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THE ROYAL BANK OF CANADA

RULES AND REGULATIONS

1916



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R6A47

COPY NO. 1557

ISSUED March, 1917

TO Halifax



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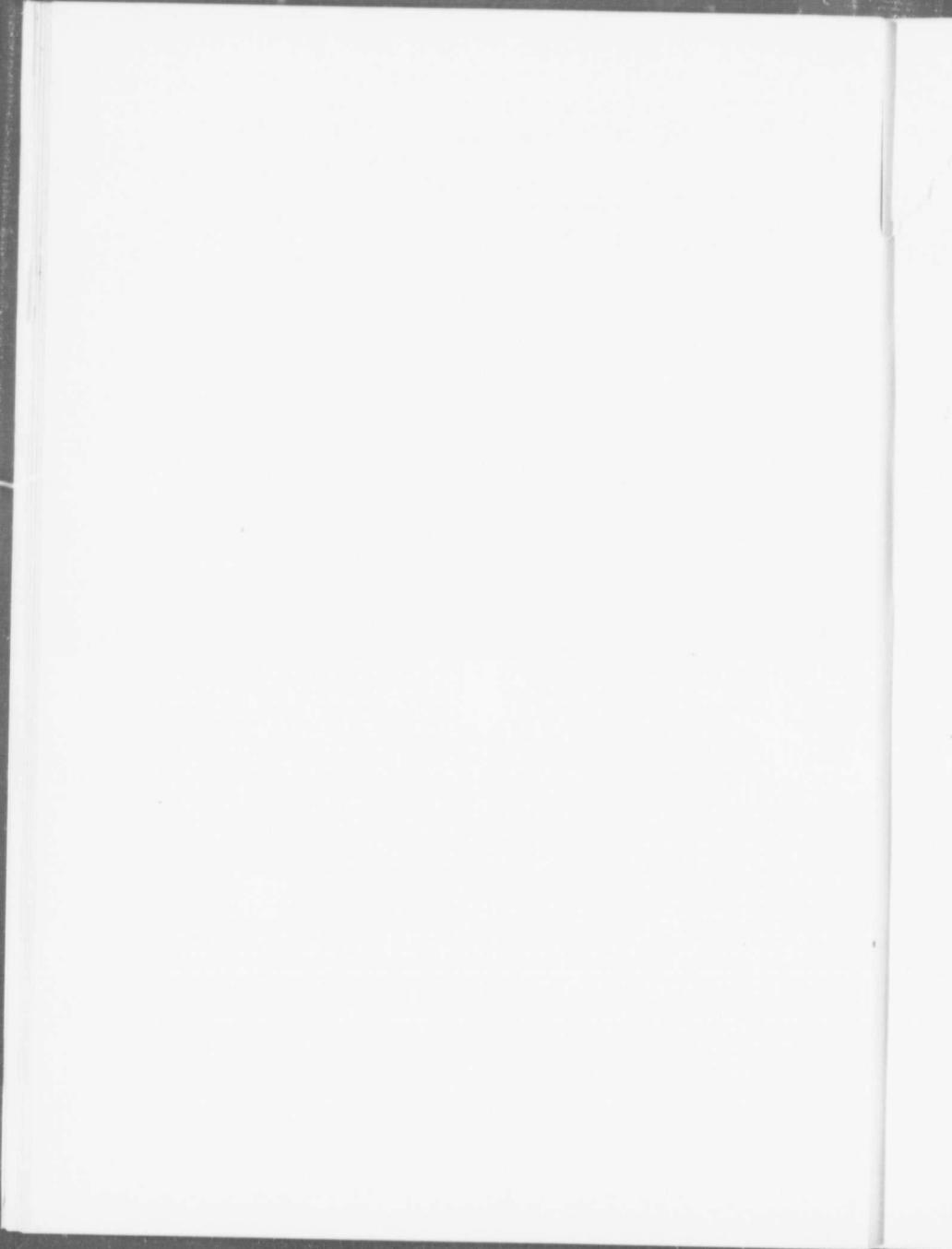
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GENERAL

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THE ROYAL BANK OF CANADA

RULES AND REGULATIONS

SECTION I—GENERAL

(a) Officers are expected to acquire a thorough knowledge of the Rules and Regulations as soon as possible after entering the service.

Every officer who wishes to perform his duties intelligently and to the satisfaction of the bank will find it advantageous to observe this rule faithfully. His first efforts should be devoted to the study of instructions pertaining to his position, but he should also familiarize himself with the rules regarding the duties of more advanced positions, in order to be well prepared for promotion when opportunity offers. Without a thorough knowledge of the contents of this book an officer can not do justice to his natural ability, nor attain the degree of recognition and advancement to which such a knowledge would entitle him.

(b) The Rules and Regulations should be carefully studied in conjunction with the Bank Act and the Bills of Exchange Act, so that the reasons for many of the instructions may be thoroughly understood. Copies of these Acts are supplied by Head Office to all branches.

1 Book of
Rules

GENERAL

(c) Senior officers shall be prepared to assist junior officers by explaining any rules which the latter do not understand.

(d) When an officer is appointed to any position for the first time, whether temporarily or permanently, the Manager or Accountant shall see that he thoroughly understands the requirements of the position, and the rules relating to it.

(e) The Manager shall see that every member of his staff is provided with a copy of this book. Additional copies may be obtained from Head Office when required.

(f) The book of Rules and Regulations is the property of the bank. Every officer shall be prepared to produce his copy when required.

(g) A record of the holders of each copy shall be kept in a book by an officer not under the rank of Acting Accountant. Every copy shall be signed for in this book by the officer who receives it.

(h) When an officer is leaving any branch, either to retire from the service or to proceed to another branch, he shall surrender his copy before departure to the officer in charge of the record of holders.

(i) The officer in charge of the record of holders shall be held responsible for the observance of Rule 1(h).

(j) Alterations and additions advised by Head Office shall be made in each copy either by or under the personal supervision of the officer in charge of the record of holders.

Wherever the words "Head Office or the district Supervisor" appear in the Rules and Regulations, it shall be understood that the words "Head Office" apply only to branches not under the charge of a district Supervisor.

GENERAL

(a) No departure from the Rules and Regulations will be permitted without the authorization of Head Office.

3 Exceptions to Rules

(b) If it becomes impossible or inadvisable at any time to carry out a rule, an explanation shall be sent to Head Office, and an alternative suggested, so that an exception may be authorized.

The hours of business prevailing at branches are from ~~10~~^{7:30} a.m. to 12 o'clock noon on Saturdays, and from ~~10~~^{4:30} a.m. to ~~3~~^{4:00} p.m. on other days. There shall be no departure from this practice without the authorization of Head Office.

4 Hours of Business

The duties imposed by the Rules and Regulations upon any officer shall devolve in his absence upon the officer acting in his place.

5 Delegation of Duties

Rules containing references to legal practice and procedure have been framed, unless otherwise stated, in accordance with Canadian law, but shall be carefully observed by branches outside of Canada unless they conflict with the law of the country in which a branch is situated. If there is any question regarding the proper course to follow, the matter shall be referred to Head Office or the district Supervisor.

6 Legal Procedure

SECTION II—STAFF

7 Engagement of Juniors

(a) The Manager should always be on the lookout for suitable applicants for admission to the bank's service, in order to be in a position to act promptly when it is necessary to engage a junior clerk.

(b) Applicants under fifteen and over eighteen years of age shall not be considered unless the circumstances are unusual.

(c) Every application shall be accompanied by three written testimonials.

(d) Examination papers of applicants for junior positions on the staff shall be written on sheets not larger than $8\frac{1}{2}'' \times 11''$.

8 Bonds and Declaration of Secrecy

(a) On admission to the staff every officer shall sign a Declaration of Secrecy and furnish bonds in the required form.

The Declaration of Secrecy reads as follows.

I, the undersigned, holding an office or situation in The Royal Bank of Canada, do hereby declare and pledge myself upon honor solemnly and inviolably as if I were sworn thereto, that I will observe the strictest secrecy on the subject of the accounts of all bodies or individuals dealing with the bank; on the subject of all transactions of the bank, of whatever description, with its customers, correspondents, or shareholders, or with any other bodies or persons whomsoever; on the subject of the shares held by any person or persons whomsoever; on the credit or affairs of all bodies or persons respecting which I may acquire information through the business of the bank; and on the nature or amount of the transactions of the bank, or the position of its concerns or affairs,

STAFF

in any respect whatever, excepting only such particulars as I may be expressly authorized by the Board of Directors, or General Manager, to disclose. And I hereby likewise pledge myself to continue to observe secrecy on such subjects should I leave the service of the bank for any reason whatever.

(b) In order to keep prominently before the staff the necessity for discretion in this respect, an annual renewal of the Declaration of Secrecy is required.

(c) Any member of the staff shall also sign a Declaration of Secrecy at any other time if requested by the Manager to do so.

(a) As required by the by-laws of the bank, officers shall give one month's notice in writing of intention to leave the service, and the Directors shall have the right to terminate the engagement of any person in the employ of the bank, either by giving one month's notice in writing or by paying one month's salary in lieu of such notice.

(b) In case of neglect or breach of duty, or other misconduct on the part of any person in the employ of the bank, he may be summarily dismissed without notice, being paid up to the time of dismissal only.

(c) If the person so dismissed be a defaulter, or be otherwise indebted to the bank, any balance due him shall be placed to the credit of his debt.

(a) The Officers' Guarantee Fund shall be governed by the rules appearing at the end of this book.

(b) Before March 1st of each year branches will receive advice of guarantee premiums due on that date by members of the staff for the ensuing year. If it is not convenient for an officer to pay the amount on March 1st, it may be charged to Officers' Guarantee Fund in the Current Account Ledger, in which case payment

9 Conditions
of Engage-
ment

10 Officers'
Guarantee
Fund

STAFF

shall be deducted from his salary in two equal instalments on March 15th and March 31st. Under no circumstances shall any such amount remain outstanding in the ledger after March 31st without the authority of Head Office or the district Supervisor.

11 Postage,
etc.

Officers shall pay their own postage, telegraph and telephone charges, and taxes with the exception of income tax.

12 Remunera-
tion and
Outside
Interests

As required by the by-laws of the bank, no person in the employ of the bank shall

(a) either directly or indirectly take or receive any perquisite, reward, fee or emolument other than his salary and any such further remuneration as the Board of Directors may authorize

and no person in the employ of the bank, without first obtaining the consent of Head Office, shall

(b) become a Director or officer of any company

(c) enter into any trade, mercantile or other business, agency or office whatsoever, either in his own or another name

(d) or become a party to any negotiable paper, or give or enter into any personal security whatever, other than his security to the bank.

13 Politics

(a) It is imperative that every officer abstain from political partisanship, which is calculated to produce results injurious to the bank. It is not intended to endeavor to control the opinions of any officer or prevent the recording of his vote.

(b) If circumstances warrant, officers will receive permission from Head Office 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 an electoral contest for any such seat or office.

STAFF

(a) Every officer should remember that his personal department towards customers and fellow officers is a matter of supreme importance. Courtesy and consideration and the other essentials of gentlemanly conduct are earnestly desired on the part of every officer, of whatever rank, at all times and towards all persons with whom he may come in contact.

14 Department and Appearance

(b) Officers are expected to exercise discretion in the selection of friends and associates. They should remember that the manner in which they conduct themselves out of business hours is an important factor in their promotion.

(c) Every officer should dress neatly and pay careful attention to his appearance.

(a) Officers dealing with the public shall remember that customers should always receive the promptest possible attention.

15 Precedence of Duties

(b) Officers should perform first those duties upon which the work of other officers depends.

Officers shall be liable to dismissal from the service if found to be involved in debt, engaging in stock, real estate or other speculations, drinking to excess, frequenting saloons, etc., or otherwise conducting themselves in an unfitting manner.

16 Debt, Gambling, etc.

The members of the staff shall report at their posts punctually at 9 a.m., or earlier if the custom of the place renders it advisable.

17 Punctuality

Smoking between the hours of 9 a.m. and 4 p.m. is strictly forbidden. The Manager may prohibit smoking in the banking office altogether if he considers it advisable.

18 Smoking

STAFF

19 Handwriting

(a) Every officer shall cultivate a readable signature and initials, and avoid a careless and illegible style of writing. In arranging for promotions an officer who writes neatly and legibly will be given the preference (other claims being equal), while a marked deficiency in this respect may prove a serious barrier to advancement.

(b) With the object of improving the handwriting of the staff, the Canadian Bankers' Penmanship Card is supplied to all branches. Junior members of the staff are expected to practice the style of writing shown thereon.

(c) Managers and Accountants shall give careful attention to the handwriting of officers under their supervision.

20 Marriage

(a) One disadvantage of the early marriage of officers is the prevention of the frequent transfers necessary for the training and promotion of young men. In addition to this, a married clerk dependent upon a small salary must either incur debt or live in a manner unbecoming to his position. Either alternative is injurious to the bank, the former especially so, and an undue measure of private financial or other engrossing cares also materially interferes with an officer's ability to discharge his duties. Officers who assume untimely or imprudent obligations can not expect to receive special consideration.

Any officer who marries while in receipt of a salary of less than the minimum fixed for the point at which he is stationed, shall be liable to dismissal from the service unless the approval of Head Office has been first obtained. This approval may be given if justified by the officer's prospects or private means.

STAFF

(b) For the purposes of Rule 20 (a) the minimum salary for northern offices has been fixed as follows.

Canadian Branches east of Lake Superior.....	}	\$1,200 per annum, exclusive of allowances
Branches in Newfoundland.....		
London, England, Branch.....		
New York Agency.....		
Canadian Branches west of Lake Superior.....	}	\$1,300 per annum, exclusive of allowances

(c) Southern branches shall be governed by instructions issued to them individually by Head Office in regard to salary limits for the purposes of Rule 20 (a).

(a) Subject to the exceptions mentioned in Rules 21 (b), (c) and (d), salaries shall be paid half-monthly, not earlier than the 13th and 28th of each month. 21 Salaries

(b) Payments for the second half of the month of December may be made on the 23rd of that month.

(c) An officer leaving on an annual furlough or on special leave of absence not exceeding one month, may draw his salary to the date on which the furlough or leave expires. An officer who has been granted leave of absence for a longer period than one month shall receive his salary for the first month at the time of his departure and half-monthly thereafter.

(d) The salary of an officer transferred from one branch to another shall be paid by the former up to and including the day of his departure.

(a) When an officer is transferred from one branch to another, he shall be provided with a letter of introduction. 22 Transfers

(b) A copy of the letter of introduction mentioned in Rule 22 (a) shall be forwarded promptly to the branch at which the officer is to report. In forwarding this

STAFF

copy the Manager shall use the form provided for the purpose, and fill in carefully all the particulars for which it calls.

(c) If the signature of the officer transferred is not held by branches, a specimen shall be appended to the copy referred to in Rule 22 (b).

(d) The officer transferred shall proceed to his destination without delay by the route designated by the Manager, unless a stop-over or a later departure has been authorized by Head Office or the district Supervisor.

(e) It shall be the duty of the Manager to see that officers transferred to his branch are promptly located in suitable lodging or boarding houses.

(f) The Manager shall satisfy himself that arrangements made by relieving officers for board and lodging are reasonable.

At branches where living quarters are provided, preference shall be given to junior officers if the number of rooms is not sufficient for all members of the staff.

23 Rooms
Provided
by Bank

(a) Every officer is entitled to an annual furlough as indicated below.

If stationed at a northern branch—two weeks between May 1st and November 1st, or three weeks between November 1st and May 1st.

If stationed at a southern branch and if home is in the South—two weeks.

If stationed at a branch in Cuba and if home is in the North—four weeks.

If stationed at a southern branch outside of Cuba and if home is in the North—for periods to be advised from Head Office by letter.

24 Holidays

STAFF

(b) Applications for long leave from officers at southern branches shall be treated on their merits, but such applications shall be submitted before February 1st of the year in which they are desired.

(c) Every officer shall take his furlough annually.

(d) Typewritten advice shall be forwarded to Head Office and the district Supervisor on Form No. 251 as soon as any member of the staff has left the office on regular holidays, or on leave of absence or sick leave of more than two or three days, the date of return being left blank. Another advice shall be forwarded on his return with the date of departure left blank. The full name of the officer shall be given, the surname appearing first. A copy of each advice shall be retained for the branch files. These instructions do not relieve the Manager from the requirements of Rule 32.

(e) The Manager shall see that every officer's work is in proper condition—books balanced, etc.—before he leaves on furlough.

(f) Relieving officers shall be given all information necessary in the interests of the bank.

(a) When an officer is transferred from one branch to be regularly attached to the staff of another, the bank will defray all reasonable expenses of the transfer, including, if necessary, two days' expenses at an hotel while the officer is seeking a permanent lodging; also the cost of a rented room for the unexpired portion of the period for which payment must be made, provided a voucher is furnished for same, receipted by the proper party and authenticated by the Manager of the branch from which the officer is transferred.

25 Removal
Expenses

STAFF

(b) The Manager of the branch from which the officer is transferred shall estimate carefully the probable expenses of the transfer, and allow the officer an advance sufficient to cover same. The latter shall sign a cheque for the amount on the branch at which he is to report.

(c) Pending settlement of the cheque referred to in Rule 25 (b), the amount shall be debited to Travelling Expenses Account in the Current Account Ledger at the branch on which it is drawn.

(d) Immediately after the officer has obtained a permanent lodging, a detailed statement on Form No. 241 shall be submitted to Head Office or the district Supervisor for approval.

The amount approved by Head Office or the Supervisor shall be debited to Head Office, and amount previously debited to Travelling Expenses is reversed.

The approved statement on Form No. 241 shall be attached to the ~~Head Office Account~~ on which the entry is made. *return*

26 Relieving
Expenses

(a) When an officer is sent to a branch to relieve, the bank will pay the expenses referred to in Rule 25 (a), and in addition the excess of his living expenses while relieving, over his regular expenses at the place where he was last permanently stationed.

This allowance will not be made to an officer transferred to a branch for an entire season, unless it is considered by Head Office or the district Supervisor that the charge is warranted.

(b) The procedure described in Rules 25 (b) and (c) shall be followed in the case of transfers for relieving purposes.

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(b) The Manager of the branch from which the officer is transferred shall estimate carefully the probable expenses of the transfer, and allow the officer an advance sufficient to cover same. The latter shall sign a cheque for the amount on the branch at which he is to report.

(c) Pending settlement of the cheque referred to in Rule 25 (b), the amount shall be debited to Travelling Expenses Account in the Current Account Ledger at the branch on which it is drawn.

(d) Immediately after the officer has obtained a permanent lodging, a detailed statement on Form No. 241 shall be submitted to Head Office or the district Supervisor for approval.

(e) The amount approved by Head Office or the district Supervisor shall be debited to Charges Account, the amount previously debited to Travelling Expenses Account being reversed in all cases.

26 Relieving Expenses

(a) When an officer is sent to a branch to relieve, the bank will pay the expenses referred to in Rule 25 (a), and in addition the excess of his living expenses while relieving, over his regular expenses at the place where he was last permanently stationed.

This allowance will not be made to an officer transferred to a branch for an entire season, unless it is considered by Head Office or the district Supervisor that the charge is warranted.

(b) The procedure described in Rules 25 (b) and (c) shall be followed in the case of transfers for relieving purposes.

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(c) If an officer is being attached to a branch for only a few days, settlement of his expense account may be deferred until the total amount is ascertained. Otherwise settlement shall be made not later than three days after arrival for all expenses incurred up to that time.

Claims for excess board (Rule 26 (a)) shall be adjusted at the end of each month or immediately before the relieving officer leaves the branch.

(d) In each case a detailed statement of relieving expenses on Form No. 242 shall be submitted to Head Office or the district Supervisor for approval.

(e) The amount approved by Head Office or the district Supervisor shall be debited to Charges Account, and the amount previously debited to Travelling Expenses Account reversed.

(a) No officer under the rank of Manager shall keep a Current Account with the bank.

27 Officers'
Accounts

(b) Officers are absolutely prohibited from over-drawing their accounts.

(c) The Manager should encourage officers to keep Savings Accounts. Interest shall be allowed on Savings Accounts of the staff at the rate of five per cent. per annum on the daily balance on amounts not exceeding \$2,500.

(d) The depositing of trust funds to officers' accounts subject to the special interest rate is prohibited.

(e) No officer shall make any entry in his own account or initial or certify his own savings withdrawal slip. The Manager shall appoint another officer to perform these duties in the accounts of Savings Ledger-keepers.

STAFF

(f) No officer under the rank of Manager shall issue cheques on his Savings Account.

(g) No time bill shall be discounted for any officer without the authorization of Head Office.

(h) Sight items shall not be cashed for members of the staff without the authorization of Head Office or the district Supervisor.

