Directors may deem equitable.

17 Any officer or employee who may, before having completed the sixtieth year of his age, apply for a pension on the ground of mental or physical incapacity for further duty, shall be required to show to the satisfaction of the Board of Directors (whose judgment shall be final) that such incapacity exists, and if a pension is granted he shall, whenever the Board of Directors is of opinion that his health has been so far re-established as to fit him for duty, enter again into and continue in the service of the Bank on such terms as the Board of Directors may direct, in which case he shall resume his regular contributions to the Fund. In the event of his refusing so to re-enter and continue in the service, his pension shall be forfeited, but he shall not be liable to be called on to re-enter the service after completing the sixtieth year of his age.

18 Any officer or employee in receipt of a pension, who shall enter the service of another banking institution, shall immediately on his doing so forfeit his pension.

19 Any officer or employee in receipt of a pension who may desire to follow an occupation other than banking, shall, before entering such occupation, obtain the consent of the Board of Directors in writing to his so doing, failing which his pension shall be forfeited.

20 Every pension shall be alimentary and shall not be assignable to, or attachable by creditors or other-

## RULES AND REGULATIONS

wise. Pensions shall be paid directly to the pensioner on his presenting himself at the Bank and signing a receipt for the same. Where, for any good reason, a pensioner does not so present himself, evidence of his being alive must be produced to the satisfaction of the Board of Directors.

21 The Board may at any time after the expiration of seven years, and at intervals from time to time thereafter, at the expense of the Fund, order actuarial examinations to be made of the state of the Fund, and of all matters connected therewith, and may thereafter amend the Rules as to the terms of contribution, the rate of pension, etc.

22 While it is intended that the administration of the Fund shall, until further notice, be in accordance with the general principles laid down in the foregoing Rules, it must be distinctly understood that these Rules confer no rights on any officer or employee, and no contract, expressed or implied, shall arise thereunder, or by reason of any expression used therein, or thing done thereunder, and that every pension will be granted at the discretion of the Board of Directors, and, subject to these Rules, shall be continued only during their pleasure. No contributor to the Fund shall have any claim whatever upon it, or to past contributions to it, if he shall leave the service otherwise than as a pensioner, but a pension once granted shall, unless forfeited or suspended under these Rules, be a charge upon the Fund, and shall be payable thereout during the lifetime of the pensioner.

23 An account of the Fund shall be made up on the 1st December in each year, and printed and circulated among the contributors to the Fund.

24 The Rules from time to time applicable to the Fund may at any time be amended by the Board of Directors, and additional Rules may be made from time to time by the Board of Directors.

25 Except as provided in Sub-clause (b) of Rule 5 hereof, the existing Constitution and Rules relating to the Fund are hereby repealed, and the foregoing are substituted therefor.



# MICROCOPY RESOLUTION TEST CHART

(ANSI and ISO TEST CHART No. 2)



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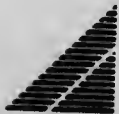
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1653 East Main Street  
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(716) 482-0300 - Phone  
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## RULES AND REGULATIONS

### OFFICERS' LIFE INSURANCE SCHEME

#### *Regulations*

1 All officers under the age of twenty-five, as well as those over twenty-five who come within the provisions of the Pension Fund, are entitled to the benefits of the Officers' Life Insurance Scheme and are liable to assessment thereunder.

2 Junior clerks are exempt until their appointments are confirmed, and they may be exempted for a period of one year in all from the date of their joining the staff, provided they give formal notice of their desire to be so exempted, immediately after their appointments have been confirmed.

3 Messengers who are admitted to the Pension Fund come within the provisions of the Insurance Scheme. Other messengers may be admitted at the discretion of the Board of Directors, subject to a satisfactory medical examination.

4 On the death of any officer on the staff of the Bank there shall be paid to such of his relatives or dependents as the Board may see fit,\* the sum of \$1,000 to be provided as follows: On the occurrence of a death among the staff

Officers receiving salaries of \$1,000 and over shall contribute four dollars each;

Officers receiving salaries of \$500 and under \$1,000, three dollars each; and

Officers receiving salaries of less than \$500, two dollars each.