28 Communication with Head Office or District Supervisor

(a) Communications to Head Office or the district Supervisor from officers below the rank of Manager (except those referred to in Rules 28 (b) and 175 (h)) shall be forwarded through the Manager whenever possible, so that Head Office may receive without loss of time any recommendations or particulars which it may be necessary to obtain from him in connection with same.

(b) Exception is permitted to Rule 28 (a) in the event of the committal or suspected committal of fraud by any member of the staff. Any officer shall be liable to instant dismissal who fails to report to Head Office or the district Supervisor any fraud or any grave infraction of the Rules and Regulations of which he is aware, within or without the bank.

29 Letters of Recommendation

Letters of recommendation shall not be given to officers who are leaving, or have already left the service. Letters of enquiry from prospective employers shall be referred to Head Office or the district Supervisor.

SECTION III—ROUTINE

MANAGER AND ACCOUNTANT

(a) *The Manager* is expected not only to discharge efficiently the duties more immediately connected with his position, but also to superintend constantly and vigilantly every part of the business of his office and the general department of the staff. The Manager and Accountant have duties to perform in some respects independent of each other, but nothing in these instructions shall be interpreted as relieving the Manager of responsibility in any degree whatever for anything that occurs at his branch, or as infringing upon his control over the Accountant and other officers.

30 General
Duties

(b) It is the duty of *the Accountant*, under the direction of the Manager, to supervise the entire routine work of the office; to see that the Rules and Regulations are observed; to report irregularities to the Manager; and to see that each officer understands his duties, and performs them in a satisfactory manner. It is also his duty to examine all returns and statements before they are handed to the Manager; to read the Manager's correspondence with Head Office and the district Supervisor; in short, to keep himself thoroughly conversant with all matters connected with the business and routine of the branch.

(3)

ROUTINE

31 Assuming Charge of a Branch

On assuming charge of a branch the Manager shall perform the following duties.

- (a) Count the cash in the hands of the Teller and in the treasury.
- (b) Balance the bills.
- (c) Ascertain the existence of Loans, Trade Bills, Past Due Bills, Bills in Suit, and Overdue Debts Written Off, and satisfy himself that all current items are correctly shown in the Liability Ledger. If he considers it necessary, he should also send to branches and correspondents forms for the verification of Trade Bills Remitted, which will be supplied by Head Office or the district Supervisor on application.
- (d) Prepare a statement of items outstanding in Bank Collection Account, and follow procedure outlined in Rule 45.
- (e) Satisfy himself that bills held for collection, collateral bills, and securities held as collateral, for safekeeping and in escrow are in order, and agree with the entries in the Collection Diary and Securities Register.
- (f) Verify Travellers' Cheques on hand with the record of same.
- (g) Personally see that the duplicate keys are in safe custody.
- (h) Change immediately the combinations held by his predecessor. See Rule 175 (d).
- (i) Assure himself that all the books of the branch are balanced.
- (j) See that regulations regarding joint custody are duly observed.
- (k) Examine accounts carried in the Current Account Ledger in connection with the business of the branch, such as Manager's Account and Remittance Account; also such documents as leases and insurance policies.
- (l) See that sufficient fire insurance is carried, and that particulars of policies have been properly recorded. See Rules 171 (a) and (b).

ROUTINE

- (m) Ascertain if any exceptions to the Rules and Regulations have been authorized by Head Office.
- (n) Read the correspondence of the branch with Head Office and the district Supervisor for two or three years previous, and at his leisure, as much further back as the interests of the bank may require.
- (o) Examine the Character File, reports on customers, statements of their affairs, etc., in order to acquaint himself with their contents, and to see that the records are complete and up-to-date.
- (p) Advise Head Office or the district Supervisor promptly of the result of these examinations, reporting irregularities, if any.
- (q) The same routine shall be carried out by a Relieving Manager, except that the correspondence with Head Office and the district Supervisor need not be so thoroughly examined, and that verifications need not be sent out for Trade Bills Remitted.

The Manager shall not absent himself from his branch, even for a day, without permission from Head Office or the district Supervisor. See Rule 24 (d).

32 Leave of
Absence

Any Manager desiring to visit Head Office or the Supervisor's Department, either on his own account or on behalf of a customer, shall make an appointment beforehand, giving full particulars of the matters to be discussed.

33 Visits to
Head Office
or District
Supervisor

DAILY COMPARISON OF ENTRIES

(a) The daily comparison of entries shall be conducted by the Manager, either individually or in conjunction with the Accountant or another qualified officer, subject to the stipulations and exceptions in Rules 34 (b) to (f).

34 Checking
Officers

ROUTINE

(b) The Teller shall not on any account take part in the comparisons, and the Ledgerkeeper shall not assist in checking his own work. At branches where the staff consists of only three officers, including the Manager, the latter shall make the comparisons without assistance.

(c) At large offices where the Manager's time is fully occupied, the checking of the General Cash Book may be assigned to the Accountant, but on no account may it be delegated to an officer below the rank of Accountant without authority from Head Office. In any case the Manager shall satisfy himself that the checking is properly performed.

(d) At branches where there are three or more Ledgerkeepers, the duties referred to in Rules 36 (a) to (g) and 37 (a) and (b) may be performed by an Assistant Accountant. A Ledgerkeeper may assist him in checking the work of another Ledgerkeeper.

(e) On application to Head Office, large branches may obtain authority to assign to an Assistant Accountant the comparison of entries referred to in Rules 38 and 40 (a) to (c).

(f) Entries in the General Ledger shall be compared by the Manager, assisted, if possible, by a senior clerk other than the Teller or the officer whose duty it is to post the ledger.

It shall be the duty of the checking officer to see:—

- (a) that entries in the General Cash Book agree with the books of original entry and with paid drafts, paid deposit receipts, drafts drawn by other banks, receipts for debits in Charges Account, and vouchers of a similar nature, verifying credits with the Deposit Receipt Register, Drafts Issued Register, Telegrams Despatched Register, Bill Diaries, Past Due Bills Register, etc., and debits

ROUTINE

with the Cheque List Despatched Register, Cash Item Register, Parcels Register, Telegrams Received Register, Discount Registers, etc.

These books shall be examined daily, whether entries for the respective accounts appear in the Cash Book or not. Particular notice shall be taken of items outstanding for any length of time in the Trade Bills Remitted Diary and in registers conducted in connection with Bank Collection Account, and whether enquiries relating to them have been despatched.

- (b) that all debit vouchers are initialled by the proper officers.
- (c) that all matured collections and collateral bills are accounted for.
- (d) that items advised by other branches are credited to their proper accounts.
- (e) that all incoming Cheque Lists are credited to branches. See Rules 41 and 151 (f).
- (f) that settlement drafts in payment of T.B.R.'s, B.C.R.'s, C.S.'s, C.L.'s, etc., are properly accounted for. See Rule 151 (g).
- (g) that proper commissions are charged on paid B.C.R.'s, C.S.'s, etc.
- (h) that items marked off the Returned Discounts Register are disposed of as indicated, and that explanations are given for items outstanding in the register for forty-eight hours or longer. See Rules 125 (a) and (b).
- (i) that debits and credits have been duly advised where necessary.
- (j) that conversions of sterling and other currencies are properly checked.
- (k) that proper commissions are credited for out-of-town items. See Rule 109 (j).
- (l) that totals of supplementary books correspond with entries in the General Cash Book.
- (m) that the balance carried forward corresponds with the closing balance of the previous day.
- (n) that the closing balance agrees with the total of the Teller's Cash Statement Book and the Treasury Book.

ROUTINE

36 Current
Account
Supple-
mentary
Cash Book
and Ledgers

The checking officer shall perform the following duties.

- (a) Compare deposit slips and cheques with the Supplementary Cash Book and cancel same with crayon.
- (b) See that deposit slips are signed or initialled by depositors, and initialled by the Teller.
- (c) Examine the signatures and endorsements on all cheques, observing the destination of the proceeds.
- (d) See that every cheque bears a revenue stamp, and that the stamp is properly cancelled.
- (e) See that advices are sent for dishonored items and other debits to customers' accounts not represented by their cheques, and that prompt steps are taken to obtain cheques to cover.
- (f) Check entries in the Supplementary Cash Book, Discount Blotter, Journal and books of a similar nature with corresponding entries in the Current Account Ledger.
- (g) See that new accounts are properly indexed (if joint accounts, under all names), and that specimen signatures and required authorizations have been received. See Rule 90 (p).

37 Savings
Account
Supple-
mentary
Cash Book
and Ledgers

(a) The procedure outlined in Rules 36 (a) to (g) applies also to the Savings Department.

(b) The comparison of all entries in Savings Ledgers, including the carrying forward of balances, shall be attested by the initials of the checking officer opposite each entry.

(c) Savings cheques and withdrawal slips shall be kept in the custody of the checking officer and filed under lock and key.

38 Other
Supple-
mentary
Cash Books
and Journal

Entries in supplementary credit books used in connection with "At Credit" slips, settlement drafts, returned discounts, etc., shall be checked in the same manner as similar entries passing through the General Cash Book. This applies also to the Journal. See Rules 35 (a) to (n).

ROUTINE

(a) The comparison of entries for the previous day should be completed by ¹⁰~~ten~~ o'clock each morning. At branches where this is not practicable, the Current Account and Savings Ledgers and their respective vouchers should be compared and examined before the checking of the General Cash Book is commenced. Much of the daily comparison of entries may be made on the afternoon of the day on which the entries are made.

(b) Immediately after the comparisons have been completed, all debit and credit vouchers, except dishonored items attached to debit slips, shall be cancelled with the perforating machine by the checking officer.

(c) Additions and extensions in the General Cash Book, Diaries, Registers, Supplementary Cash Books, Journals, etc., shall be proved by the checking officer, who shall initial the totals as evidence that this has been done and that all the requirements of this section have been carried out. No excuse will be accepted for an omission to check summations made by adding machine.

The checking officer shall perform the following duties.

40 Letters
Received

- (a) See by comparison with the Letters Received Register that all letters received on the previous day are handed to him in accordance with Rule 151 (c), or that a proper explanation is given if any are held over.
- (b) Compare those containing incoming collections with the entries in the Collection Register.
- (c) Compare those containing returned T.B.R.'s, B.C.R.'s, C.S.'s, etc., with the registers referred to in Rules 125 (a) and (c).
- (d) See that cash remittances have been credited in customers' accounts in the ledgers or otherwise disposed of as instructed in the letters.
- (e) See that all letters requiring replies have received prompt attention.

ROUTINE

41 Cheque
Lists
Received

See by comparison with the Cheque Lists Received Register that all Cheque Lists received on the previous day are handed to him. See Rules 35 (e) and 151 (f).

CORRECTION OF ERRORS

42 Method of
Correction

(a) The correction of errors by erasure in any of the bank's books is strictly forbidden.

(b) Errors discovered immediately shall be neatly cancelled with pen and ruler. Those discovered after further entries shall be corrected at once by reversing entries in the Cash Book, or in the Journal, if a Journal is kept.

43 Discrepancy
Book

(a) Particulars of all discrepancies in the Current Account and Savings Ledgers shall be entered in the Discrepancy Book by the officers discovering them.

(b) Alterations in the ledgers shall be made by the Ledgerkeeper, and subsequently examined and compared with the Discrepancy Book by the officer making the daily comparison of entries, who shall initial the Discrepancy Book as evidence that the examination has been made.

BALANCING OF LEDGERS, DIARIES AND REGISTERS

44 Balance
Dates

The following books shall be balanced on the dates indicated, unless any such date falls on a Sunday or a legal holiday, in which case the balancing shall be performed on the preceding business day.

General Ledger 15th and last day of each month
except at large branches, where
it is advisable to balance daily
Current Account Ledger 15th and last day of each month

ROUTINE

Bank Collection Registers.....	}	8th and 23rd of each month
Drafts Issued Register.....		
Savings Ledger.....		23rd of each month (except at branches operating a large number of Savings Ledgers, in which case, if circumstances warrant, Head Office will grant permission to continue the balancing over a number of days) and last day of May and November after interest entries have been made
Loans Diary.....	}	Between the 15th and 23rd of each month
Trade Bills Diary.....		
Trade Bills Remitted Diary.....		
Collateral Notes Register.....	}	Last day of each month
Deposit Receipts Register.....		
Demand Receipts Register.....		

In addition to the balancing of Bank Collection Account required by Rule 44, the Manager shall personally take off a balance of the account once each half year at irregular intervals without announcing his intention to any member of the staff. Each day after the date of the balances he shall obtain possession of all Settlement Cheques, "At Credit" slips and other vouchers from which credits to the account are made, and mark off the relative entries in the list of outstanding items previously prepared by him. He shall satisfy himself that all such debits are in order, and that no credit is made to the account for which he has not seen a relative voucher. When all items have been accounted for, he shall certify opposite the balances in the General Ledger that this duty has been performed, and advise Head Office.

45 Bank
Collection
Account

Accounts with correspondents and direct accounts with other branches shall be adjusted not less than once each month, and a reconciliation promptly despatched.

46 Accounts with
Correspondents
and Branches

ROUTINE

The Manager and Accountant shall initial the Adjustment Book and the balance in the General Ledger as evidence that this has been done. Entries for items outstanding an undue length of time shall be promptly investigated.

47 Balance Books
—Entries and
Checking

(a) Current balances in ledgers, outstanding items in registers and the totals of diaries shall be entered in the respective Balance Books on each balance day, and compared (subject to the exception in Rule 47 (b)) by the Manager or Accountant, who shall initial the total in each Balance Book and the balance in the General Ledger as evidence that the checking has been properly performed.

(b) The checking officer need not check the Current Account or General Ledger balance on the 15th, nor the Drafts Issued balance on the 8th.

(c) Summations in Balance Books shall be proved by the checking officer. No excuse will be accepted for neglect to prove additions made by adding machine.

(d) The Balance Books shall remain in the custody of the checking officer from the time the checking is begun until it is completed.

(e) In no case shall the checking officer be assisted by a Teller or any officer who has effected the balance.

GENERAL LEDGER

48 Officer in
Charge

The General Ledger shall be posted by a senior officer other than the Teller. See Rule 34 (f).

CASH BOOK

49 Officer in
Charge

The Cash Book shall not be written by the Teller.

ROUTINE

CASH

(a) The cash in the treasury shall be kept in the joint custody of the Manager and Accountant, each of whom shall have exclusive control of one of the keys or combinations of the treasury compartment, as required in Rule 175 (c). On no account shall either officer entrust the other with his key or combination, or permit him to have access to the treasury alone, even for a moment.

50 Treasury
Cash

(b) All transfers of cash to and from the treasury shall be duly recorded and initialled for by the Manager and Accountant in the Treasury Book, which shall be kept in the Accountant's box and locked in the vault at night.

(c) The cash in the treasury shall be examined at least once a month, and the Manager and Accountant shall initial the Treasury Book as evidence that this has been done. The date of the examination should be stated. (This does not mean that the cash must be counted in detail once a month.)

(d) The Manager shall see that the total amount of cash carried at the branch is not larger than necessary. See Rules 65 (a), (b) and (c).

(a) No unpaid note, cheque, draft or acceptance shall be held as part of the Teller's cash over night. Only such items as may be properly entered under some heading in the Teller's Cash Statement Book may be so held. American currency held at Canadian branches may be regarded as "Notes of other Banks," and money orders as "Cheques on other Banks."

51 Teller's
Cash—
General

(b) Tellers shall not hold over uncertified cheques without the Manager's authority.

(bb) Cheques drawn on other banks and on other branches of this bank shall not be cashed by the Teller without the approval of the Manager or Accountant, which shall be signified by his initials on the lower lefthand corner of the cheque. The Teller must satisfy himself of the regularity of all endorsements and the identity of the party presenting the cheque, unless the Manager or Accountant has also placed his initials under the last endorsement.

ROUTINE

(c) Under no circumstances may a Teller hold a cheque cashed for any member of the staff until the drawer retires same by cash payment. Cheques or withdrawal slips of the staff cashed by the Teller must go through the books in the usual way.

(d) Cheques drawn by members of the staff of any other bank shall not be cashed without the Manager's permission.

(e) Tellers at Canadian branches shall see that cheques, drafts, promissory notes and other such instruments bear the requisite revenue stamps. See circulars of Series 58.

(f) The Teller shall not cash cheques of any description or other debit vouchers for members of the staff (except withdrawal slips on their accounts) without the authority of the Manager.

(g) The Teller's stamp, showing date of payment, shall be impressed on all debit vouchers and branch drafts at the time of payment.

(h) The Teller's cash box shall have two locks, one key to be kept by the Manager, the other by the Teller.

(i) The Teller's cash shall be kept carefully assorted, and classified as called for in the Teller's Cash Statement Book.

(j) All deposits or moneys received over the counter for any purpose shall be counted by the Teller in the presence of the customer before any portion is sorted into the till.

(k) Deposits and remittances received from customers through the mail shall be counted by the two officers who are present when the envelopes covering same are opened. See Rule 151 (b).

ROUTINE

(l) Gold which is considerably worn or mutilated shall not be accepted from the public.

(m) British coins issued previous to 1837 are not now current, and shall not be accepted at face value.

(n) As light gold coin, while passing current, is not available for exchange with the Receiver-General, it should be utilized for payment over the counter where gold is asked for or is acceptable.

(o) Mutilated Canadian silver shall not be accepted for more than 75% of its face value. The Finance Department will purchase it on this basis at the office of any Assistant Receiver-General. See Circular No. 67.

(p) Tellers shall note that Canadian silver and copper worn by natural abrasion only will be redeemed by the Finance Department at face value.

(q) American silver shall not be issued by Canadian branches, but treated as directed in Circular No. 26 A. It shall be carefully assorted as received.

(r) The Teller shall pay out two-dollar bills rather than ones whenever possible, in compliance with the repeated requests of the Finance Department.

(s) Notes of other banks not redeemable locally shall not be allowed to accumulate in the Teller's cash. Parcels should be despatched when the notes for any one point amount to \$1,000. See Rules 62 (a) and (b).

(t) Bank of England notes, unless required for immediate sale, shall be remitted as soon as received to the branch's clearing point for sterling business.

(u) Tellers shall not exchange foreign moneys under any circumstances without first submitting the matter to the Manager. When doubt exists as to the identity

ROUTINE

or value of foreign currency, the Manager should accept the same for collection only, unless it is received from parties who are well regarded locally and from whom the bank could recover in the event of loss through counterfeiting, error in rate, etc. Conversions should invariably be checked by a second officer.

52 Teller's Cash,
Examination
of

(a) The Manager shall examine the Teller's cash at the close of each day's business, checking off the items in the Teller's Cash Statement; also the cheques on other banks and commissions received thereon, if any, certifying to the examination by placing his initials against the balance, the correctness of which shall have been ascertained by comparison with the Cash Book. The certification should not be made until the balance has been entered in ink. The Manager shall then see that the cash is placed in the Teller's tin box and locked in the safe.

(b) In order to guard against the "kiting" of cheques, the daily examination of cheques deposited with other banks should receive the Manager's careful attention. An effective examination must include a comparison of cheques with lists.

(c) The Manager shall see that the amount of cash kept in the Teller's box is not larger than necessary.

(d) The Manager shall count the Teller's cash in detail twice a month at irregular intervals, certifying to each examination in the Teller's Cash Statement Book by writing the total in words above his signature. He must be careful to avoid any fixed habit in the selection of the days, and the examination should occasionally be made more frequently than twice in the month.

ROUTINE

(a) The door of the Teller's cage shall close with a spring, and shall be provided with a spring lock opening on the outside with a key. 53 Teller's
Cage

(b) The door of the Teller's cage shall be kept closed and locked until the cash is locked up for the day.

(c) The Teller shall not permit any officer to enter his cage except the Manager and the officer who may be authorized under Rule 62 (f) to make up or check money parcels with the Teller.

(d) The Teller shall not leave his cage during business hours unless under absolute necessity, and then only when another officer is on guard.

The Teller will be held personally responsible for the safe custody of the revolver with which he is supplied. This shall be kept on the counter during the day and in the Teller's cash drawer under lock and key at night. It should be cleaned and oiled every few months if necessary. 54 Teller's
Revolver

(a) Every shortage in the Teller's cash in excess of \$10 shall be reported promptly to Head Office or the district Supervisor, whether it is made good immediately or not. 55 Cash
Short

(b) If the deficiency cannot be paid at once, the Manager should suggest the amount by which the Teller should be able to reduce it each month. On receipt of this advice, Head Office or the district Supervisor will give definite instructions regarding its disposition.

(a) When the Teller's cash is over, and the error is not discovered within three days, the amount of the surplus shall be credited to Cash Over Account in the Current Account Ledger, with advice to Head Office or the district Supervisor. 56 Cash
Over

ROUTINE

(b) Debits shall not be made in Cash Over Account without permission from Head Office or the district Supervisor.

(c) On November 15th branches shall credit Head Office with the total of all amounts standing at credit of Cash Over Account, except those credited since November 30th previous.

(d) A detailed statement of amounts on Form No. 122a, showing dates of entries and names of Tellers responsible, shall accompany the ~~Head Office Account~~ Return on which the transfer is made.

(e) A similar detailed record of items transferred shall be kept in the back of the Current Account Ledger, and carried forward into each new ledger.

57 Explanations of Cash Differences

Explanations of all differences in the Teller's cash, irrespective of amount, shall be made in the Teller's Cash Statement Book by the officer responsible, and initialled by the Manager.

58 Commission

(a) Commission collected by the Teller on cheques, drafts, etc., payable at places where the bank has no branch, and sent in with the cash deposits to other banks, shall be credited to Exchange at the close of each day.

(b) The Manager, when examining the cash, shall examine the cheques on which the bank is entitled to receive commission, and verify the correctness of the credit slip. See Rule 58 (a).

59 Cheques Payable to The Royal Bank of Canada

On the back of every cheque payable to The Royal Bank of Canada, a memorandum shall be made showing what disposition was made of the amount. Cash shall be paid for such cheques only after the approval of the Manager has been obtained, and indicated by his initials on the cheque.

ROUTINE

In cashing cheques crossed negotiable without charge at any branch of The Royal Bank of Canada, the same attention shall be paid to the responsibility of endorser, etc., as in the case of any other cheques. It must be distinctly understood that this wording in no way guarantees payment.

60 Cheques
Crossed
Negotiable
without
Charge

The Teller shall not cash or receive on deposit or for any other purpose without the Manager's approval, items payable out of town, or cheques on other banks which have not been certified, or which he may suspect to have been improperly certified. He shall be provided by the Manager with a list of the principal customers of the branch, indicating the limit within which items of this kind may be accepted from each; and those presented in excess of the limit, as well as those from casual customers, shall be initialled by the Manager before payment.

61 Uncertified
Cheques on
Other Banks,
and Items
Payable out
of Town

(a) Money parcels shall not be despatched at such a time as to reach the receiving office on a Saturday, unless the circumstances are exceptional.

62 Money
Parcels
Despatched

(b) Parcels should not be despatched at a time which would necessitate their remaining at an Express or Post Office over Sunday or a bank holiday. This rule does not apply to parcels sent to large cities.

(c) Money parcels, or parcels containing coupons, bonds or other negotiable securities sent to branches or elsewhere shall be forwarded—in the absence of good reasons to the contrary—by registered mail, insured, in preference to express. It is imperative that the requirements of the insurance companies be complied with in every particular. These are stated in circulars of Series 16.

ROUTINE

(d) Money parcels shall not be delivered to the agent or any other official of an express company except in the company's office, and receipts for same must be signed by officers who have been duly authorized in writing to receive them.

(e) The Teller shall prepare all money parcels, making out the necessary specification for each in copying ink. Subject to the exception stated in Rule 62 (f), the Accountant and another officer (or if the Accountant is engaged with more important duties, two other officers) shall then, in the presence of each other, count and seal up the parcel—using ^{or heavy paper} linen-lined paper and tying tightly before and after wrapping—initial the specification (a press copy of which must be kept), initial the entry in the Parcels Book, submit the parcel to the Manager or Accountant for inspection, together take it to the Express or Post Office, and see that a proper receipt is obtained. Each officer employed to count, seal and deliver a parcel must be able to make oath as to the sum enclosed.

(f) If it is necessary for the Teller to be one of the two officers to witness 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 this case the Teller and second officer shall retain the parcel in joint custody until they deliver it at the Express or Post Office, in order to observe the rule that evidence shall be forthcoming from not less than two officers regarding the contents of every parcel despatched.

(g) Remittances of money, or debentures or other securities payable to bearer, shall be sealed with the

ROUTINE

bank seal. Before a parcel leaves the office, the seals shall be examined by the Manager or Accountant, who shall also see that the parcel is properly addressed.

Parcels for deposit with other banks shall never be sent out unsealed.

(h) Deposits for other banks, parcels for the clearing, and money parcels to be forwarded by express or mail, shall be taken out by two officers. At branches where the staff consists of only three officers, this duty shall be performed before or after banking hours.

(i) A remittance of notes by mail to the United States must not be too bulky to be enclosed in an envelope. The United States postal regulations forbid transmission of sealed parcels through the mails in other than letter form, and the Canadian regulations, in consequence, direct that such parcels addressed to places in the United States shall be sent to the Dead Letter Office.

(j) The Manager or Accountant shall see that advices of remittances are promptly sent and acknowledgments received. Express Company and Post Office Receipt Books shall be in his custody, and he shall satisfy himself on the day of despatch that each receipt is in order.

(k) The rules of the local Clearing House shall be carefully observed.

(a) Money parcels shall be counted and acknowledged on the day of receipt.

(b) As a rule the contract for indemnity given by express companies for parcels entrusted to them ceases when tender of delivery has been made at the proper time, in a proper place and to a proper officer of the

63 Money
Parcels
Received

ROUTINE

bank. It is therefore important that no parcel shall be refused when tendered, if proper care can be taken of it by the officers to whom it is tendered; but delivery shall not be accepted if the vault or safe has a time lock and it 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.

(c) When a parcel is delivered by an Express Company or Post Office, the seals shall be carefully examined before a receipt is given. If they are broken to such an extent as to warrant the supposition that the package may have been tampered with, it shall be opened and counted by two officers in the presence of the person by whom it is delivered.

(d) All parcels from other banks and remittances of money shall be opened and counted immediately upon receipt by the Teller in the presence of another officer so that both may be able to make oath regarding the contents.

(e) The rules of the local Clearing House shall be carefully observed.

64 Charges
on Money
Parcels

(a) All charges on money parcels shall be borne by the remitting office except in the case of legal tender or specie ordered by the receiving office, when the charges shall be paid by the latter.

(b) The branch paying charges on notes of the bank shall debit same to Circulation Charges Account in the Current Account Ledger, and transfer the balance to Head Office on January 31st, April 30th, July 31st and October 31st. A detailed statement on Form No. 21 shall be attached to the ~~Head Office Account~~ Return on which the transfer is made.

ROUTINE

(a) A branch requiring a supply or holding a surplus stock of notes of the bank shall notify the nearest supply office, as directed in Circular No. 66.

65 Distribution
of Cash

(b) A Canadian branch requiring a supply or holding a surplus stock of Dominion Government notes, Canadian silver or copper coin, shall notify the branch in the city where the nearest Assistant Receiver-General is located, unless other arrangements are made with Head Office or the district Supervisor. Further instructions are given in Circular No. 67.

(c) A Cuban branch requiring a supply or having a surplus stock of cash shall notify the district Supervisor by letter, or in cases of emergency, by telegraph.

Any badly mutilated note of the bank presented for redemption shall be referred to Head Office before payment is made. The circumstances of its mutilation should be stated.

66 Redemption
of Mutilated
Notes

(a) From day to day at Canadian branches soiled, thin and mutilated notes considered unfit for circulation, shall be separated from those to be re-issued and forwarded to ^{Head Office} ~~Montreal branch~~ without being further mutilated or cancelled in any way—by registered mail, insured for their full value. The Manager should see that this important duty is performed with good judgment.

67 Destruction
of Mutilated
Notes

(b) Branches outside of Canada shall be governed by special instructions from Head Office.

(c) Merchants Bank of Halifax, Union Bank of Halifax, Commercial Bank of Windsor, Traders Bank of Canada, Quebec Bank, ^{Bank of Montreal} and Royal Bank of Canada notes shall be separated and entered on different specification forms, the totals of the first five being added to the total of the last mentioned.

ROUTINE

(d) Royal Bank of Canada five and ten-dollar notes shall be forwarded only in bundles containing one hundred notes of the one denomination.

(e) Mutilated notes shall not be included in ordinary cash remittances, ~~but may be placed in the same parcel~~

68 Dominion
Notes
Defaced

Defaced notes of the Dominion of Canada for redemption by the Receiver-General shall be assorted and made up into parcels with the same care as the bank's mutilated currency. See Circular No. 67.

69 Redemption
of United
States Notes

Notes of the Government of the United States forwarded for redemption to New York Agency or to an American correspondent, shall be carefully sorted, mutilated notes being treated as described below.

All notes which are torn or slit, as well as notes which are in two parts, should be pasted so as to make complete notes of the same size as new notes. The parts must not be overlapped.

The Treasury Department of the United States has advised that deposits containing notes not mended according to these requirements will be returned.

70 Counterfeit
Notes

Attention is directed to Section 75 of the Bank Act, 1913, respecting Counterfeit Notes, which reads as follows.

Every officer charged with the receipt or disbursement of public moneys, and every officer of any bank, and every person acting as or employed by any banker, shall stamp or write in plain letters, 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, the word "Counterfeit," "Altered" or "Worthless." If such officer or person wrongfully stamps any genuine note, he shall, upon presentation, redeem it at the face value thereof.

ROUTINE

DRAFTS—SETTLEMENT CHEQUES—BANK MONEY ORDERS

(a) Numbers of blank draft, settlement cheque and bank money order forms shall be entered on the front page of the Drafts Issued Register immediately upon receipt, each book or pad being recorded by the first and last numbers of the forms contained therein. 71 Forms

(b) The forms shall then be placed in the safe. If those not in daily use cannot be kept in the safe owing to lack of room, they shall be placed in a cabinet or tin box in the vault, in the joint custody of the Manager and Accountant.

(c) All the forms in a book or pad shall be domiciled immediately before the book or pad is put into use. See Rule 75 (b).

(d) Forms in daily use shall be kept under the supervision of the Manager or Accountant during the day, and placed in the safe at night.

(a) The officers who sign drafts, settlement cheques and bank money orders shall initial the register in the proper column at the time of signing. 72 Signatures

(b) Under no circumstances shall any officer sign a form in blank except as authorized in Rule 79 (a).

(a) Memoranda of cancelled forms shall be placed against their respective numbers in the Drafts Issued Register, and initialled by the Manager and Accountant. 73 Cancellation

(b) Cancelled forms shall be filed with Class 2 Cash Book Vouchers.

(c) Cancelled drafts on London (England) Branch and on European correspondents shall be shown as cancelled on the next advice forwarded.

ROUTINE

74 Writing

(a) Drafts, settlement cheques and bank money orders shall not be typewritten except at branches where a special machine has been provided for the purpose. The writing of these by hand shall not be entrusted to anyone who does not write neatly and legibly.

(b) The written amount shall commence at the extreme left of the form, and figures for cents shall appear immediately after it, not at the end of the line. Blank spaces after the name of the payee and the amount shall be filled in.

(c) Any carelessness in the preparation of such forms shall be reported to Head Office or the district Supervisor by the paying branches.

75 Drafts on
France

(a) The dates on drafts drawn on correspondents in France shall be written in words, e.g., "February Second," "July Twenty-Fourth." When this formality is not observed, the draft is subject to an additional stamp tax.

(b) An additional stamp tax is also imposed if such a draft bears any impression of a rubber stamp.

76 Drafts on
Germany

Drafts drawn on correspondents in Germany shall contain the words "from our balance with you." When this phrase is omitted, the draft is subject to a heavy additional stamp tax.

77 Drafts on
New York

(a) Subject to the exception in Rule 77 (b), drafts on New York for less than \$10,000 shall be drawn on the Chase National Bank. See Rules 80 (b) and (c).

(b) All drafts on New York for \$10,000 and over shall be drawn on New York Agency; also those for less than \$10,000, when sold to customers who intend presenting them in person.

78 Receiver-
General
Drafts

Forms for Receiver-General Drafts are supplied by the Receiver-General's Department. They shall be properly domiciled and shall bear the name of the bank when issued, and shall be signed by two authorized signing officers. For further instructions see Circular No. 34.

ROUTINE

(a) Books of domiciled bank money order forms signed by authorized signing officers with the spaces for date and amount left blank, may be furnished by Canadian branches to customers of undoubted financial standing, provided the approval of Head Office or the district Supervisor has first been obtained.

79 Signed Bank
Money Order
Forms
Furnished to
Customers

(b) The customer shall be required to sign Form No. 200 before the first book of forms is furnished; also a receipt for each book with numbers of forms specified.

(c) Before such books are delivered to a customer, the name of the customer shall be stamped or written on each form in the space reserved for the name of the payee.

(d) The number of each form and the name of the payee (the customer) shall be entered in the Drafts Issued Register with the names of the officers who signed them.

(e) The customer shall be cautioned to see that each form is complete in every respect before it is issued. He must clearly understand that signed bank money orders are equivalent to cash, and by signing Form No. 200, he relieves the bank of any loss resulting from improper or fraudulent filling in or use of same.

(f) Settlement shall be obtained at least once each week for all bank money orders issued by the customer, and commission on same.

(g) A detailed statement signed by the customer shall accompany the settlement.

(h) On receipt of the statement, amounts and commissions shall be entered in the Drafts Issued Register opposite the numbers.

(i) The total shall then be credited to Drafts Issued Account.

ROUTINE

(j) Forms bearing the signature of an officer whose authorization to sign has been cancelled, shall be promptly recovered from the customer and destroyed.

(k) A memorandum of the destruction shall be made in the Drafts Issued Register and signed by the Manager and Accountant.

(l) The customer shall on no account destroy spoiled forms. Such forms shall be returned to the bank with the statement and settlement mentioned in Rules 79 (f) and (g). See Rules 73 (a) and (b).

(m) The Manager shall not under any circumstances allow the customer any part of the commission. The full rates advised by circular from time to time must be exacted.

80 Advices

(a) Advices of all drafts and settlement cheques except those mentioned in Rules 80 (b) and (c) shall be forwarded by first mail to the offices on which they are drawn. These advices shall be compared with the register and signed by the Manager or Accountant immediately under the last entry.

(b) Advices shall not be sent for drafts and settlement cheques on branches and New York in favor of Chartered Banks in Canada and National and State Banks and Trust Companies in the United States, when drawn for amounts under \$5,000.

(c) Drafts on the Chase National Bank, New York, which require advice (See Rule 80(b)), shall be advised to New York Agency—not to the Chase National Bank.

(d) Drafts drawn by one branch on another and crossed negotiable without charge by a correspondent, shall be advised to the point of presentation.

ROUTINE

(e) Drafts or settlement cheques on any branch for aggregate amounts mentioned below in any one day, shall be advised by telegraph to the branch on which they are drawn, at the expense of the issuing branch.

On Montreal, Toronto, Halifax, Vancouver, Winnipeg, Havana and New York, including drafts on the Chase National Bank.	\$100,000 or over
On Other Branches	\$25,000 or over

(f) Telegraphic advices shall be sent as early in the day as possible, as full benefit can only be derived when they are received during business hours.

(g) Advices shall be entered in a register at the receiving branch or placed in order on a file. If the latter system is followed, drafts which remain outstanding for a long time should be entered in a register, and the advices filed with the correspondence.

(h) Before being paid by the Teller, drafts shall be compared with advices and initialled by the Accountant, who shall enter the date of payment in the register, or where no register is kept, on the advice itself.

(a) To facilitate the identification of payees who have purchased drafts for their own use, specimen signatures shall be taken on Form No. 183, unless the Manager or Accountant has assured himself that identification will not be required. Neglect to carry out these instructions frequently causes much inconvenience to customers, and loss of business to the bank. See Rules 94 (a) and (b).

81 Identification

(b) The paying branch shall notify Head Office when Rule 81 (a) has been disregarded.

ROUTINE

(c) In the case of a sterling draft, the signature shall be taken in duplicate, and the second specimen forwarded by the following mail.

82 Lost Drafts
and Settlement
Cheques

(a) When a draft or settlement cheque has been lost, notice stopping payment shall be sent at once to the branch or correspondent on which it was drawn. See Rules 204 (a) and (b).

(b) A duplicate may be issued if the original was payable to a chartered bank, or was drawn for a moderate amount and purchased by a responsible customer. In the latter case a letter indemnifying the bank shall be obtained from the customer. In extraordinary cases the facts shall be submitted to Head Office or the district Supervisor before a duplicate is issued. This rule does not apply when it is the custom to draw drafts in firsts and seconds of exchange.

(c) Advice of every duplicate issued shall be forwarded to Head Office.

(d) A record shall be made of duplicates which are presented and paid before the presentation of the originals. At large branches a special register should be kept for the purpose, and at other branches the entries should be made in a section of the Stop Payment Book.

83 General

For further instructions regarding the issuing of drafts, see Circular No. 30 B and circulars covering arrangements with other banks.

REMITTANCES

84 Telegraphic
Advice

(a) Subject to the exception mentioned in Rule 84 (b), every remittance of \$200,000 or over to another branch shall be advised by telegraph at the expense of such branch.

ROUTINE

(b) Rule 84 (a) does not apply to remittances of cheques or drafts drawn on any branch of the bank.

TELEGRAPHIC TRANSFERS

Application for a telegraphic transfer shall be made on the bank's regular form and signed by the applicant. 85 Application

Failure to confirm a telegraphic transfer by first mail shall be reported immediately to Head Office or the district Supervisor by the receiving branch. 86 Confirmation

(a) Payments shall not be made on telegraphic instructions which are not in code. 87 Payment

(b) Payments under telegraphic transfers shall be effected promptly by the receiving branch.

(c) When the payee cannot be located, the forwarding branch shall be notified at once by mail, or if the amount be large, by telegraph.

New York banks accept no responsibility in connection with telegraphic transfers to the United States beyond the crediting of the amount to the account of the bank through which the payment is made, and the advising of same by telegraph. They do not in any way guarantee that the money will be paid by their correspondents to the parties entitled thereto. The Manager shall therefore be careful to protect the bank from responsibility in this respect. 88 Transfers to United States

When accepting money for transfer by cable to points where the bank has branches in the South, it is advisable to intimate to the customer that the bank assumes no responsibility for loss resulting from delays in transit or inaccuracies in transmission. Many such messages are transmitted to inland towns where operators are not familiar with English. 89 Transfers to Foreign Branches

ROUTINE

DEPOSITS

90 General

(a) The printed Instructions to Ledgerkeepers shall be hung over each Ledgerkeeper's desk.

(b) Deposit slips, after being initialled by the Teller, shall be passed by him direct to the Ledgerkeeper and not to the customer. They shall on no account be handed back to the Teller after being entered by the Ledgerkeeper.

(c) Entries shall be posted in the ledgers before being made in pass books.

(d) Entries in deposit ledgers or in customers' pass books shall on no account be made by the Teller. The Manager or Accountant should take the place of the regular Ledgerkeeper at lunch hour and on other occasions when it is necessary for him to leave his post. If this arrangement is not convenient, the Manager shall appoint another officer who is competent and has had sufficient experience to perform the duties intelligently.

(e) When a deposit slip is made out for a customer by a member of the staff, the deposit shall not be entered in any book until the person making the deposit has verified the amount by initialling or signing the slip.

(f) Alterations of any nature in deposit slips shall be initialled by the persons making the deposits.

(g) Persons depositing money for the credit of others or for their own credit at another branch, for the payment of a note, or any similar purpose, may be furnished with a receipt in the form of a letter of advice. Form No. 43 is supplied for this purpose, and no other shall be used. See Rule 90 (h).

ROUTINE

(h) Under ordinary circumstances receipts for or acknowledgments of money may be given only by entry in Current Account or Savings Pass Book, by issue of regular Demand or Deposit Receipt, or by the bank's Letter of Advice. If required, special receipts may be arranged for Government and Court deposits and deposits of a similar nature, on application to Head Office.

(i) When money is received by the Teller too late in the afternoon to be passed through the books on that day, he shall enter it in his blotter for the following day, and hand the voucher, after initialling it, to the Accountant. If a customer's deposit, the Accountant shall have it entered in the ledger at once, and pass it on to the officer writing the Cash Book the next morning. If the Teller also acts as Accountant, the vouchers shall be passed to the Manager, who shall attend to the necessary entries.

(j) Entries in bank pass books for deposits by other banks shall be made by the Accountant, provided he does not also act as Teller. At branches where the Accountant does act as Teller, they shall be made by the officer in charge of the General Ledger or by the Manager.

(k) In opening an account with a partnership, whether trading or non-trading, the instructions in Rule 224 shall be carefully observed.

(l) In the Province of Quebec a married woman is not permitted to have a bank balance in her own name in excess of \$500 without her husband's authorization. In Cuba the husband's authorization is required regardless of the amount.

ROUTINE

(m) Collateral accounts shall be kept at the end of the Current Account Ledger, and withdrawals in connection with same shall be initialled by the Manager.

(n) The certifying of a cheque by the Ledger-keeper does not relieve the Teller of responsibility in connection with same. Before making payment, he shall satisfy himself that it is in order in other respects also.

(o) Blank lines shall not be left between entries in any account.

(p) Every account in the ledgers shall be indexed, even though consisting of but one entry. Joint accounts shall be indexed under all names.