5 Any officer who retires from the service, either as a pensioner or otherwise, ceases to have any connection with this Scheme, *i.e.*, he will not be called upon to contribute, and his heirs will receive no benefits under it.

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\*Officers should lodge at Head Office, for the guidance of the Board of Directors in dealing with the matter, a nomination of the beneficiaries to whom they would wish payments out of this Fund to be made.

## RULES AND REGULATIONS

In the case of an officer leaving the service, his connection with the Fund terminates on the date on which his resignation is handed in, without regard to the date of actual retirement.

6 The surplus over and above \$1,000 resulting from any assessment may be applied in the creation of a Widows' and Orphans' Fund, or otherwise disposed of, as the Board of Directors may direct.

## SUPPLEMENT "C"

### OFFICERS' GUARANTEE FUND

1 The Officers' Guarantee Fund has been established by the Board of Directors, in order that every Employee in the service of the Bank may give security thereunder against losses arising from want of fidelity, mistake, negligence, or other misconduct in the performance of his duties.

2 Each Employee shall enter into an agreement and contract with the Bank for the due and faithful discharge of his duties ; and if the said Employee shall not be of the full age of twenty-one years, some responsible person must become his surety for the due performance of his agreement and contract.

3 The amount of security to be given by each Employee shall be fixed from time to time by the Board of Directors, or by the General Manager, the minimum amount being \$1,500, and shall be security that the said Employee shall honestly and faithfully keep and perform his agreement and contract with the Bank.

4 The salary of every Employee in the service of the Bank shall, except as hereinafter provided, upon the 1st October in each year, be assessed to the extent of  $\frac{1}{2}$  of 1 per cent. on the amount for which he shall for the time being be required to find security, and the Bank is hereby authorized and empowered to retain the said percentage on his salary and pay the same to the credit of the Officers' Guarantee Fund.

5 The salary of every Employee who shall hereafter enter the service of the Bank, or who shall have his security increased at any other time than the 1st October in any year, shall, in respect of such new or additional amount of security, be assessed to the extent necessary to pay the contributions aforesaid, proportionate to the time between the date of entry, or the increase of security, and the 1st of October succeeding.

## RULES AND REGULATIONS

Provided, however, that when five yearly payments shall have been made at the rate of  $\frac{1}{2}$  of 1 per cent. upon the amount for which each Employee was originally and has since been required to find security, then no further reduction or assessment shall be made in the salary of such employee, except as provided in Sections 11 and 12.

6 The Guarantee Fund shall be credited with the amounts annually assessed upon or deducted from the Employees' salaries, and with interest at the rate of six per cent. per annum up to the 1st of October in each year, upon the balance at the credit of the fund, and shall be debited with all losses which the Bank may sustain by the acts or defaults of any Employee, so far as the same may not be recovered directly from such Employee; and a resolution of the Board of Directors shall be conclusive evidence of the fact and extent of such loss.

The amount, however, for which the Guarantee Fund is liable to the Bank, shall be limited to the actual sum for which any defaulting Employee shall at the time have been required to find security.

7 The liability of each Employee to make good the losses occasioned or arising by or through his acts or defaults, shall remain in every respect the same as if the Guarantee Fund had never been constituted.

8 The Board of Directors may allow an Employee to be secured by the said Fund upon such terms as they may think proper, although a demand shall have been made on the Fund in respect of his acts or defaults.

9 The Guarantee Fund, and all moneys credited and paid thereto, shall belong solely to the Bank, and shall be considered to be a special fund set apart from time to time to meet any losses incurred by the said Bank in manner above mentioned; and no Employee of the Bank, a deduction from whose salary has helped to form the said Fund, shall be deemed to have any personal interest therein as to any of the moneys composing the said Fund.

## RULES AND REGULATIONS

10 The Board of Directors of the Bank shall have the sole administration of the Guarantee Fund, and may from time to time, if they think fit, amend, alter or rescind the present regulations, and make such new regulations as they may deem expedient.

11 If the Bank shall at any time sustain any loss or losses which, when debited to and repaid out of the Fund, shall reduce the balance at its credit below such a sum as the Board of Directors may consider a safe minimum amount, the salaries of all the Employees secured by the Fund shall immediately be assessed *pro rata*, according to the amount for which they are respectively secured, to such an extent as shall be necessary to make up the amount paid out of the said Fund, and such assessment shall be deducted by the Bank from the salary of each Employee, and credited to the Guarantee Fund.