(a) The following particulars in regard to customers shall be given at the head of each account in the Current Account Ledger. See also Rule 91 (c).

91 Ledger
Headings

If a: Individual, Name as it appears on Cheques. See Rule 95 (b).

If a Firm or Incorporated Company, Name under which Business is Conducted

If a Society or Lodge, Correct Description of the Organization

Occupation and Address

Names of Partners of Firms, Officers of Incorporated Companies and Societies, and Trustees and Executors of Estates

If a Farmer, Particulars of Location in Addition to Post Office Address

If a Minor, Names of Parents

If a Married Woman, Husband's Name in Addition to her own, e.g., Mary Jane Jones, wife of William John Jones

If a Widow, a Statement of that Fact and the Name of her late Husband

ROUTINE

(b) Particulars are required at the head of each account in the Savings Ledger as listed in Rule 91 (a), except that the names of individuals shall be recorded in full. See also Rule 91 (c).

(c) The following particulars shall be given at the head of each account in the Current and Savings Ledgers, except where master sheets are used, when they shall be entered upon same.

Particulars of Documents lodged with the Bank in connection with the Accounts, such as Powers of Attorney, By-Laws or Resolutions authorizing Officers of Incorporated Companies to sign for such Companies, Partnership Agreements, Waivers of Protest, Agreements re Joint Deposit Accounts—showing

Date of Granting

Names of Persons Authorized to Sign

Extent of Powers, and Limitations Placed upon their Use, if any

If on Bank's Form, Number of Form

(d) The entries referred to in Rule 91 (c) shall be initialled by the Manager or Accountant on every page after he has satisfied himself that the necessary authorizations and signatures are on file and in order. The initialling of such entries should not be confused with the initialling of loose leaf sheets required by Rule 99 (c).

(e) The Manager or Accountant shall also see that other special instructions, such as memoranda of stop payments, are correctly carried forward.

(f) The Current Account and Savings Ledgers shall be examined periodically by the Manager, and revised if necessary.

ROUTINE

92 Trust Accounts

It is inadvisable to accept trust accounts with trusts specified, e.g., William Brown in trust for Mary Brown. While such specification can not be absolutely prohibited, it should be eliminated through the influence of the Manager as far as possible without turning away desirable deposits.

93 Joint Deposits

(a) Managers are expected to become familiar with the laws of their respective provinces or countries regarding joint deposits, in order to deal intelligently with questions arising in regard to such deposits.

(b) Form No. 233 shall be signed by both parties when a deposit is to be subject to withdrawal by either of the two depositors ~~or by the survivor in case of the death of one.~~ In opening such accounts the form "John Smith and James Smith or either of them" is recommended.

(c) The heading on the deposit slip, which shall be copied verbatim into the ledger, shall show clearly to whose credit the deposit is made, and shall itself contain instructions regarding payment in some such phrase as that suggested in Rule 93 (b). This should be in the handwriting of the depositor if possible, but in any case, the slip shall be signed by him after it is filled up, and slips for subsequent deposits shall be made out in exactly the same manner. It is not necessary for both parties to sign the slip, as the bank is justified in following the instructions given by the party who deposits the money with regard to its payment.

94 Transfers of Deposits Between Branches

(a) When a depositor is known to be moving permanently to a point where the bank has a branch, it is advisable to offer to transfer his balance by letter rather than by draft. This method is more likely to result in the bank's retaining the deposit.

ROUTINE

(b) In such a case, whether the transfer is made by draft or letter, the full name, occupation and address of the customer should be advised. See Rule 129.

(a) A specimen of the signature of every person having a Current or Savings Account, or holding a Deposit Receipt, shall be taken on the card provided for the purpose. The card shall bear the number of the account. See Rule 95 (d).

95 Identification
—Specimen
Signatures

(b) The full name of each customer conducting a Current Account or Savings Account shall be recorded on his signature card.

(c) Signatures to cheques shall be critically examined by the Ledgerkeeper and Teller before certification or payment. See Rule 90 (n).

(d) Effective means shall be adopted for the identification of depositors who cannot write, e.g., a description of personal appearance on a signature card and in the ledger heading. In addition, the arrangement of a pass word may be found expeditious, and another convenient form of identification is a reference such as "Well known to Mr....."

(a) The Manager shall provide the Teller with a list of customers whose uncertified cheques may be paid, indicating the limit in each case. All other cheques on the branch shall be certified by the Ledgerkeeper with the stamp provided for the purpose before being paid or taken on deposit or in payment.

96 Certification
of Cheques

(b) To assist in the detection of fraud, certified cheques on the branch for \$1,000 and over shall be handed by the Teller to the Ledgerkeeper for comparison with the ledger before payment.

ROUTINE

The same procedure shall be followed in connection with certified cheques for \$500 and over received through the Clearing House or deposited direct by other banks.

(c) Under no circumstances shall cheques be certified until posted by the Ledgerkeeper to the account on which they are drawn.

(d) Care shall be taken to see that blanks are not left in cheques presented for certification. If the handwriting is susceptible to alteration, the Ledgerkeeper shall write in words across the face of the cheque in red ink, the amount for which it is being certified.

(e) The Ledgerkeeper's acceptance stamp shall be carefully guarded during the day, and kept under lock and key in the vault at night.

(f) Any officer who makes improper use of the Ledgerkeeper's acceptance stamp, or who fails to report its improper use by another, shall be liable to instant dismissal from the service.

(g) Cheques received through the Clearing House shall be stamped "Paid" by the Ledgerkeeper immediately after he has examined the endorsements and posted the amounts.

(a) Under no circumstances shall a cheque be crossed negotiable without charge at another branch (except by general arrangement under Rule 97 (c)) until it has been certified by the Ledgerkeeper. Advice of every such cheque shall be forwarded to the branch named in the crossing.

(b) Cheques shall not be crossed negotiable without charge at New York Agency without special authorization from Head Office. Under the laws of the United

97 Cheques
Crossed
Negotiable
Without
Charge

ROUTINE

States, New York Agency has no recourse against the party or bank for whom it cashes cheques bearing clauses such as "Negotiable without Charge at New York Agency," or "Payable at Par at New York Agency."

(c) General par privileges shall not be granted without permission from Head Office or the district Supervisor. The par clause on cheques issued by customers under such authorization shall invariably conclude with some such wording as "in Canada," "in Ontario," "in Cuba," etc. There shall be no such crossing as "Negotiable without Charge at any Branch of The Royal Bank of Canada," and the wording "Payable at Par" shall not be used.

(a) The Savings Ledgerkeeper shall be changed at two separate times during the year, chosen at random, for a full month in each case—unless the number of officers at the branch is too small to render such an arrangement possible, in which event the circumstances shall be reported to Head Office or the district Supervisor.

98 Change of
Ledger-
keepers

(b) The Current Account Ledgerkeeper shall be changed in the same way for one full month of the year.

(a) Accounts in loose leaf Current Account and Savings Ledgers shall be numbered from one under each letter of the alphabet in the order in which they are opened.

99 Loose
Leaf
Ledgers

(b) Sheets in loose leaf Current Account Ledgers shall be arranged in strictly alphabetical order; those in loose leaf Savings Ledgers, in the order of account numbers. See Rule 99 (d).

ROUTINE

(c) Each account shall be written on a separate sheet, and each sheet shall be initialled by the Manager or Accountant in the space reserved for the purpose when the first entry is made. This duty shall be performed each morning when entries in the Cash Book are called.

(d) When an account is closed, the sheet shall be ruled off and placed in the transfer binder, whether Current or Savings Account, in order of account number. See Rule 99 (b).

(e) The keys of all current and transfer ledgers shall be kept in the custody of the Manager or Accountant, by whom blank sheets shall be inserted in the current ledger as required, and used sheets removed.

(f) A few blank sheets may be locked in the current ledger for future use, but all others shall be kept under lock and key in the custody of the officer who holds the key of the ledger.

(g) After inserting or removing sheets, the officer who has custody of the key shall place in the seal box on the front of the ledger a paper seal bearing his full initials. When opening the book again, he shall satisfy himself that his last seal has not been tampered with.

(a) New accounts shall not be opened in the Current Account Ledger without the authority of the Manager, indicated by his initials on the first deposit slip in each case.

(b) Current Accounts shall not be opened for officers of other banks without permission from Head Office or the district Supervisor.

100 Current
Accounts—
Cancelled
Cheques,
Pass Books,
Verifications,
etc.

ROUTINE

(c) Manager's Account, Remittance Account, and accounts of a similar nature shall be adjusted monthly, and outstanding entries shown in the Current Account Balance Book. The names of the officers authorized to operate such accounts shall appear in the ledger headings.

(d) Cancelled cheques on Current Accounts shall be sorted daily and held, until returned to customers, in the custody of the Ledgerkeeper, who shall see before leaving the office each day, that they are placed in the cheque box, and that the box is locked and deposited in the vault.

(e) Pass books shall be collected from customers at the end of each month, in order to be written up and balanced on the last day of the month. The Manager, or the Accountant provided he does not act as Teller or Ledgerkeeper, shall afterwards compare the balances in pass books with the corresponding balances in the ledger, attesting the comparison by placing his initials opposite each balance in both ledger and pass book.

and that the same officer shall see that books are neatly ruled off before being returned to customers.

and that cheques have been compared with them or with the entries in the ledger

(f) Pass books, after being balanced, shall be ready for delivery to customers on the first business day of each month; and there shall 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 pass book be returned until the requirements of Rule 100 (e) have been carried out.

(g) Each balanced pass book delivered to a customer shall be accompanied by its relative certificate regarding the correctness of the balance and the return

ROUTINE

of the cheques, carefully filled up by the officer who has balanced the book; and also by 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. Cheques shall not be taken away from the bank until the certificate, signed by the customer or his duly constituted attorney, is in possession of the bank's officers.

(h) In the case of out-of-town customers, certificates shall be obtained before the cheques are returned. It may be necessary to make exceptions in special cases, when vouchers shall be carefully compared with the pass book or copy of the customer's account by a second officer, so that in event of loss in transit or dispute with the customer, the bank may be able to prove that they were despatched.

(i) Care shall be taken to see that certificates are domiciled and dated, and bear properly authorized signatures. On certificates verifying balances of special accounts (as "No. 2 Account," "Revenue Account," etc.), the particular account referred to shall be indicated.

(j) Pending the examination referred to in Rule 100 (k), signed certificates shall be kept by the Ledger-keeper in the cheque box.

(k) Signed certificates of balances shall be checked with the Current Account Ledger by the Manager, or the Accountant provided he does not act as Teller or Ledgerkeeper. The comparison shall be attested by the placing of a "V" opposite each balance in the ledger.

(l) The forms shall then be filed alphabetically in monthly packages.

ROUTINE

(*m*) As a certificate of balance represents an adjustment of the account between the bank and the customer, balances should not be allowed to remain uncertified any longer than necessary.

The Manager and Accountant shall see that lists of uncertified accounts are prepared from time to time, and strong efforts made to have balances verified.

(*n*) For instructions regarding interest on Current Accounts, see Circular No. 65 B.

(*a*) The practice of issuing cheques on Savings Accounts shall be discouraged as far as possible. It should never be permitted unless rendered advisable by the competition of other banks.

101 Savings
Accounts—
Cheques,
Interest,
Pass Books,
etc.

(*b*) Where the drawing of cheques on Savings Accounts is permitted, the depositor shall be restricted to a limited number of cheques each month. If the limit is frequently exceeded, the customer should be requested to observe the restriction or to transfer his balance to the Current Account Ledger. The latter procedure should only be adopted when the balance maintained warrants the expense incidental to a Current Account.

(*c*) Officers under the rank of Manager are absolutely prohibited from drawing cheques on Savings Accounts.

(*d*) Savings Accounts upon which depositors are permitted to draw cheques shall be verified in the same manner as Current Accounts. Form No. 175 shall be used for this purpose, except when the depositor requires the cheques, in which case a Current Account form shall be used with the wording suitably amended.

ROUTINE

(e) For instructions regarding interest on Savings Accounts, see Circular No. 65A and Rules 101 (f), 101 (g) and 27 (c).

(f) In cases where interest is not paid when accounts are closed, it shall not be capitalized at the end of the half year. This would multiply unnecessarily the number of unclaimed balances.

(g) Calculations of interest made half-yearly or on the closing of accounts shall be certified by two officers, each of whom shall initial the amounts shown in the interest column of the ledger.

(h) Savings pass books should be produced when withdrawals are made.

(i) Pass books for closed accounts shall be entered up and ruled off, examined by the officer who checks the ledger, and then filed in the vault.

(j) The balance of a depositor who loses his pass book shall be transferred to a new number before a new pass book is issued, and a memorandum of the transfer shall be made in both old and new accounts. A letter of indemnity shall be required unless the Manager considers it unnecessary.

(k) To ensure the correctness of a savings balance when an account is being closed, the debit and credit columns shall be checked before payment by a second officer, who shall verify the balance by placing his initials on the withdrawal slip. The summations in the ledger shall be initialled by both Ledgerkeeper and checking officer.

ROUTINE

(a) Overdrafts shall not be allowed without the authority of the Manager, which shall be indicated by his initials on the relative vouchers. The Manager's attention is directed to the serious danger involved in initialling a cheque which creates an overdraft, and handing it back to the customer instead of direct to the Ledgerkeeper for certification. 102 Overdrafts

(b) Overdrafts on Savings Accounts shall not be permitted under any circumstances.

(c) All accounts showing debit balances shall be entered daily in the Overdrafts Register. The list shall be examined and initialled by the Manager each day.

(d) The "Dr." sign shall appear in the proper column in the ledger opposite every balance representing an overdraft.

(e) Under no circumstances may interest be waived on any overdraft.

(f) Interest shall be charged monthly, the amount being entered in the interest column of the ledger together with the rate, and initialled by the two checking officers.

(g) The Manager shall carefully examine all monthly entries to see that no charges have been omitted. When a minimum charge is made, the amount shall be fixed by the Manager.

(a) Numbers of Deposit Receipt forms received shall be entered on the front page of the register. Forms shall be kept in the possession of the Manager or Accountant during the day, and placed in the safe at night.

103 Deposit
Receipts—
Issue and
Payment,
Lost Receipts

(b) Deposit Receipts shall not be typewritten.

ROUTINE

(c) Deposit Receipts shall only be issued on the bank's regular form, which contains a non-transferable clause. Unless declared to be non-transferable, such receipts are merely forms of promissory note, and are therefore negotiable.

This rule does not apply to Demand Receipts.

(d) Every Deposit Receipt issued shall be entered in the register before being signed, and the Manager and Accountant shall initial the amount, both in the register and on the counterfoil.

(e) Under no circumstances shall any officer sign a Deposit Receipt in blank.

(f) Deposit Receipts requiring any alteration whatever shall not be issued, but on no account may they be destroyed. The forms shall be cancelled and filed with paid Receipts, and the signing officers shall initial opposite the numbers of the forms in the Deposit Receipt Register.

(g) Before being paid, Deposit Receipts shall be marked "Paid" in the proper column of the register by the officer checking the interest.

(h) For instructions regarding interest on Deposit Receipts, see Circular No. 65 c and Rules 103 (i) and (j).

(i) Calculations of interest on Deposit Receipts shall be checked and initialled by the Accountant or another senior officer before payment; and the endorsement on each Receipt shall be compared with the specimen of the depositor's signature, the comparison being attested by the initials of the officer making it.

(j) After a Deposit Receipt has been paid, the amount of interest shall be added to the principal, and the total, expressed in words, together with the date of

ROUTINE

payment, written in red ink across the face,—the signatures of the Manager and Accountant being at the same time carefully defaced.

(k) All paid Receipts shall be filed in order of entry in the General Ledger.

(l) Attention is directed to the risk involved in the payment of a Deposit Receipt at any branch other than that by which the Receipt was issued, without the authority of the latter. Payment shall not be so made without binding and adequate indemnity.

(m) Any depositor who loses a Deposit Receipt shall provide a bond executed by two financially responsible parties before payment. Head Office or the district Supervisor will supply the form of bond on receiving satisfactory assurance regarding the responsibility of the guarantors. Under no circumstances is it necessary to issue a duplicate receipt.

(a) On December 15th of each year all balances in Current and Savings Ledgers, and amounts of Demand and Deposit Receipts, certified cheques, unpaid drafts, and bills of exchange which on December 31st following will have come under the heading of unclaimed balances if not claimed or confirmed before that date, shall be listed on the Unclaimed Balances Return (Form No. 187), and credited to Head Office in one total. The list shall be attached to the ~~Head Office Account~~ Return on which the transfer is made. 104 Unclaimed Balances

Owing to the amount of clerical work involved in the preparation of the Statement of Unclaimed Balances required by the Dominion Government, it is not practicable to have branch returns made up later than December 15th.

ROUTINE

(b) A balance is not "unclaimed" if at any time within five years of December 31st following the date of the return mentioned in Rule 104 (a), a pass book has been written up or a statement of the balance due has been sent to the person entitled to draw the money, or to one of the persons, if there be more than one, and has been confirmed by that person in writing.

In the case of moneys deposited for a fixed period, the five years shall be reckoned from the termination of the fixed period.

(c) Small balances representing interest entries shall not be transferred to Head Office, but credited to Interest Account. See Rule 101 (f).

When a balance transferred to Head Office is by the person entitled to it, the amount shall be to Head Office with special advice, and re- to the account from which it was previously ed.

(e) At the end of the Current Account Ledger at each branch, a record shall be kept of all amounts transferred to Head Office as unclaimed balances or re-transferred to the branch by Head Office, entries for the amounts being made in the index as if the accounts were actually in operation. Full particulars shall be recorded, showing date of last transaction, etc., and if bound ledgers are used, the details shall be carried into each new Current Account Ledger, so that a complete list of unclaimed balances may be readily obtainable. See Rule 104 (g).

(f) Section 114, Sub-Sections 6 and 7 of the Bank Act, require that a notice be forwarded by registered mail to the last known address of the owner of each

ROUTINE

amount appearing on the return mentioned in Rule 104(a). This notice shall be sent between the 1st and 15th of January following the date of the return, provided the balance has not been claimed or confirmed in the meantime. Forms Nos. 244 to 249 inclusive are supplied for this purpose.

) The officer who signs the notice mentioned in Rule 104 (f) shall initial the record in the back of the Account Ledger. See Rule 104 (c).

) On January 15th of each year, Head Office shall advise that the notice mentioned in Rule 104 (f) is mailed as required.

(1) In order to keep down the number of unclaimed balances, Managers shall make up at the beginning of each year a list of all balances which on the 1st of January following will have been undisturbed for five years, and from that list procure confirmation from time to time as opportunity offers. Every account so listed should be confirmed before December 15th next ensuing, unless the whereabouts of depositors cannot be ascertained. A memorandum of the confirmation of balance (or presentation of pass book) shall be made in the account heading and initialled by the Manager.

(a) Cheques of a depositor shall not be paid or certified after the bank has become aware of his decease. 105 Deceased Depositors

(b) After the death of a depositor, a copy of his will and Letters of Probate certified by the court, or if there is no will, Letters of Administration certified by the court, or documents of similar effect, shall be obtained before any part of the deposit is paid out. When the amount involved is \$1,000 or over, the documents shall be forwarded to Head Office or the district Super-

ROUTINE

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In the case of moneys deposited for a fixed period, the five years shall be reckoned from the termination of the fixed period.

(c) Small balances representing interest entries shall not be transferred to Head Office, but credited to Interest Account. See Rule 101 (f).

(d) When a balance transferred to Head Office is claimed by the person entitled to it, the amount shall be debited to Head Office and re-credited to the account from which it was previously transferred, special advice being forwarded to the district Supervisor by Canadian and Newfoundland branches, and to Head Office by all other branches.

(e) At the end of the Current Account Ledger at each branch, a record shall be kept of all amounts transferred to Head Office as unclaimed balances or re-transferred to the branch by Head Office, entries for the amounts being made in the index as if the accounts were actually in operation. Full particulars shall be recorded, showing date of last transaction, etc., and if bound ledgers are used, the details shall be carried into each new Current Account Ledger, so that a complete list of unclaimed balances may be readily obtainable. See Rule 104 (g).

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ROUTINE

amount appearing on the return mentioned in Rule 104(a). This notice shall be sent between the 1st and 15th of January following the date of the return, provided the balance has not been claimed or confirmed in the meantime. Forms Nos. 244 to 249 inclusive are supplied for this purpose.

(g) The officer who signs the notice mentioned in Rule 104 (f) shall initial the record in the back of the Current Account Ledger. See Rule 104 (e).

(h) On January 15th of each year, advice that the notice mentioned in Rule 104 (f) has been mailed as required, shall be forwarded to the district Supervisor by Canadian and Newfoundland branches, and to Head Office by all other branches.