Provided always that no greater deduction than  $\frac{1}{6}$  of 1 per cent. on the amount for which he is secured by the Fund, shall be made from the salary of any Employee in any one year.

12 In case it shall be proved to the satisfaction of the Board of Directors that any loss or losses, which shall become chargeable to the Fund, were in any degree attributable to the neglect or failure of any Employee or Employees, other than him through whose default such loss occurred, to carry out the rules and regulations of the Bank, or to exercise proper supervision, the salary of every such other Employee shall be liable to be reduced to such an extent as the Board of Directors shall require in order to enable them to pay to the said Fund something towards making good any loss or losses so incurred, provided always that no such further reduction greater than 1 per cent. on the amount for which he shall be secured by the Fund shall be made from the salary of any Employee within any one year, but this regulation must be understood as not interfering in any way with the power vested in the Board of Directors by the Bank's By-Law No. 11, which reads as follows :

## RULES AND REGULATIONS

“ Every person in the employ of the Bank, but intending to leave the same, shall give the Bank three months' notice in writing of his intention; and it shall be competent for the Board of Directors to put an end to the engagement of any person in the employ of the Bank, either by giving him three months' notice in writing to that effect, or by paying him a sum of money equal to three months' salary, in lieu of such notice. In case of neglect, breach of duty, or other misconduct, on the part of any person in the employ of the Bank, the Board of Directors may summarily dismiss him without any previous notice; and, in such case, the salary of the person dismissed shall be paid up to the time of his dismissal only, unless he be also a defaulter, or be otherwise indebted to the Bank, in which case any balance due to him for salary or otherwise, shall be placed to the credit of his debt.”

13 The Board of Directors shall in every case of breach of duty on the part of any Employee, be at liberty to institute and prosecute at the expense of the Bank, such civil or criminal proceedings as they think fit, and no Employee shall be entitled to avail himself of any defence, or supposed defence, founded on any deduction made from his salary as aforesaid.

14 A yearly account of the Fund shall be made up on the 1st October in each year and submitted to the Board of Directors, and thereafter printed and circulated among the Officers and Employees of the Bank.

15 Should it at any time appear expedient to the Board of Directors, they shall have the power to bring this Guarantee Fund to an end, and in that event the balance on hand, after paying all claims and charges thereon, shall be disposed of in such a way as the Board of Directors may consider proper and just.

## SUPPLEMENT "D"

### CONVENTIONS AND RULES RESPECTING ENDORSEMENTS

Adopted by the Council of the Canadian Bankers' Association on the 26th February, 1898, under authority of a resolution passed at the annual meeting of the Association, 6th October, 1897.

#### *Mode of Endorsement*

1 An endorsement may be either written or stamped, in whole or in part.

#### *Regular Endorsements*

2 A regular endorsement within the meaning of these Conventions and Rules must be neither restrictive nor conditional, and must be so placed and worded as to show clearly that an endorsement is intended.

If purporting to be the endorsement of the person or firm to whom the item is payable (whether originally or by endorsement), the names must correspond, subject, however, to section 32, sub-sec. 2, of the Bills of Exchange Act, which is as follows:—

“Where, in a bill payable to order, the payee or  
“endorsee is wrongly designated, or his name is  
“misspelt, he may endorse the bill as therein de-  
“scribed, adding his proper signature; or he may  
“endorse by his own proper signature.”

If purporting to be the endorsement of a corporation, the name of the corporation and the official position of the person or persons signing for it must be stated.

If purporting to be made by some one on behalf of the endorser, it must indicate by words that the person signing has been authorized to sign; *ex. gr.*, “John Smith, by his attorney, Thomas Robinson,” or “Brown, Jones & Co., by Thomas Robinson, their attorney,” or “Per Pro. or P.P. the Smith Brown Company, Limited, Thomas Robinson.”