(i) In order to keep down the number of unclaimed balances, Managers shall make up at the beginning of each year a list of all balances which on the 1st of January following will have been undisturbed for five years, and from that list procure confirmation from time to time as opportunity offers. Every account so listed should be confirmed before December 15th next ensuing, unless the whereabouts of depositors cannot be ascertained. A memorandum of the confirmation of balance (or presentation of pass book) shall be made in the account heading and initialled by the Manager.

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ROUTINE

visor with full particulars before any part of the amount is paid out. They will be returned to the branch with instructions, and shall be retained there upon file. See Rule 105 (c).

(c) Managers shall become familiar with the laws of their respective provinces or countries regarding the authority of executors or administrators to deal with moneys held by the bank in the names of deceased persons. If there is any doubt as to the course to be followed, the matter shall be referred to Head Office or the district Supervisor regardless of the amount involved.

106 Insane
Depositors

In connection with the disposition of balances standing at the credit of persons declared to be insane, Managers shall be governed by the laws of the provinces or countries in which branches are situated.

INCOMING COLLECTIONS

107 Custody

(a) Bills shall be taken over by the Manager daily.

(b) Bill cases shall be held in the Manager's custody, and placed in the safe in a compartment having two keys or combinations over night and while the Manager is temporarily absent from the office during the day. The Manager shall not permit any other officer to have access to them.

108 Register
and Local
Collection
Diary

(a) Every bill received for collection shall be registered under a number on the day of receipt, and instructions regarding protest shall be entered opposite each item. Particulars of documents attached to bills shall also be entered, with instructions regarding delivery, etc.

ROUTINE

(b) When duly accepted (or paid without acceptance) bills shall be entered in the diary, and afterwards initialled for in the register by the Manager.

(c) Entries in the diary shall be checked by the Manager when taking over the bills.

(d) Prepaid bills shall be so marked in the diary, and entered under date of payment.

(e) Entries in the diary, including entries for items referred to in Rules 108 (b) and (d), shall be initialled by the Teller on the due dates.

(f) Bills returned unaccepted or unpaid shall be so marked, with dates, and initialled for in the register or diary by the Correspondence Clerk, unless he also acts as Collection Clerk, in which case the Manager or Accountant shall initial for them. The officer performing this duty shall also satisfy himself by reference to the register before the bills are returned, that all instructions regarding protest, notification, etc., have been observed.

(g) The officer making the daily comparison of entries shall see that all bills marked off in the Collection Diary as prepaid were actually prepaid and accounted for on the dates mentioned.

(h) When part payment is tendered on account of an accepted draft received for collection from the United States or another foreign country, it shall not be accepted until the draft has been protested for the full face amount, unless instructions to the contrary have been received from the payee or the remitting bank.

With regard to collections received by Canadian branches from Canadian points, the bank would not

ROUTINE

render itself legally responsible by protesting a draft for the unpaid balance only, but solicitors advise that its position would be stronger if the draft was protested for the full amount in the first instance.

109 Presentation,
Outstanding
Items, etc.

(a) It is very important that bills be dealt with promptly. They shall be presented on the day of receipt, and the proceeds shall be remitted on the day of payment.

(b) After a draft has been returned to the bank duly accepted, the acceptor shall on no account be permitted to cancel his acceptance.

(c) The reasons for non-acceptance of drafts shall be ascertained from drawees whenever possible, and communicated to branches or correspondents when drafts are returned.

(d) Confirmation shall be obtained of all irregular acceptances of drafts. If on account of lack of time it is not possible to return the item to the forwarding bank, particulars of the irregularity shall be advised immediately.

(e) No item which can be presented in person to the drawee shall be outstanding more than forty-eight hours without advice to the branch or correspondent from which it is received, except under definite instructions to hold for a longer period.

(f) When a bill is being held indefinitely for arrival of goods or for any other reason, advice shall be despatched at least once a week until it is paid, accepted or returned.

(g) The date of each advice shall be noted in the register.

ROUTINE

(h) The Manager or Accountant shall examine the Collection Register daily to see that outstanding items have received attention and are in order.

(i) Powers of Attorney to accept Drafts (Form No. 14), provided for use in connection with bills drawn on persons living at a distance, shall always be retained at the branch in event of non-payment. When a bill is paid, the Power of Attorney shall not be detached.

This form can not 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.~~

(j) Except under agreements advised by numbered circular, a charge should be made to cover the expense of mailing items for acceptance, notices of maturity, etc., to out-of-town parties, but the Manager shall exercise discretion in the matter to guard against the loss of valuable collection business.

(k) Overdue and unaccepted collections on account of local parties should not be held indefinitely. The Manager should examine the Register of Returned Collections to see that all such items are returned to the owners within a reasonable time.

(l) Receipts should be obtained from local customers for local collections as in the case of remitted bills. See Rule 125 (c).

(a) Care shall be exercised in the treatment of documentary bills to be held for arrival of goods. The railway or shipping company should be requested by letter to notify the bank when goods arrive, but if a reply is not received within a reasonable time, some other means should be adopted to obtain the required information.

110 Documen-
tary Bills

ROUTINE

(b) Permission shall not be given to the drawee of a bill to inspect goods covered by a bill of lading unless authority from the forwarding bank has first been obtained. Disregard of these instructions may result in serious loss to the bank.

111 Collections
from
Strangers

Attention is called to the risk involved in receiving collections from strangers. It should be remembered that the bank's endorsement stamp operates as a guarantee of all previous endorsements, and the bank would be held responsible if such endorsements proved to be forgeries or otherwise irregular.

LOANS—TRADE BILLS—TRADE BILLS REMITTED—COLLATERAL BILLS

112 Custody

(a) Bills shall be taken over by the Manager daily.

(b) Bill cases shall be held in the Manager's custody, and placed in the safe in a compartment having two keys or combinations over night and while the Manager is temporarily absent from the office during the day. The Manager shall not permit any other officer to have access to them.

113 Registration—
Bill Diaries

(a) Every bill lodged with the bank for discount or as collateral shall be registered under a number on the day of receipt. Bills shall never be held unrecorded over night.

(b) The words "The Property of The Royal Bank of Canada" shall be stamped on the face of every item representing a Loan, Trade Bill, Trade Bill Remitted or Collateral Bill.

(c) Entries in the diary shall be checked by the Manager when taking over the bills.

ROUTINE

(d) Entries in the Trade Bill and Loan Diaries shall be initialled by the Teller on the due dates.

(e) Prepaid bills shall be so marked in the diaries and entered under date of payment.

(a) The Manager shall see that bills offered for discount are formally correct. 114 Drawing of Bills

(b) It is preferable to have a note or draft for discount drawn for a fixed sum without interest, i.e., with the interest included in the face amount. This rule does not apply to notes payable on demand. See Rule 229 (c).

(c) Any material alteration (e.g., change of date, sum payable, time or place of payment, etc.), shall be initialled by all obligants. Typewritten notes should be avoided.

(d) The witness of a signature by mark shall be independent of the transaction represented by the bill. The witnessing of signatures by members of the staff is not desirable. If this is unavoidable, it will be necessary for two officers to witness in each case.

(e) Notes bearing endorsements shall not be drawn payable to the bank. It has been held that in such a case the bank is the first endorser and therefore liable before other endorsers.

(f) Notes signed in blank shall not be accepted. Notwithstanding the provision contained in Section 31 of the Bills of Exchange Act, if a blank note is taken the bank must prove that it was delivered in order to be converted into a bill or note; also that it was filled up within a reasonable time, and strictly in accordance with the authority given.

ROUTINE

115 Demand
Notes

(a) Demand notes representing loans or accepted as collateral shall bear the interest clause.

(b) The bank's demand note forms with waiver endorsed (Forms 117a and 118a) shall be used whenever possible. The endorser of a demand note, whether representing a loan or held as collateral, shall invariably waive protest, notice of protest and presentment.

(c) Renewals shall be obtained at least once a year for demand notes under discount or held as collateral, except in cases where security held might be thus invalidated.

(d) Interest on demand loans shall be charged monthly.

(e) The practice of adding interest to demand loans is objectionable, and shall not be followed except under unusual circumstances. If the interest on any such loan cannot be collected on or before the last day of the month, the amount due shall be debited to Accrued Interest Account in the Current Account Ledger pending payment. Entries in this account shall not be allowed to remain outstanding for more than a few days.

116 Trade Bills
Remitted
See also
Rules 123
to 125)

(a) In discounting bills payable after sight, dates of maturity shall be carefully estimated, full time being allowed for procuring acceptances.

(b) Drafts shall be treated as Trade Bills Remitted when payable one or more days after sight or date.

(c) Sight drafts shall be treated as Trade Bills Remitted as follows.

If over \$500 and received from a regular borrowing customer.

If over \$200 and drawn on points more than forty-eight hours distant by mail.

If accompanied by instructions to hold for arrival of goods.

ROUTINE

(d) Bills despatched shall not bear marks or calculations indicating interest or commission charged.

All calculations of discount, interest, exchange, etc., shall be carefully checked by a second officer, and initialled by him in the respective registers. Managers shall personally see that this important duty receives proper attention.

117 Checking of Calculations

If it is found necessary to rebate interest on prepaid discounted bills, the rate should be at least 2% less than the rate of discount. In no case shall it be less than 1% under the rate of discount.

118 Rebate of Discount

Proceeds of bills discounted for customers not having regular Current Accounts shall be placed to their credit in Casual Discounts Account in the Current Account Ledger.

119 Casual Discounts Account

PAST DUE BILLS

(a) Loans and Trade Bills unpaid at date of maturity shall be charged to Past Due Bills Account before the closing of the Cash Book for the day. Cost of protest shall be debited on return of the bills by the notary. See Rule 237 (d).

120 Items to be Charged to Past Due Bills Account

(b) Trade Bills Remitted, Cash Items and sterling bills returned unaccepted or unpaid shall be charged to Past Due Bills Account if not paid by the parties for whom they were discounted by the day following return, or charged back to their respective accounts.

(c) Items which have remained an unduly long time in Bank Collection Account or Trade Bills Remitted Account shall be charged to Past Due Bills Account.

ROUTINE

121 Custody

Items charged to Past Due Bills Account shall be held in the custody of the Manager or Accountant.

122 Notices of Dishonor

(a) The Manager is held responsible for the observance of all formalities prescribed by the Bills of Exchange Act in connection with the notification of endorsers on dishonored items.

(b) Every customer who has not signed the waiver form shall receive a Notice of Dishonor for each dishonored bill, whether charged to his account or to Past Due Bills Account. This shall be mailed on the day on which the dishonored note has fallen due, or by 12 o'clock noon on the following business day, addressed to the endorser at his customary address or place of residence, or at the place at which the bill is dated, unless he has under his signature designated another place. When an address is specially designated, care shall be taken to see that it is the proper one, or that it was written by the party himself or under his authority.

(c) A press copy of each Notice of Dishonor shall be kept, and particulars shall be entered in the Register of Notices of Dishonor. The register shall be signed by the officer who mails the notice (after it has actually been deposited in the Post Office), and initialled by the officer who signs the notice.

(d) The bank's regular stamp declaring presentation on date of maturity, and providing for the insertion of the date on which the Notice of Dishonor is sent, shall be imprinted on the back of every dishonored note and signed by the officer who signs the notice and the clerk or messenger who mails it. This certification should be made after the notice has been deposited in the Post Office.

ROUTINE

REMITTED BILLS (C.'s, T.B.R.'s, B.C.R.'s, C.S.'s)

(a) Sight Cash Items, Trade Bills Remitted, Col- 123 General
lateral Bills Remitted and Bills for Collection Remitted shall be initialled for in the respective registers by the Correspondence Clerk, and despatched to branches or correspondents immediately after being passed through the books.

(b) The diarizing of remitted bills shall be checked by a second officer.

(c) When forwarding drafts, etc., to city branches, the street addresses of drawees shall be obtained if possible.

(d) To avoid the possibility of dispute, bills should be recalled by letter or telegram and not by telephone. If it is expedient to give instructions by telephone, they shall be confirmed immediately by mail.

(e) Notes and accepted bills for collection by private bankers should not be despatched, as a rule, until near maturity. Bills forwarded for acceptance may be left in the hands of private bankers until paid, provided their financial standing is known to be satisfactory, and the bills are not for large amounts; but it is recommended that items of \$500 and over be forwarded for acceptance and return, and retained at the branch until nearly due.

(a) Bills of lading and other documents attached to drafts forwarded for collection shall be accompanied by definite instructions as to whether they are to be sur- 124 Document-
ary Bills
rendered on acceptance of the drafts or held until payment. See Rule 152 (h).

ROUTINE

(b) The Manager should arrange with customers to have shipping documents made out in the following form.

Notify A..... B..... and
The Royal Bank of Canada (or the bank acting as
its agent) on the arrival of the goods.

(c) When order bills of lading attached to drafts are drawn in sets, the full set shall be delivered to the bank before a draft is discounted. Uniform bills of lading issued by Canadian railroads are treated in Circular No. 63.

(a) Particulars of all Trade Bills Remitted, Sight Cash Items and sterling bills returned unaccepted or unpaid shall be recorded in the Register of Returned Discounts, with reasons for dishonor.

(b) The entries in the Register of Returned Discounts shall be compared with the letters received by the officer making the daily comparison of entries. See Rule 35 (h).

(c) Unaccepted and unpaid collections shall be entered in the Register of Returned Collections and when possible, receipted for by the customers opposite the entries. When it is necessary to return an item to a customer by mail, a memorandum of its disposition should be made opposite the entry in the register, and a receipt form should be forwarded with the item for signature.

STERLING BUSINESS

Except in particular cases where other arrangements have been made, all sterling business shall be conducted through London Branch by branches operating direct accounts. Branches not operating direct accounts shall be governed by instructions in circulars of Series 22.

125 Registration
of Returned
Items

126 General

ROUTINE

(a) Rates for buying and selling sterling exchange shall be quoted daily, or as often as the rates change, by the clearing branches. Special rates for large transactions should be requested by telegraph. 127 Sterling Quotations

(b) Rates quoted by the clearing branches shall be as close as possible, and the branch at which a transaction originates shall allow for a reasonable profit on the exchange.

(a) At branches where a Bills of Exchange Register is not kept, sterling bills purchased shall be entered in the Sight Item Register. 128 Sterling Bills

(b) Sterling bills shall be made out in duplicate, original and duplicate being forwarded by consecutive mails.

(c) Sterling bills purchased shall not be endorsed by any branch, but the words "Pay to the order of The Royal Bank of Canada" shall be stamped or written immediately above the last endorsement. The usual endorsement stamp, "Pay to the order of any Bank or Banker" shall not be used on such bills.

The name of the forwarding branch shall appear on the face of each bill.

(d) If any endorsement is made by procurement, stamped signature, or in any way other than the payee's own written signature, it shall be guaranteed in the usual form over the Manager's signature. This applies to bills of lading and insurance certificates as well as to bills of exchange.

(e) When purchasing documentary sterling bills, the Manager shall exercise every possible care to see that the bills and documents are complete and in perfect order. As it is essential that a full set be obtained, he

ROUTINE

shall carefully examine bills of lading to ascertain the number issued. One copy shall be forwarded to London Branch by the clearing branch for sterling business with the original bill of exchange and advice stating that the remaining copies of the set will be forwarded by next mail. Failure to comply with these instructions generally causes delay in obtaining acceptance, and unnecessary cable charges.

(f) Documentary sterling bills purchased should be accompanied by insurance certificates covering the goods represented by the bill of lading, drawn or endorsed to the order of the bank. If the shipper claims that the goods are covered by an open policy, the Manager shall satisfy himself that such is the case.

If the purchaser of a draft wishes to open an account at London Branch by depositing the proceeds of the draft, he shall be given, in addition to the usual means of identification (Form No. 183), a letter of introduction to the London Manager. The copy of the letter of introduction sent direct to the branch (See Rule 155 (a)) should be accompanied by any information in regard to the customer which may be of value.

Such letters shall not be issued to irresponsible parties under any circumstances. Special care is exercised in the opening of accounts by banks in London, England, where the dangers of forming undesirable or questionable connections are specially hazardous. As London Branch cannot be expected to waive the usual formalities, and a refusal by them might cause hardship to a deserving client and loss of business to the branch issuing the drafts, Managers shall see that these instructions are never neglected.

ROUTINE

LETTERS OF CREDIT

(a) As a Letter of Credit creates a liability of the customer to the bank, it shall be issued only to a responsible firm or individual, unless covered by a cash deposit or undoubted security properly hypothecated. The amount shall be posted in the Liability Ledger and entered on the Liability Return: and confirmation shall be obtained from Head Office or the district Supervisor if the customer's total liability is thus raised above the limit of authorized advances to him, or—if no such advances have been authorized—above the limit fixed for advances not requiring authorization by Head Office. 130 General

(b) Letters of Credit shall not be issued to strangers under any circumstances unless they are introduced by reputable persons well known to the bank.

(c) When an unexhausted Letter of Credit is returned to the issuing branch and cancelled, advice shall be sent to the branch on which the credit is drawn, so that the latter may mark it off in their records.

(d) A credit established for a customer with another branch or another bank should be for a definite period not exceeding one year.

(e) For further instructions regarding the issuing of Letters of Credit, see circulars of Series 39 and Rule 155 (b).

(f) A record of credits established, both inward and outward, shall be made in the register provided for that purpose. Customers' undertakings in connection with outward credits shall be placed in the register following the relative record.

(g) The names of branches authorized to issue Travellers' Letters of Credit are listed in Circular No. 39 A. A non-issuing branch requiring a Travellers' Letter of Credit shall apply to the clearing branch for sterling business.

131 Travellers'
Letters of
Credit
(R. B. of C.)

ROUTINE

(b) Numbers of blank forms received shall be entered on the front page of the Travellers' Letters of Credit Register.

(c) The Manager and Accountant shall initial the register in the proper column when a Travellers' Letter of Credit is issued.

(d) Forms shall be kept in the safe, preferably in the treasury compartment.

(e) An application on Form No. 170 shall be taken from every applicant for a Travellers' Letter of Credit. At non-issuing branches the form shall be obtained in duplicate, and one copy forwarded to the branch issuing the credit, with a letter of application signed by the Manager and Accountant.

(f) A copy of the printed list of correspondents shall be handed to every customer to whom a Travellers' Letter of Credit is issued. It shall be carefully explained to the customer that drafts under the credit are negotiable only at banks included in this list.

(g) Particulars of every sterling credit issued, with a specimen signature of the holder, shall be forwarded promptly to London, Eng., Branch. In the case of a domestic credit, the office on which drafts are to be drawn shall receive similar advice. Omission to forward such advices may result in serious inconvenience to the customer and loss to the bank.

(h) Any two signatures authorized in connection with Travellers' Letters of Credit will be honored by correspondents provided one is that of a Manager, Assistant Manager, Accountant or executive official. Any officer who has been authorized to sign Travellers' Letters of Credit may sign them at any issuing branch.

ROUTINE

(i) If the number of officers authorized to sign Travellers' Letters of Credit is reduced to one at an issuing branch, a limited number of forms may be signed in blank by an officer stationed elsewhere, and held in strictly joint custody until issued, when the other signature required shall be added.

(j) In Domestic Travellers' Letters of Credit, New York Agency shall be named as the point on which drafts shall be drawn, unless it is known that the credits will not be used outside of Canada or Cuba, when a Canadian or Cuban branch may be named.

(k) Before a payment is made under a Travellers' Letter of Credit, the genuineness of credit and signatures shall be established (by means of specimens supplied by Head Office), the draft signed in the presence of the Manager, the drawer's signature carefully compared with the specimen furnished for that purpose, and the amount of the payment entered in the space provided on the credit.

(l) In case of doubt as to the genuineness or regularity of a credit presented, the issuing office shall be consulted immediately by telegraph.

(a) All branches are authorized to issue Commercial Letters of Credit under the conditions stated in Circular No. 39 B. 132 Commercial Letters of Credit (R.B. of C.)

(b) Commercial Letters of Credit shall be signed by the Manager and Accountant.

(a) The Manager shall refer to Head Office all applications received from other banks and bankers for permission to include any branch of this bank in their lists of correspondents for cashing drafts under Letters of Credit. 133 Letters of Credit Issued by Other Banks

ROUTINE

(b) Drafts drawn under Letters of Credit issued by other banks shall be cashed by branches only under Head Office authorization (See Rule 133 (d)), unless the holder of the credit is known to be responsible, or drafts are endorsed by a responsible person.

(c) Branches cashing drafts drawn under Letters of Credit issued by other banks are expected to make a reasonable profit, the amount being governed by the place on which the draft is drawn. Travellers' Letters of Credit issued by other banks usually state the method to be followed in charging commissions. When this is not the case, or when definite instructions are not contained in the bank's circulars, the draft should be drawn payable with exchange, and the net amount paid to the holder of the credit.

(d) Instructions in Rules 131 (k) and (l) apply also to Letters of Credit issued by other banks. See exception in Rule 133 (b).

TRAVELLERS' CHEQUES

134 Custody

Travellers' Cheque forms shall be kept in the cash safe in strictly joint custody.

135 Registration

(a) As soon as forms are received at a branch, they shall be entered consecutively in a special section of the Drafts Issued Register, the different denominations being recorded separately. Only the first and last numbers of each series need be given.

At branches having an active demand for Travellers' Cheques, a special register may be used.

(b) When Travellers' Cheques are sold, full particulars shall be recorded in the register, and the entries initialled by the officers in whose custody the forms are held.

ROUTINE

(a) Travellers' Cheques presented for encashment by the payee shall invariably be signed in the presence of one of the officers of the bank. The signature must correspond with the signature on the cheque or in the accompanying letter of indication. 136 Payment

(b) Cheques shall be compared with the specimen forms on file before being paid.

(c) In case of doubt as to the genuineness or regularity of cheques presented, the issuing bank shall be consulted immediately by telegraph.

(a) The Manager shall refer to Head Office all applications received from other banks or bankers for permission to include any branch of this bank in their lists of correspondents for cashing Travellers' Cheques. 137 Travellers' Cheques Issued by Other Banks

(b) Travellers' Cheques issued by other banks shall be cashed by branches only under Head Office authorization, unless the holder is known to be responsible or cheques are endorsed by a responsible person.

POWERS OF ATTORNEY AND AUTHORIZATIONS

Powers of Attorney and Authorizations shall be recorded and filed in accordance with instructions in Circular No. 69. 138 Registration

(a) Powers of Attorney shall be executed on the bank's forms whenever possible. 139 Powers of Attorney

(b) A Power of Attorney shall not be witnessed by the party in whose favor it is drawn. The signatures to these and similar documents shall be witnessed by disinterested parties.

ROUTINE

(c) A Power of Attorney given by a firm shall be signed by each of the partners.

(d) Subject to the exceptions stated in Rules 139 (e) and (f), Powers of Attorney lodged with the bank shall be originals.

(e) When Powers of Attorney are filed in a city or county registry office, copies certified under the hand and official seal of the registrar may be accepted.

(f) When an instrument is executed before a Notary Public in the Province of Quebec or in Cuba and the original left on record in his office, a copy certified by him or by two senior officers of the branch may be accepted. A Notary in the Province of Quebec or in Cuba is a public officer, and authorized to act as a depository for such documents.

(g) A notarial copy of a Power of Attorney which remains in the hands of the Attorney shall not be recognized.

(h) When a Power of Attorney is revoked, the Manager may acknowledge receipt of the notice of revocation if necessary, but on no account may a Power of Attorney once lodged with the bank ever pass out of its possession.

(i) Immediately after receipt of a notice of revocation, the necessary entries shall be made in the register and ledger headings.

(j) Managers or other officers of the bank are not permitted to act as attorneys for customers or others.

(a) Properly certified copies of by-laws of incorporated companies and of resolutions authorizing officials to sign shall be held.

(b) Particular care shall be taken to see that resolutions authorizing borrowings are in order. It is desirable that the bank's form be used whenever possible.

ROUTINE

Copies of by-laws of societies, lodges, churches and benevolent institutions, and certified copies of resolutions appointing officers, shall be obtained. Unless the circumstances are unusual, the Manager shall insist upon the use of Form No. 180 for this purpose. 141 Societies, Lodges, etc.

Form No. 207 shall be secured for every partnership dealing with the bank, whether trading or non-trading. Further information on this subject is given in Rule 224. 142 Partnerships

Waivers of Protest, Form No. 16, shall be obtained from all regular discount customers to provide for the charging of dishonored bills to their accounts; also from customers to whose accounts acceptances are charged. 143 Waivers of Protest

For many reasons it is desirable to obtain this form from all customers conducting current accounts, whether they are borrowers or not.

SECURITIES

(a) Bonds, debentures, stock certificates, mortgages, and other securities except collateral notes—whether used as collateral security or lodged for safekeeping—shall be entered under their proper headings in the Security Register. The entries in the register shall be made by the officers in whose custody the securities are held. 144 Registration, Custody, etc.

(b) The full address of each depositor shall appear in the register.

(c) Articles accepted for safekeeping shall bear consecutive numbers, which shall be entered against them in the register.

(d) Securities shall be held by the Manager and Accountant in the treasury or a similar compartment provided with two keys or combinations, so that a perfect joint custody may be observed.

ROUTINE

Copies of by-laws of societies, lodges, churches and benevolent institutions, and certified copies of resolutions appointing officers, shall be obtained. Unless the circumstances are unusual, the Manager shall insist upon the use of Form No. 180 for this purpose. 141 Societies, Lodges, etc.

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For many reasons it is desirable to obtain this form from all customers conducting current accounts, whether they are borrowers or not.

SECURITIES

(a) Bonds, debentures, stock certificates, mortgages, and all other securities except collateral notes — whether pledged as collateral security or lodged for safekeeping — shall be entered under their proper headings in the Securities Register. Sufficient particulars shall be entered regarding all items to enable them to be identified or traced in case of dispute or loss. The entries in the register shall be initialed by the officers in whose custody the securities are held. 144 Registration, Custody, etc.

(b) The full address of each depositor shall appear in the register.

(c) Articles accepted for safekeeping shall bear consecutive numbers, which shall be entered against them in the register.

(d) Securities shall be held by the Manager and Accountant in the treasury or a similar compartment provided with two keys or combinations, so that a perfect joint custody may be observed.

ROUTINE

(e) Upon the surrender of securities held as collateral or for safekeeping, they shall be receipted for in the Securities Register or on the form provided for the purpose, by the party hypothecating or lodging them, or by someone duly qualified to act on his behalf. See Rules 144 (f) and (g).

(f) Receipts not taken in the Securities Register shall be numbered and listed in the back of it. The number and date of each form shall be shown opposite the entry for the item returned.

(g) The receipts mentioned in Rule 144 (f) shall be filed with Class I vouchers under their respective dates.

145 Safekeeping

(a) It is not desirable to accept articles for safekeeping, and it is advisable to decline to do so when the owner is a stranger and has no claim upon the bank, or even when the owner is known, unless some direct advantage to the bank will result. The practice is particularly objectionable at branches where safe deposit boxes have been installed.

(b) Every package, envelope, etc., shall be sealed with wax by the owner before being accepted by the bank for safekeeping. The regular safekeeping envelope (Form No. 130) shall be signed by the depositor even though too small to hold the articles, in which case the wording shall be amended and the form attached to the package containing same.

146 Escrows

(a) When a deposit is left with the bank in escrow, the Manager shall not under any circumstances undertake to see that the terms of the relative agreement are carried out.

(b) The papers shall invariably be sealed in the bank's regular envelope bearing a superscription signed

ROUTINE

by the person making the deposit and the other party to the escrow, stating the conditions on which the contents are to be delivered, and setting forth the disposition to be made of the packet on default.

(c) When the contents are delivered, they shall be receipted for on the envelope, which shall then be filed with Class I vouchers for the date of the receipt.

(d) Escrows involving amounts in excess of \$10,000 shall not be accepted under any conditions unless the approval of Head Office or the district Supervisor has first been obtained.

CORRESPONDENCE

The correspondence of the branch shall be conducted 147 General by the Manager, with the aid of the Accountant when necessary.

(a) The Accountant shall be kept informed in regard 148 Correspondence with Head Office and District Supervisor to the Manager's correspondence with Head Office and the district Supervisor, in order that he may be thoroughly conversant with the business of the branch.

(b) Communications relating to the business of the bank shall be written on the numbered letter form and signed officially. The letters shall bear consecutive numbers. See Circular No. 25 M. Unnumbered letters shall not be written to executive officials regarding the affairs of the bank.

(c) Every subject shall be dealt with in a separate letter under a suitable heading, which shall remain unchanged in subsequent correspondence on that subject.

(d) Branches shall forward to Head Office copies of all letters to the district Supervisor, and to the district

ROUTINE

Supervisor copies of all letters to Head Office. These copies shall be made on colored papers as specified in Circular No. 25 II, and shall be accompanied by duplicates of enclosures referred to therein, whenever possible.

(e) All enclosures to Head Office or the district Supervisor shall be firmly attached to the letters in which they are mentioned.

(f) Statements and correspondence submitted to Head Office and the district Supervisor shall not be originals, but typewritten copies to be retained by them, unless the originals are specially called for.

(g) Deeds and agreements forwarded for execution under the bank's seal shall be accompanied by copies to be filed at Head Office. Such documents shall be forwarded through the district Supervisor. The usual printed forms should be used when possible.

(h) Each document forwarded for execution shall be accompanied by a concise statement of the circumstances under which execution is sought. In the case of a discharge or assignment of mortgage, particulars are also required regarding the amount of the mortgage, the amount to be paid to the bank, and the debt to which the mortgage relates.

Correspondence regarding stationery shall be addressed by Cuban branches to the Stationery Department, Havana, in unnumbered letters, copies on salmon colored paper being forwarded to the Stationery Department, Toronto, and to Head Office. All other branches shall correspond with the Stationery Department, Toronto, forwarding copies of letters on salmon colored paper to Head Office and the district Supervisor.

ROUTINE

(a) The following forms of circular are issued from 150 Circulars Head Office.

- Numbered Circulars
- Circulars re Banking Arrangements
- Circular Letters

Supervisors' circular letters, which bear consecutive numbers, are issued from the Supervisors' Departments.

(b) Information called for in circular letters should be forwarded promptly. If a delay is unavoidable, Head Office or the district Supervisor shall be advised.

(c) All circulars and circular letters except those marked "Confidential" and those referring to telegraphic code, shall be read by every member of the staff. It is the duty of the Manager or Accountant to see that they are initialled by every officer to testify to his acquaintance with the contents.

~~(d) All circulars and circular letters shall be acknowledged on date of receipt on Form No. 184.~~

(e) Supervisors' circular letters shall be acknowledged in numbered letters. An acknowledgment may appear in any numbered letter above the subject heading. A letter should never be written for the mere purpose of acknowledgment, unless no other letter is being despatched to the Supervisor within a few days.

(f) Circulars shall be placed in the binders as directed in Circulars 1 A and 1 B. Circular letters shall be filed with the correspondence.

(g) Circular Books shall always be accessible to the staff.

(h) The Manager shall see that every officer of experience examines the circulars carefully within a reasonable time after he enters the service, at the same time initialling each circular as evidence of having done so.

ROUTINE

(a) Letters shall be opened by the Manager or Accountant.

(b) Registered letters shall be opened in the presence of two officers.

(c) The Manager or Accountant, with the assistance of a clerk if necessary, shall enter the letters received in the Letters Received Register by consecutive numbers immediately upon receipt. The letters and enclosures shall then be distributed to the various departments, and the officers in charge shall initial each letter in receipt for the enclosures or as evidence that the contents have had attention. The letters shall be returned to the officer whose duty it is to check the Cash Book. See Rule 40 (a).

(d) Entries for registered letters shall include registration numbers and place of despatch according to post-mark.

(e) The officer to whom the contents of registered envelopes are handed shall receipt for same by initialling opposite the entries in the register.

(f) The Manager or Accountant, with the assistance of a clerk if necessary, shall enter incoming Cheque Lists in the Cheque Lists Received Register by consecutive numbers immediately upon receipt. The Teller shall initial the register for each day's Cheque Lists as evidence that he has received the lists and the items attached. See Rule 35 (e).

(g) Settlement Drafts received from correspondents shall be entered in a book kept for the purpose, which shall be examined by the officer checking the Cash Book. See Rule 35 (f).

ROUTINE

151 (h) The Postmaster shall be given written instructions stating clearly that delivery of registered mail shall be made only on the joint signatures of two officers.

(a) Carbon or press copies shall be kept of all letters 152 Letters
Despatched
despatched.

(b) Each carbon copy shall be initialled by the officer who signs the original.

Letters despatched shall be entered in the despatched Register, the amount of postage to be entered opposite each entry. The total number of letters and notices of bills maturing mailed each month shall be sufficient.

(a) Responsibility for the contents of and enclosures accompanying any communication shall rest with the officer by whom it is signed.

(e) Letters to English and foreign correspondents and all other important communications shall be signed by the Manager.

(f) Signature stamps shall never be used without the authority of Head Office. Under no circumstances whatever shall any signature be stamped on letters containing advice of items for credit, instructions to pay money, etc.

(g) All official letters establishing or confirming credits for the payment of money, or advising or confirming transfers of money without the issue of drafts shall be signed by the Manager and Accountant. Any advice which may be incomplete in this respect shall not be acted upon. The amount shall be stated both in words and figures.

(h) "No protest" or other instructions attached to items shall be repeated in the letters enclosing same.

ROUTINE

151 (h) The Postmaster shall be given written instructions stating clearly that delivery of registered mail shall be made only on the joint signatures of two officers.

(a) Carbon or press copies shall be kept of all letters 152 ^{Letters} Despatched despatched.

(b) Each carbon copy shall be initialled by the officer who signs the original.

(c) Registered letters shall be entered in detail in the Letters Despatched Register, but with this exception the number of letters and post cards despatched each day shall be entered in one total, with the amount of postage opposite. Each entry shall be attested by the initials of the mail clerk and a second officer.

(d) Responsibility for the contents of and enclosures accompanying any communication shall rest with the officer by whom it is signed.

(e) Letters to English and foreign correspondents and all other important communications shall be signed by the Manager.

(f) Signature stamps shall never be used without the authority of Head Office. Under no circumstances whatever shall any signature be stamped on letters containing advice of items for credit, instructions to pay money, etc.

(g) All official letters establishing or confirming credits for the payment of money, or advising or confirming transfers of money without the issue of drafts shall be signed by the Manager and Accountant. Any advice which may be incomplete in this respect shall not be acted upon. The amount shall be stated both in words and figures.

(h) "No protest" or other instructions attached to items shall be repeated in the letters enclosing same.

ROUTINE

(i) The postage shall be balanced at least once each month. The Accountant shall check the additions of the postage column in the Letters Despatched Register and see that all stamps are properly accounted for. He shall initial the Letters Despatched Register as evidence that these duties have been performed.

(j) The postage on letters to foreign correspondents shall be checked by a second officer, who shall certify to its correctness by placing his initials in the corner of the envelope.

(k) The officer whose duty it is to see that letters despatched are securely sealed, shall place upon the flap of every envelope sent out an impression of the stamp provided for the purpose, as evidence that this duty has been performed.

(l) Every subsidiary city branch should stamp the name of the branch on the face of its envelopes. Otherwise, envelopes returned by the Post Office will be sent to the main office. In such cases the stamp on the flap of an envelope is not sufficient.

(a) All letters containing cash remittances, coupons, bonds, stock certificates and other important documents, shall be acknowledged on the day of receipt.

(b) The "Please Acknowledge Receipt" stamp shall be placed directly above the Manager's signature on all letters requiring acknowledgment, except those to Head Office and the district Supervisor. The Manager shall see that prompt acknowledgment of these is received from branches, and as far as possible from correspondents.

It is not necessary to require acknowledgment of letters which contain only items debited to Bank Collec-

ROUTINE

tion Account. The loss of any such letter would be revealed by the outstanding entry in Bank Collection Account.

(c) Receipt of numbered letters shall be acknowledged promptly in the space provided for the purpose in the numbered letter form.

(a) The officer who files the correspondence shall 154 Filing initial the register in the column provided for the purpose.

(b) Correspondence with Head Office and the district Supervisor for several years back shall be kept readily accessible.

(a) A copy of every letter of introduction shall be sent direct by first mail to the person to whom it is addressed, with a specimen of the bearer's signature. See Rules 22 (b) and 129. 155 Letters of Introduction

(b) Unless the circumstances are unusual, letters of introduction given to customers should be written in the following form.

This will introduce Mr. John H. Brown, a valued customer of this branch (or as the case may be), about whom we are writing to you to-day. A specimen of Mr. Brown's signature has been forwarded under separate cover for the purpose of identification.

When a credit is being established in the customer's favor, that fact should be mentioned in the letter of introduction, but the terms of the credit should not be stated therein.

(c) In the case of a letter of introduction given to a customer, the letter enclosing the copy and specimen signature referred to in Rule 155 (a) should include all the additional information necessary to ensure proper and considerate treatment for him. If a credit has been

ROUTINE

established in his favor, full particulars should be given in this letter. If he desires to transfer his business to another branch, the full history of his connection with the bank, and the Manager's opinion of the desirability of the account should be given. If his visit is not of a business nature, the fact should be stated.

TELEGRAPHIC CODE AND TELEGRAMS

156 Use of
Code

The objects of a telegraphic code are to effect a reduction in the cost of messages, to ensure secrecy in transmission, and to prevent fraudulent messages. The use of two or three code words in a message will usually be sufficient to conceal its meaning. Beyond this, the code should be used only to reduce the cost of the message, as the necessity for further translation results in unnecessary loss of time at both receiving and despatching offices.

For further instructions see Circular No. 10.

157 Translation,
Checking and
Confirmation
of Telegrams

(a) The translation of a code message shall not be written on the telegraph form.

(b) Code messages received shall be checked by the Manager or Accountant or another senior officer before being acted upon.

(c) Code messages received and despatched shall be acknowledged or confirmed in plain words by first mail.

(d) Telegraphic transfers shall be checked by the Manager or Accountant.

158 Register
of Telegrams
Received and
Despatched

(a) The translation of code messages shall be recorded in the Register of Telegrams Received and Despatched, together with the time of receipt and despatch, and the initials of the officers who write or translate, and check the telegrams.

ROUTINE

(b) In the course of the daily comparison of entries the checking officer shall examine the register to see that messages received have been properly acted upon, and that messages despatched have been duly confirmed.

(a) The bank's telegraphic code and letters or circular letters referring to it shall be kept under lock and key, when not in actual use, by the Manager or the officer acting for him. The telegraphic code shall be placed in the safe over night. 159 Custody

(b) Telegrams in code (messages received and carbon copies of messages despatched) shall be kept under lock and key until destroyed. See Circular No. 29 A.

When a copy of the bank's telegraphic code requires repairs, application shall be made to Head Office for a new book, on receipt of which the damaged copy shall be returned. Repairs shall not be made locally. 160 Repairs to Code Books

Telegrams and cablegrams to Head Office and the district Supervisor shall be prepaid. 161 Cost of Telegrams

Outgoing telegrams and cablegrams shall be enclosed in the printed envelopes supplied by the telegraph companies before being sent out. 162 General

RETURNS

(a) Returns shall be accurately prepared and promptly despatched. They shall be neatly written—typewritten if possible. Copies of most returns should be kept at the branch. A list of returns with the dates on which they are required will be found in Circular No. 15 A. 163 General

(b) When there is no information to report, advice to that effect shall be forwarded on Form No. 265.

ROUTINE

(c) The correction of errors in returns by erasure is forbidden.

164 Signatures

Returns which make no provision for signatures by specified officers shall be signed or initialled by the Manager.

BANK PREMISES

165 General

(a) The office shall never be left in charge of one officer at any time during business hours.

(b) The door leading from the public space to the Manager's private office shall be locked each time he leaves it, even for a few moments, in order to cut off access through it to the clerks' space.

(c) The door between the public space and the clerks' space shall be kept locked during business hours.

(d) Customers shall not be allowed in the clerks' space unless it is necessary for them to pass through in order to obtain access to safe deposit boxes leased by them. In such cases a cubicle should be provided for their use.

(e) If it is necessary for members of the staff to work in the office in the evening, the entrance door shall be kept locked notwithstanding.

(f) Waste paper shall be held for at least ten days in a suitable receptacle before being destroyed. It shall not be left lying about loose, and rubbish shall not be allowed to accumulate on the premises.

(g) The Manager and Accountant shall see that the cleaning is properly done, and that the office presents a creditable appearance at all times.

ROUTINE

(h) Employees of the bank are strictly forbidden to ride on a book lift, whether it is carrying any other load or not. Any employee who disregards these instructions shall be liable to instant dismissal.

(a) Bank premises shall be regularly and carefully examined on Sundays and holidays by a senior member of the staff, who shall record the performance of the duty in a book kept for the purpose. Special attention shall be paid to the exterior of the vault, and to the cellar or basement under the office. 166 Examination

(b) Apart from this examination, the office shall not be visited on Sundays.

The Manager shall make application to Head Office for furniture required. This shall not be purchased locally without permission from Head Office. See Rule 168 (d). 167 Furniture

(a) The Manager shall see that the premises are kept in good repair. See Rule 168 (c). 168 Repairs

(b) Particular attention shall be paid to signs, which shall not be allowed to become weather stained or shabby in other respects. Figures representing capital, reserve, assets, etc., should be revised from time to time.

(c) Repairs and improvements of any importance shall not be undertaken without authorization from Head Office. When an authorization is applied for, full particulars of the recommended repairs or improvements shall be given, and an estimate of the cost.