## RULES AND REGULATIONS

### *Irregular Endorsements*

3 An endorsement, other than a restrictive endorsement, which is not in accordance with the foregoing definition of a regular endorsement, or which is so placed or worded as to raise doubts whether it is intended as an endorsement, is an irregular endorsement within the meaning of these Conventions and Rules.

### *Restrictive Endorsements*

4 Section 35 of the Bills of Exchange Act defines a restrictive endorsement as follows:—

“An endorsement is restrictive which prohibits the further negotiation of the bill or which expresses that it is a mere *pro curatore* to deal with the bill as thereby directed. It is not restrictive if a transfer of the ownership thereof, as in the case of a bill endorsed ‘pay D only,’ or ‘pay D or order for the account of X,’ or ‘pay D or order for collection.’”

The following further examples shall be treated as restrictive endorsements within the meaning of these Conventions and Rules, without prejudice, however, to their true character, should the question arise in court, viz.:—

“For deposit only to credit of .....

“For deposit in.....bank to credit of .....

“Deposited in .....bank for account of.....”

“Credit.....bank.”

### *Form and Effect of Guarantee*

5 A guarantee of endorsements shall be in the following form or to the like effect:—

“Prior endorsements guaranteed  
by..... (name of bank).”

It may be written or stamped, but shall be signed in writing by an authorized officer of the bank giving it.



## RULES AND REGULATIONS

By virtue of such guarantee and of these Conventions and Rules, the bank giving same shall return to the paying bank the amount of the item bearing the guarantee, if, owing to the nature of any endorsement, or to its being forged or unauthorized, it should appear that such payment was improperly made.

### *Endorsement by Depositing Bank*

6 When one bank deposits with or presents for payment to another bank (whether through the Clearing House or otherwise) a bill, note or cheque, the item so deposited or presented shall bear the stamped open endorsement of the depositing or presenting bank. Such stamp shall contain the name of the bank, its branch or agency, and the date, and shall for all purposes be the endorsement of the depositing or presenting bank; and, except as hereinafter specified, no further or other endorsement shall be required, whether the item be specially payable to the bank or otherwise, or be payable at the chief office or elsewhere.

### *Restrictively Endorsed Items*

7 If a bill, note or cheque bearing a restrictive endorsement be so deposited or presented, the depositing or presenting bank shall, *ipso facto*, and by virtue of these Conventions and Rules, be deemed to have guaranteed such endorsement in accordance with section 5 hereof, and shall be liable to the paying bank to the same extent as if such guarantee had been actually placed upon the item, but payment may, notwithstanding, be refused until the restriction be removed.

### *Irregularly Endorsed Items*

8 If a bill, note or cheque, bearing an irregular endorsement as above defined, be so deposited or presented, the depositing or presenting bank shall endorse thereon the guarantee referred to in section 5 hereof, but payment may, notwithstanding, be refused until the irregularity be removed.

## RULES AND REGULATIONS

### *Letters of Credit, Deposit Receipts, etc.*

9 When a letter of credit, deposit receipt, or other item not negotiable, and to which the provisions of the Bills of Exchange Act do not apply, is so deposited or presented, a receipt and indemnity in the following form, or to the like effect shall be written or stamped thereon, signed in writing by an authorized officer of the presenting or depositing bank viz. :—

“ Received amount of within from the within named bank, which is hereby indemnified against all claims hereunder by any person.”

### *Agreement as to Practice*

10 While it is understood that in general, for convenience of the depositing or presenting bank, no objection will be made to a restrictive endorsement, or to an irregular endorsement if the guarantee above provided for be given, yet in view of the responsibility which a depositing or presenting bank incurs in connection therewith, each bank undertakes to make all reasonable efforts to have all endorsements on items deposited or presented by it made regular in order that its customers and the public generally may ultimately be led to adopt a regular and uniform system.

It is also understood that endorsements regularly made within the meaning of these Conventions and Rules shall not be objected to except for special reason to be assigned with the objection.

Amendment to the foregoing rules adopted by the Council of the Canadian Bankers' Association 20th February, 1906 :—

In case of all items, whether restrictively endorsed or otherwise, sent through exchanges by members of the Clearing House, the member sending the item shall be deemed and held as guaranteeing the authenticity of all endorsements thereon, and if such guaranty do not expressly appear it shall be implied.