(d) The cost of repairs to furniture shall be debited to Charges Account. For instructions regarding repairs to buildings, see Rule 170 (a).

ROUTINE

169 Bank
Premises
Account

(a) Bank Premises Account is conducted at Head Office. Expenditures on premises or furniture (not repairs) shall be debited to Head Office when payment is made. See Rules 169 (c) and (d).

(b) Expenses for freight, duty, marine insurance, wharfage, cartage, installation, stamped paper, consular fees and municipal tax in connection with safes, furniture and other articles chargeable to Bank Premises Account, shall be debited to Charges Account.

(c) When an amount is debited to Head Office on account of bank premises, the relative voucher shall be attached to the ~~Head Office Account Return~~ on which the entry appears. This voucher shall be an original, duly receipted, and shall indicate clearly in itself the purpose for which articles were bought or work was performed. If not written in English, it must have a complete English translation on its face or attached. See Rule 169 (d).

(d) The voucher mentioned in Rule 169 (c) shall be accompanied by either a duplicate on the payee's printed form, or a typewritten copy on continuation letter paper (Form No. 106).

(e) Items debited to Head Office which are not considered by Head Office to be properly chargeable to Bank Premises Account, will be returned through Montreal Branch on Cheque List without advice, and shall be debited to the accounts indicated on the debit slips. Full particulars of such items shall be recorded in the memorandum referred to in Rule 169 (f).

(f) In order that each branch may have a record of items debited to Head Office on account of bank premises, particulars of each debit shall be entered in the Current

ROUTINE

Account Ledger under the heading of Bank Premises. Sufficient details shall be given to permit the compiling of a comprehensive statement from this record. As the memorandum is for the purpose of record only, it will show no balance.

(g) Cheques issued in settlement of expenditures on bank premises shall be signed by the Manager and Accountant.

(h) Such cheques shall be entered in the Drafts Issued Register under a separate heading.

(a) Every branch shall operate a Rent Account in the General Ledger, crediting rentals received, insurance premiums, taxes and other expenses recovered, and debiting the following. 170 Rent
Account

- Wages—in Detail
- Light
- Heat
- Cleaning
- Rent Paid Landlord or Charged by Head Office
- Water Rates and Ice
- Municipal Taxes on Property (Not Business Tax)
- School Rates
- Premiums on Rent, Elevator, Liability, Boiler and Plate Glass Insurance, and Fire Insurance on Building Only
- Elevator Service
- Expenses in Connection with Leases
- Repairs to Building (including Furnace, Doors, Windows, Awnings, etc.), Authorized by Head Office

(b) Rent for properties owned by the bank, or for premises for which rent is paid to the owners by Head Office, will be debited to the branches through Montreal Branch on the 1st of February, May, August and November.

ROUTINE

(c) When a Messenger also performs the duties of janitor, a proportion of his salary fixed by Head Office shall be debited to Rent Account.

(d) The balance of Rent Account shall be transferred to Charges Account on the last day of February, May, August and November. A detailed statement on Form No. 188 a and relative vouchers shall be forwarded with the Charges Statement and Vouchers for these dates, but not attached to same. For instructions regarding arrangement of vouchers see Rule 201 (b).

(e) Cheques on Rent Account shall be signed by the Manager and Accountant.

(f) Cheques on Rent Account shall be entered in the Drafts Issued Register under a separate heading.

171 Insurance—
General

(a) As most of the bank's insurance is carried in a schedule policy at Head Office, no risk shall be placed by the Manager without instructions from that source. It is his duty, however, to arrange through correspondence with Head Office to have sufficient insurance carried in connection with the bank's property to protect it adequately against damage by fire, breakage of plate glass, boiler explosions, or accidents resulting from the operation of the elevator. See Rules 170 (a) and 172 to 174.

(b) Expiry dates of policies, and other particulars of insurance carried, shall be entered in the Manager's Diary.

ROUTINE

(a) Fire insurance should be carried up to 80% of 172 Insurance—
the cost or cash value of: Fire

1. "Buildings owned by the bank, including additions
"adjoining and communicating, including founda-
"tions, heating apparatus, gas, steam and water
"pipes and connections, and all plumbing work,
"gas and electrical fixtures and equipments, plate
"and stained glass in windows and doors, fixed
"mirrors, fresco work and decorations on walls and
"ceilings, and other permanent fixtures, also screen
"and storm windows and doors belonging thereto
"and contained therein or thereon, or on the pre-
"mises."
2. "Contents of buildings owned or occupied, compris-
"ing all the movable property of the bank contained
"therein, thereon or on the premises, including the
"furnishings of rooms occupied by members of the
"staff, their wearing apparel and personal effects."
3. "Improvements effected by the bank to leased
"premises and to its additions adjoining and
"communicating, including foundations, heating
"apparatus, gas, steam and water pipes and con-
"nections, and all plumbing work, gas and electrical
"fixtures and equipments, plate and stained glass in
"windows and doors, fixed mirrors, fresco work and
"decorations on walls and ceilings, and other per-
"manent fixtures, also screen and storm windows
"and doors belonging thereto, and contained
"therein or thereon, or on the premises."

(b) In estimating for insurance purposes the cost or cash value of buildings owned, and of improvements to leased premises, the cost of excavations, buried pipes, and foundations below the level of the ground, and proportions of architects' fees applicable thereto, should be deducted.

ROUTINE

(c) Ordinary alterations and repairs not requiring over fifteen days at any one time may be undertaken without special permit from the insurance companies interested, but alterations, additions and repairs requiring a longer time are prohibited without notice to and consent of the companies in writing. It is therefore important that such consent be obtained promptly from each company on the risk in every case where workmen are about to be employed in connection with extraordinary repairs or work which can not be completed within the period named.

Branches whose insurance is placed by Head Office shall notify the Head Office when such consent is required.

(d) Head Office shall be promptly advised of every material change in the valuation of property insured, resulting from additional expenditures on buildings in course of erection, from improvements to buildings occupied or additional equipment, or from the sale or transfer of safes or furniture.

(e) When a change is made in the location of property insured, it is imperative that Head Office be advised immediately upon completion of the change.

(f) Head Office shall be advised immediately of any change in the purpose for which buildings owned or occupied by the bank are used by tenants.

Any plate glass in ground floor and basement windows and doors, chipped or acid treated glass in partitions, glass in counter screens, and other glass which is particularly liable to damage by breakage, shall be covered by insurance placed by Managers in companies approved by Head Office.

ROUTINE

Where passenger elevators and freight or book lifts are in use, policies covering liability in case of accident are required. In such cases, application shall be made to Head Office for further instructions regarding policies of this nature. 174 Insurance—
Elevator
Liability

VAULTS AND SAFES

(a) Cash vaults and safes shall invariably be held in divided custody, so that access to either may never be gained by one officer alone. No officer shall surrender his combination or key to another except in case of absence or removal, when the necessary transfer shall not impair the absolute division of custody prescribed. No excuse will be considered for any suspension of these requirements, however temporary. 175 Combin-
ations and
Keys

(b) At the discretion of the Manager, the combinations of the outer and inner doors of a vault not used exclusively as a cash vault may be held by all the senior officers of the branch who are required to return to work in the evening at any time. In such a case the Manager must bear in mind that the combinations are to be changed immediately on the retirement or transfer of any of these officers.

If the inner door is provided with a lock and key instead of a combination lock, the key shall be held by the Manager or Accountant, and when necessary, handed to an officer holding the combination of the outer door, to enable him to gain access to the vault in the evening. In this case it shall be returned to the Manager or Accountant the following morning.

(c) The locks on the outer door of the safe and on the treasury compartment shall be in the custody of

ROUTINE

the two senior officers of the branch, each holding one lock. When an interior compartment has only one combination lock, this shall not be held by either of the officers in charge of the locks on the outside door.

(d) Combinations shall be reset immediately when transferred from one officer to another, no matter for how short a time. Officers must understand that the observance of this rule is necessary for their own protection, as they are held responsible for everything safeguarded by the locks in their charge, and they should therefore render it especially impossible for officers exercising joint custody with them to learn their numbers.

(e) All combinations shall be changed immediately after the visit of any workman or expert in connection with safe or vault. See Rule 180 (b).

(f) Information regarding custody of keys and combinations shall be carefully guarded from anyone not connected with the bank. For this reason locks shall never be opened in the presence of any such person.

(g) When an officer is opening or resetting a combination, he shall satisfy himself that it is impossible for anyone to learn his numbers by watching him.

(h) As soon as an officer resets a lock, he shall enclose the particulars of his new combination in the envelope provided for that purpose, filling in the information called for on its face. He shall seal this envelope with his private seal and enclose it to Head Office or the district Supervisor in the outer envelope specially provided for the purpose, with a letter advising its despatch, which he shall seal and despatch in person by registered mail.

ROUTINE

By the same mail the Manager shall advise officially that the combination has been forwarded.

Receipt of the envelope containing particulars of the combination will be acknowledged direct to the officer sending it, and also to the Manager.

(i) Unless absolutely necessary, two combinations shall not be changed at the same time, and under no circumstances shall the combinations of two important locks, say of the safe and vault doors, be entrusted to the mails on the same day. Acknowledgment of one combination shall be received before the other is transmitted.

(j) When the custody of a combination lock is transferred to an officer who is not thoroughly acquainted with its method of working, the Manager shall see that he is instructed in the manner of opening and closing the doors and of changing the numbers.

(k) An officer shall not undertake to change a combination without the manufacturers' instructions before him. These are quoted in Circular No. 68.

(l) Any officer who has reset a lock, whether experienced or inexperienced, shall not close the vault or safe door until he has satisfied himself, by throwing the bolts and trying the combination two or three times, that it will open readily on the new numbers.

A mistake in the number of turns when setting a lock may destroy the combination. For instance, if an extra turn is given in setting the last number, the lock will open on the last number alone.

(m) Numbers shall be set at least fifteen points apart, and those set on a new safe or vault door by the manufacturers shall never be used.

ROUTINE

(n) The numbers on which a combination lock is set, shall be changed at least once a year.

(o) Keys of combination locks shall be kept in the treasury compartment.

(p) When safe and vault doors are no longer required for the business of the branch and are merely held for shipping instructions, all combinations shall be set immediately at 50. Head Office and the district Supervisor shall be promptly advised by numbered letter that this has been done.

176 Time
Locks

(a) Time locks *with lever attachments* shall be set by the Accountant in the morning immediately after the opening of the doors to which they are attached, for the full time which will elapse before eight o'clock of the morning of the next business day.

(b) Time locks *without lever attachments* shall not be wound until closing time. With this exception, instructions in Rule 176 (a) apply to such locks.

(c) Before leaving the office in the afternoon the Manager shall check the number of hours the time lock has still to run, and see that the lever (if any) is put up and the door closed. If obliged to be absent when this duty should be performed, he shall appoint another officer to take his place. Responsibility for the operation of the lock shall always rest with two officers, and it shall be the duty of each to see that it is not in the power of the other to render it possible to open the door before the proper time.

(d) The door of the time lock shall be kept closed so that the mechanism may not be exposed to dust or injury from any other source.

ROUTINE

(e) Every guarantee covering a time lock shall be carefully held until the period covered thereby has expired and a new guarantee has been received; or until the time lock covered thereby has been transferred to another branch, in which case it shall be forwarded to that branch, with advice.

(a) The hour of throwing off the combinations on the outer door of the cash safe and on the vault door, setting the time lock, and closing the doors, shall be recorded daily on Form No. 179 by the officers performing these duties. 177 Record of
Setting Time
Lock, etc.

(b) The form containing the information shall be initialled by them and filed with the daily vouchers.

(a) Duplicate keys of vault and safe doors shall be sealed up by the Manager and Accountant personally, and deposited for safekeeping with another bank. See Rule 178 (c). 178 Duplicate
Keys

(b) Duplicate keys of other important locks, such as those of the Teller's cash box and the door of the Teller's cage, shall either be deposited with duplicate keys of vault and safe doors (See Rule 178 (a)) or kept in the treasury compartment in the joint custody of the Manager and Accountant.

(c) Any package containing keys shall pass directly from the joint custody of the Manager and Accountant to the bank with which it is deposited, or to the express company to which it is entrusted for delivery at another point. It is the duty of the Manager and Accountant to see that a receipt for same is duly signed by the Manager of the bank with which it is lodged. See Rule 178 (d).

ROUTINE

(d) Packages containing keys shall be marked as follows.

Deposited by the Manager and Accountant of the.....
.....Branch of The Royal Bank of
Canada, with the.....
the.....day of.....19.....,
to be given up only on the joint order of the said
Manager and Accountant, or the two officers acting
at the branch in that capacity at the time of surrender.

The same conditions of surrender shall be repeated in the receipt accepted when the package is deposited. The form of receipt shall be carefully drawn up and presented for signature when the deposit is made.

(e) Entries shall be made at the back of the Securities Register, covering full particulars of keys, including numbers, and indicating where they are lodged for safe-keeping.

179 Safe
Deposit
Boxes

(a) Safe deposit boxes shall be rented only to reputable persons.

(b) The regular form of lease shall be signed by every person to whom a safe deposit box is rented, and full particulars of same, including name of lessee, name of deputy, if any, number of box and amount of rental, shall be recorded in a book or a card file.

(c) Dates on which rents are due shall be entered in the Manager's Diary, or at branches where many boxes are rented, in a special diary kept for the purpose.

180 Access to
Vault and
Safe

(a) When a lock is out of order and requires the attention of a specialist, Head Office or the district Supervisor shall be informed by telegraph. Requests for assistance shall not be sent to the manufacturers.

ROUTINE

(b) No person whatever, except officers in charge of keys and combinations, shall have access to the locks on vault or safe doors without special authorization from Head Office or the district Supervisor. Workmen shall be identified by means of specimen signatures forwarded by Head Office or the district Supervisor. See Rule 175 (e).

(a) If the inner door of the vault has a lock, it shall be kept locked during the day. If it has no lock, the outer door shall be kept closed, with the bolts shot and the combination slightly turned. 181 General

(b) The safe door shall be kept closed and locked with one lock during business hours. The compartments of the safe shall always be kept locked when not actually in use.

(c) Under no circumstances shall any of the bank's books be left between the outer and inner doors of the vault over night.

The following precautions shall be taken to keep vault and safe doors in good working order. 182 Care of Doors

Bolts and lock-bars and gearing by which they are moved should be examined at least once a month, and every appearance of rust removed by the use of coal oil.

All traces of oil should also be removed.

All points where heavy friction occurs should be oiled as often as may be found necessary. Neglect of this precaution causes hinges to cut or rust, and doors to drop.

No oil of any kind should be used on combination locks.

ROUTINE

ADVERTISING

- 183 *Author-
ization* (a) Full particulars of proposed advertisements shall be submitted to Head Office or the district Supervisor before any contract is entered into.
- (b) An authorization covering advertising is not good for longer than twelve months.
- 184 *Revision* The Manager shall see that all advertisements for which he is responsible are kept up to date.
- 185 *Payment* The cost of casual advertising shall be paid upon publication, not when a contract is signed.
- 186 *Public
Counter* The Manager shall see that a supply of recent statements and other advertising matter is kept on the public counter.

STATIONERY

- 187 *General* (a) All stationery shall be ordered and paid for through the Stationery Department.
- (b) If it becomes necessary for one branch to supply another with forms, full particulars of the transfer shall be sent to the Stationery Department.
- (c) Further instructions regarding stationery will be found in circulars of Series 44. See also Rule 149 re correspondence.
- 188 *Custody* (a) Stationery shall be carefully assorted and kept under lock and key in the custody of a senior officer. It shall be arranged in such a manner as to be readily accessible, in a ventilated room wherever possible, and kept free from dust or dampness.

ROUTINE

(b) When the officer in charge of the stationery is transferred to another branch or another post, the officer taking his place shall be given full information regarding stock on hand and early requirements, and shall familiarize himself with same as quickly as possible.

(c) The Manager shall see that the Stationery Clerk has a system whereby a proper record of stock is kept. It should be so conducted that quantities of supplies to be ordered each half-year can easily be estimated. It should also show up any leakages.

(a) It is most important that requisitions reach the Stationery Department on the dates specified on the requisition forms. The Manager shall give this matter his personal attention. 189 Requisitions

(b) Care shall be taken to complete requisition forms according to the instructions printed thereon, special attention being paid to the ordering of cheques and other forms *not* by the number of books, pads, or packages, but by the total quantities of forms. The information required under the heading "Quantity on Hand" shall not be omitted.

(c) The Manager shall see that orders are sufficiently complete so that the supply of stock forms and supplies on hand will never at any time be less than sufficient for three months.

(d) When making up half-yearly requisitions, any surplus stock not likely to be used shall be carefully noted and full information in regard to same advised to the Stationery Department by letter. Supplies shall never be returned to the Stationery Department without definite instructions to that effect.

(e) Duplicate requisitions shall be carefully checked to make sure that all copies agree.

ROUTINE

190 Special
Cheques,
etc.

(a) Special cheques should be printed on the bank's safety paper, and sketches and quotations should be submitted to customers before ordering.

(b) Branches in Canada shall collect from customers in every case the difference between the cost of the bank's regular cheque and other forms, and that of special cheques or other forms supplied to them.

(c) It is desirable that branches outside of Canada be also governed by Rule 190 (b), but competition or other circumstances may render it necessary for them to supply special forms free of charge. In all such cases the authority of Head Office or the district Supervisor shall first be obtained.

TYPEWRITERS AND TYPEWRITER SUPPLIES

191 Cleaning,
etc.

Branches are expected to give their typewriters proper care at all times. Machines should always be kept covered when not in use, and the instructions of the typewriter companies should be followed in cleaning and oiling. Particular attention should be paid to the oiling of nickelled parts of machines at southern branches, where the climate necessitates special precautions against rust.

192 Remington
No. 11

Every branch supplied with a Remington No. 11 model should take full advantage of the decimal tabulator. Statements and returns of all kinds may be very conveniently written by the employment of this device, which is quite simple in operation. Instructions regarding same are given in a booklet furnished by the Remington Typewriter Co. with new machines, and also in Circular No. 37 c.

ROUTINE

Instructions regarding the operation of the column selector on the Remington No. 10 model are included in the booklet mentioned in Rule 192. Full advantage should be taken of this convenience. 193 Remington No. 10

The tabulating device on the Empire typewriter, which resembles a column selector more than a decimal tabulator, should be used as far as possible. 194 Empire

(a) All typewriters shall be purchased and paid for by Head Office. See Rule 197. There should be no express or freight charges to pay on new machines. If it is necessary for a branch to pay any such charges, Head Office should be advised. Duties and charges of a like nature shall be debited to Charges Account. 195 Purchasing

(b) All typewriter supplies shall be ordered through Head Office, and paid for through the Stationery Department. See Circular No. 37 B.

(a) The cost of repairs to and inspection of typewriters is borne by Head Office. See Rule 197 and Circular No. 37 A. 196 Repairs

(b) Express charges on machines shipped for repairs or transferred from one point to another shall be debited to Charges Account.

Accounts of typewriter companies or their agents shall never be paid by branches. They shall be certified and forwarded to Head Office if the goods listed thereon have been received, if the specified repairs have been satisfactorily made, or if a contract covering inspections mentioned has been duly signed. 197 Payment of Accounts

For instructions regarding correspondence, requisitions, etc., see circulars of Series 37. 198 General

ROUTINE

MISCELLANEOUS

199 Charges
Account

(a) Any outlay not in the nature of running expenses shall not be debited to Charges Account.

(b) The cost of medical reports in connection with admission to the service and to the Officers' Pension Fund shall be debited to Charges Account.

(c) Charges Vouchers and Statement of Charges Account (Form No. 158) shall be sent to Head Office or the district Supervisor at the close of each month. The vouchers will be returned after examination. For instructions regarding arrangement of vouchers, see Rule 201 (b).

200 Subscrip-
tions and
Donations

Subscriptions and donations for other than trivial amounts shall be authorized by Head Office or the district Supervisor.

201 Vouchers

(a) Vouchers for all items of expenditure shall be initialled by the Manager or Accountant before payment, and a receipt obtained in every case.

(b) In preparing vouchers to be forwarded to Head Office or the district Supervisor with statements of various accounts, the following instructions shall be strictly observed.

Remove all pins.

Place vouchers face up in the order in which they appear in the statement.

See that they are not folded individually.

Bind tightly through the upper left-hand corner only, with tape or a paper fastener which cannot become accidentally detached.

202 Investments

(a) The Manager shall not consent to the name of the bank being used in any prospectus as bankers, or indirectly in connection with any flotation, without permission from Head Office.

ROUTINE

(b) No officer of the bank shall under any circumstances recommend investments to customers of the bank or others. See Circular No. 64.

(a) Manager's Cheques shall invariably be drawn on the special form provided for the purpose. 203 Manager's
Cheques

(b) Manager's Cheques shall be signed by the Manager and Accountant.

(c) Manager's Cheques shall be entered in the Drafts Issued Register under a separate heading.

(a) Notices of lost drafts, stopped cheques, etc., before being filed with the correspondence, shall be initialled by the Accountant, the Teller and the Ledgerkeeper, and entered by the Teller in a book kept for the purpose. This entry shall also be initialled by the three officers mentioned. See Rules 82 (a) to (d). 204 Lost Drafts,
Stopped
Cheques,
etc.

(b) Form No. 210, containing a record of notices relating to any item which may be presented to the Ledgerkeeper, shall be bound in the relative loose leaf ledger. If the customer conducts both Savings and Current Accounts, the form shall be completed in duplicate and bound in both ledgers.

(c) When a depositor requests that the payment of a cheque be stopped, he shall be required to sign Form No. 250.

(a) Dividend warrants of the bank paid by a branch shall be debited to Head Office, and forwarded with the ~~Head Office Account Return~~ *in which the entry appears* 205 Dividend
Warrants

(b) When there is only one warrant to debit, its number and the number of the dividend to which it belongs, shall be entered in the return.

(c) When there are two or more warrants, they shall be entered on a list and charged in the return in one total, provided all belong to the same dividend. The list shall be prepared in duplicate (one copy to be held at the

ROUTINE

branch), and shall bear the name of the branch, the date of the debit, the number of the dividend, and the number and amount of each warrant.

(d) Warrants shall be cancelled at the time of payment exactly as if drawn on the branches at which they are cashed.

206 Bank Seal

The bank seal shall be held in the custody of the Manager or Accountant or Teller, and kept under lock and key when not in use.

207 General

(a) Books, documents or letters shall never be so exposed that they may be read by any person not entitled to have access to them.

(b) Expressage on parcels forwarded to Head Office or the district Supervisor shall be prepaid.

(c) The United States postal regulations forbid transmission of sealed parcels through the mails in other than letter form, i.e., in envelopes. The Canadian regulations, in consequence, direct that such parcels addressed to places in the United States shall be sent to the Dead Letter Office, and that those addressed to other points shall not be forwarded through the United States. Care shall be taken to avoid delay in the transmission of parcels on this account.

SECTION IV—ADVANCES

CREDITS

(a) Advances may be made by the Manager on his own responsibility up to the amount fixed for the branch by Head Office. Advances in excess of this amount must be specially authorized by Head Office or the district Supervisor. 208 Author-
ization

(b) Exception to this rule may sometimes be permitted if rendered necessary by the consideration of time, but advances made in this way shall be reported immediately to Head Office or the district Supervisor for confirmation.

(c) The granting of a credit by Head Office or the district Supervisor shall not in any degree relieve the Manager of responsibility for the account.

(d) Every credit will be authorized for a certain time. Expiry dates shall be entered in the Manager's Diary far enough in advance to enable him to compile the necessary information and submit an application for renewal, if required, before the credit expires.

(e) When renewal of an existing credit is not required, advice to that effect shall be forwarded promptly by numbered letter.

(f) When it is necessary to acquaint a customer with particulars of an established credit, the information shall be given verbally—not by letter. Customers should understand that their accounts are discussed with Head Office and the district Supervisor annually,

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(e) If an application for a renewal of the credit is not received by Head Office or the district Supervisor before the date of expiry, the credit shall be considered cancelled.

(f) When it is necessary to acquaint a customer with particulars of an established credit, the information shall be given verbally—not by letter. Customers should understand that their accounts are discussed with Head Office and the district Supervisor annually,

ADVANCES

but Managers shall not commit the bank to established credits for any specified period. The bank must be in a position to terminate a credit at any time.

209 Statements
of Affairs

(a) The Manager should see that exact (not estimated) and officially signed statements of customers' affairs are submitted annually. He should endeavor to verify the existence, condition and marketable value of the assets claimed. A search of the properties should be made if reports regarding real estate, encumbrances, etc., are contradictory, or if for any other reason the Manager considers it advisable.

(b) Customers should be encouraged to have statements of their affairs audited by competent accountants who are not associated with the business. In the case of large borrowing accounts, this procedure should be insisted upon, and statements submitted to the bank should be certified by the auditors and accompanied by copies of their reports.

(c) Copies of all Statements of Affairs received shall be forwarded immediately to Head Office and the district Supervisor, whether the parties concerned are indebted to the bank at the time or not. Form No. 18 should be used except in the case of farmers, for whose statements special forms are provided. The form shall be duly completed as regards annual turnover, profits, insurance, etc., and the Manager shall add his abstract of the figures representing assets and liabilities. In this abstract due allowance shall be made for depreciation, bad debts and other possible reductions. If a statement has been audited by independent accountants, the fact shall be stated and a copy of their report attached to Form No. 18. See Rules 209 (b) and (e).

ADVANCES

(d) Copies of the customer's Profit and Loss and Trading Accounts shall also accompany Form No. 18 whenever possible. This is specially important in connection with the accounts of large concerns, in which cases these statements are of great assistance in forming an intelligent idea of the working of the business.

(e) When forwarding Statements of Affairs to Head Office or the district Supervisor (See Rules 209 (c) and (d)), the accounts shall be reported upon fully by numbered letter, and the amount of current advances stated, if any. Material changes in figures since the dates of previous statements should be explained. See Rule 148 (d).

(a) Information concerning a borrower's account which it is desirable to bring to the attention of Head Office or the district Supervisor should be communicated by letter. The Liability Return should never be relied upon for this purpose. 210 General

(b) Failures or other important changes in the standing of customers or leading local firms, shall be reported at once to Head Office or the district Supervisor—by telegram if necessary. Other branches likely to be interested shall be similarly notified.

(c) When an interview or telephone conversation regarding any account has taken place between the Manager and an executive official, the points discussed shall be set forth by the former in the official correspondence without delay. His understanding of the conclusions arrived at shall be clearly stated, with a request for confirmation. See Rule 33.

ADVANCES

(d) In lumber, grain, sugar and other such accounts, each season's credits shall be operated in separate liability accounts, all transactions under each credit being kept distinct from those under every other credit. See Circular No. 3 and Rule 220.

(e) Separate liability accounts shall also be operated for all advances covered by mortgage security, and only entries for transactions affecting such advances shall be entered therein. See Rule 220.

(f) In the case of advances to incorporated companies, certified copies shall be obtained of by-laws or resolutions authorizing officials to borrow from the bank, and if necessary, to hypothecate or pledge securities. Fuller instructions on this subject may be found in circulars of Series 5.

211 Application
for Credits

(a) Every letter applying for a credit shall be accompanied by the following.

Form No. 199

Copy of Latest Statement of Affairs, unless
previously forwarded. See Rule 211 (C 2)

Latest Mercantile Agency Reports, if available

If the application relates to a new account, copies of Profit and Loss Account for a number of years previous should also be forwarded.

(b) In order to facilitate the consideration of new credits or renewals, all information which might in any way influence the executive officials in arriving at a decision should be carefully given. Delays are frequently caused by the necessity of writing for particulars not furnished with applications.

ADVANCES

(c) In preparing the letter of application, the following instructions should be carefully observed. See Rules 148 (d), (e) and (f).

1. State when and for what purpose advances are required, and when and from what source they will be repaid.
2. Report fully on the financial position of the applicant as indicated by his Statement of Affairs, using the previous year's statement as a basis of comparison, and dealing specially with important changes in the nature of the assets or in the proportion of liquid assets to liabilities. (If the Statement of Affairs has already been forwarded, the fact should be mentioned, and the number of the letter in which it was submitted should be noted on Form No. 199.) See Rules 209 (c), (d) and (e).
3. Report upon the financial position of endorsers or guarantors, forwarding similar Statements of Affairs if possible.
4. If the application is for a renewal of an existing advance secured or partially secured by a Letter of Guarantee, give full particulars of the guarantee, including date and names of guarantors.
5. State the quality of trade paper in the account. See 11 below.
6. State the highest and lowest points reached by the direct and indirect advances in the account in former years, with dates.
7. State the value of the account in the way of credit balances and exchange and any other collateral advantages.
8. In the case of a new borrower, it is particularly necessary to explain whether advances are required in connection with an established business or a new enterprise. The experience and prospects of parties interested should be definitely stated.
9. If the applicant is already a regular customer, although not a borrower, the fact should be mentioned.

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10. If the applicant is a customer of another bank, state the reason for transferring his account.
11. If the application is for a new credit on trade paper, it is advisable to submit a list of the principal indirect obligants, showing the estimated amount likely to be offered on each name.
12. The Manager must make a definite recommendation regarding each application.

(d) If the credit applied for is intended to be of a temporary nature, the revision date suggested on Form No. 199 should correspond with the date on which payment is expected. In other cases it should be approximately the date on which the annual Statement of Affairs should be received.

(e) When stocks or bonds are lodged as security, their par value and market value should be shown on Form No. 199.

SECURITY

212 Hypothecations and Assignments

The Manager shall see that the bank's regular forms are taken in connection with all securities accepted by the bank. If cases arise in which these are not applicable and special assignments are necessary, he shall assure himself that such special assignments are complete and in order in every respect. If any doubt exists, the assignment should be submitted to Head Office or the district Supervisor.

213 Stocks

(a) The shares of companies *listed* on stock exchanges are transferable—

1. By endorsement of their relative certificates.
2. By transfer on the books of the company or its transfer agents.

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In the latter case it is essential that shares taken as security be transferred to the names of two senior officers of the bank.

(b) Shares of joint stock companies *not listed* on stock exchanges, except those to which liability attaches (See Rule 213 (c)), and those subject to certain restrictions (See Rule 213 (d)), should be transferred to the names of two senior officers of the bank for the following reasons.

1. Shares standing in the name of a borrower have been held to be subject to attachment by a judgment creditor.
2. In some cases the company has a prior lien on the stock should a shareholder be indebted to the company.

(c) Stock certificates representing shares not fully paid or shares to which other liability attaches, shall not be transferred to the bank or to the names of officers of the bank. See Rule 213 (e).

(d) Before having shares transferred to the names of officers of the bank, it shall be ascertained that the company has placed no restrictions on the transfer of its shares to which the bank might be unable or unwilling to conform. See Rule 213 (e).

(e) If it is not feasible to have unlisted shares transferred to the names of two officers of the bank (See Rules 213 (c) and (d)), the company shall be notified of the hypothecation by registered letter, and its acknowledgment obtained.

(f) Stock certificates in the name of a trustee (i.e., John Smith, Trustee, or John Jones in Trust) shall not be accepted as security.

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214 Declara-
tions of
Trust

When security is taken for the bank in the names of officers, a Declaration of Trust (Form No. 126) shall be signed and filed with the security.

215 Warehouse
Receipts,
Bills of
Lading and
Assignments
under Section
88 of the
Bank Act

(a) Full instructions regarding advances against security of this nature are given in Circular No. 3. It is important that the procedure outlined therein be strictly adhered to, as the slightest irregularity is likely to invalidate the security.

(b) The existence and value of goods assigned to the bank under Section 88, and goods covered by warehouse receipts hypothecated to the bank, shall be verified by the Manager or an officer appointed by him at least once a month, and oftener if considered necessary. Any departure from this rule must be sanctioned by Head Office or the district Supervisor.

(c) A record shall be kept in the Securities Register of the dates on which the examination mentioned in Rule 215 (b) has been made.

216 Letters of
Guarantee

(a) The bank's regular form (No. 54) shall be used in taking a guarantee to secure advances. The Manager shall not accept a guarantee in any other form without the authority of Head Office or the district Supervisor. It is preferable to obtain demand notes as collateral security, if possible. See Rules 115 (a) to (e).

(b) A Letter of Guarantee signed in blank shall never be accepted. The Manager shall see that the amount to which it is limited and all other particulars are correctly stated.

(c) It is desirable that continuing guarantees be renewed from time to time, as in the case of demand notes, so that guarantors may not lose sight of their

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liability. In obtaining a renewal guarantee it is most important to secure every signature which appeared on the original document, without omission or substitution of any name or names.

(d) If for any reason a guarantor is released during the currency of a loan, the consent of the other guarantors shall be obtained in writing.

(e) It must be remembered that Letters of Guarantee are subject to outlawry under the Statute of Limitations.

A married woman's guarantee of her husband's liability or that of any business with which he is connected is an undesirable form of security and should be avoided. See Circular No. 24 A. 217 Guarantees of Married Women

Lien notes are not promissory notes in the meaning of the Bills of Exchange Act, and therefore shall not be discounted. If it is considered desirable in special cases to make advances against such notes, they shall be taken as collateral to a direct advance to the borrower. An assignment in the following form should be placed over the endorsement of each note. 218 Lien Notes

For value received I.....
hereby assign and transfer to The Royal Bank of Canada, all my right, title and interest in and to the within contract and lien and the property therein described, and in and to all powers thereby conferred; and hereby irrevocably authorize the said bank to use my name and to act thereunder as fully and effectually as I could do in the premises; and do hereby waive presentment, protest and notice of dishonor thereof, and do guarantee to them payment of the moneys therein mentioned.

Dated.....19...

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219 Mortgages

When taking a mortgage, whether on real estate or chattels, to secure advances already current, the document shall be examined by the bank's solicitor before being accepted. The solicitor should be required to initial the document or to furnish the bank with a letter expressing his approval.

220 Identity of Debt

The Manager's attention is directed to the necessity of preserving the identity of a debt against which mortgages, warehouse receipts, etc., are pledged as collateral security. For instance, if a note is charged to a customer's Current Account at maturity, security pledged against it might not be applicable to a note given a day or two later in renewal. In the same way security pledged against an overdraft might be held invalid to the extent of any credits in the account subsequent to the giving of the security.

It is usually advisable to take a demand note for the total amount of any debt secured by a mortgage, attaching to it all evidences of the debt in existence, to show clearly that the mortgage was taken to secure prior indebtedness. In event of such a note being renewed, the old note should be retained without being cancelled in any way. See Rules 210 (d) and (e).

221 Fire Insurance

(a) It is most desirable that fire insurance policies sufficient to cover direct advances should be lodged with, and loss made payable to the bank, regardless of the financial standing of the customer.

(b) Even though the bank is not immediately concerned with the question of insurance, the Manager shall constantly impress upon borrowing customers the wisdom of keeping their property well covered.

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(c) Policies accepted must be in companies of undoubted standing. Those issued by non-tariff companies require particular attention, and should not be taken unless it has been ascertained by careful inquiry that the issuing companies are financially strong, and otherwise bear good records. The Manager shall see that all assessments under mutual company policies are paid when due.

(d) In accepting a policy to cover advances, it is necessary to obtain an assignment of the possible loss. This may be taken in the form of an endorsement on the policy or in a separate agreement, or it may be incorporated in the policy. In all cases the wording is of the greatest importance, and must invariably read "Loss, if any, payable to The Royal Bank of Canada." An assignment of loss must be assented to in writing by an authorized official of the insurance company.

Policies shall not be accepted with loss made payable to the bank "as its interest may appear." Under this clause the bank has no claim unless it possesses an insurable interest in the property, and the amount of the claim in any case is limited to the extent of such interest. Even if the bank has an insurable interest, this clause is objectionable. In case of a customer's failure or embarrassment on account of fire, the bank should be in a position to protect itself from loss by appropriating the full proceeds of the policies in its hands whether it has an insurable interest in the property insured or not.

An assignment of the possible loss does not constitute an assignment of the contract of insurance, *i.e.*, the policy itself. An assignment of a policy is usually

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made only in event of a sale or transfer of ownership of the property insured, but would also be valid if the party to whom it was transferred had an insurable interest in the property insured. Such assignments are infrequent, and are not met with in the ordinary transactions of a branch.

A person has an *insurable interest* in a property if the destruction or injury of it would result in direct and immediate loss to him; or to state definite cases in which the bank might be concerned, if he is the holder of a mortgage, warehouse receipt, assignment under Section 88, or bill of lading covering the property.

(e) It should be noted that an insurance contract is not valid unless the assured has an insurable interest in the property.

(f) When the interest of the assured is other than that of ownership, the nature of his interest (as mortgagee, trustee, etc.), must be stated in the policy. Omission to observe this formality would invalidate a policy.

(g) In policies accepted by the bank, the property insured must be correctly described, and in the case of merchandise, etc., the place or places where it is stored correctly stated. See Rule 221 (h).

(h) If two or more policies are held in connection with the same property, it is important that the terms and the description of the property be alike in all the policies. It is not necessary for all to expire on the same date. See Rule 221 (g).

(i) If a property is insured in more than one company, each policy must contain consent to the concurrent insurance in the other company or companies unless the requirement of this consent is expressly waived.

ADVANCES

In order to avoid a possibility of dispute, it is desirable to have inserted in policies whenever possible the clause "Further concurrent insurance permitted without notice until required." A co-insurance clause operates as a consent to concurrent insurance to the amount required by it. See Rule 221 (j).

(j) In order to obtain a reduced rate of premium, customers sometimes agree to insure up to 100%, 90% or 80% of the value of the property insured, and the clause in the policy which covers this agreement is known as the co-insurance clause. This provision should be clearly understood by the Manager and the customer. It does not affect the settlement of a loss when the property insured is totally destroyed, when the damage to the property exceeds the percentage mentioned in the clause, or when the property is partially destroyed, if it has been insured for not less than the stipulated percentage of the actual cash value. In the event of a partial destruction of a property insured for less than the percentage required by the co-insurance clause, the amount payable under the policy containing this clause bears the same ratio to the loss as the amount of insurance carried bears to the amount required to be carried by the clause in question. The following will serve as an illustration.

Property Valued at.....	\$10,000
Insured for.....	6,000
Insurance Payable in Case of Total Loss	6,000
Insurance Payable in Case of a Loss of \$3,000	
If Policies contain Full (100%) Co- Insurance Clause—6/10 of \$3,000 =	1,800
If Policies contain 90% Co-Insurance Clause—6/9 of \$3,000 =	2,000
If Policies contain 80% Co-Insurance Clause—6/8 of \$3,000 =	2,250

ADVANCES

In other terms, the assured would be co-insurer for the amount not covered by the policies in force, i.e., in the cases noted above, for \$4,000 if the policies contain the full (100%) co-insurance clause; for \$3,000 if they contain the 90% co-insurance clause; or \$2,000 if they contain the 80% co-insurance clause.

(k) The distribution of insurance shall be carefully scrutinized in policies covering more than one item, e.g., buildings, machinery and stock. An excess on one item and a deficiency on another might lead to heavy loss. The Manager should have the distribution verified by an insurance inspector in important cases if it is considered necessary. It is desirable that policies covering contents should not have definite amounts apportioned to machinery, stock, etc., unless different rates render it necessary.

(l) As a rule, policies do not permit the storage of gasoline or other inflammable liquids on properties insured. An exception is usually made in the case of refined coal oil for lighting purposes, the storage of five gallons being allowed. Special permission should be obtained from the company if it is necessary for any purpose to store limited quantities of gasoline or other inflammable material not allowed by a policy.

(m) Restrictions imposed by any "space clause," "lighting permit" or similar clauses in the policies must be rigidly observed.

(n) It should be noted that before making repairs or additions to property insured, or when any material change in its condition or occupancy has taken place, the assured must notify the insurance companies and obtain their consent.

ADVANCES

(o) It should be noted that in the event of a property becoming vacant, the assured should apply to the company for a vacancy permit.

(p) In the event of fire, the companies whose policies cover the property should be notified promptly by the assured, and all other requirements of the policies should be looked into at once and complied with.

(q) The dates of expiry of all policies held by the bank shall be entered in the Manager's Diary or another authorized record, and the entries checked by a second officer. The Manager shall see that the insurance is not allowed to lapse, and that renewal receipts or new policies are obtained by the bank before the expiry of existing insurance.

(a) Life insurance is not a desirable form of collateral, and should not be accepted as a primary security. ²²² Life Insurance
It is desirable that an assignment of life insurance should be taken as additional collateral, particularly in the case of a business depending upon the efforts of one person.

(b) In taking an assignment, enquiry shall be made of the company as to whether notice has been received of any prior assignment.

(c) A full statement of the status of a policy to be assigned shall be obtained from the insurance company by means of a request from the assured.

(d) The insurance company shall be notified immediately of an assignment, and their written acknowledgment obtained either on the policy itself or in a letter clearly identifying it. In the latter case the letter shall be attached to the policy.

ADVANCES

(e) The printed instructions usually found on policies in regard to assignments shall be carefully followed.

(f) The age of the assured must be admitted by the company on every policy assigned to the bank.

(g) It is important to note that if a policy is payable to other than the assured, the beneficiary or beneficiaries must join in the assignment. To make the transaction valid, all the parties to the agreement must be of full age. See Rule 222 (h).

(h) Assignments of life insurance of which the assured's wife is a beneficiary should be avoided. If such an assignment is taken, it shall conform to all the requirements of the insurance company and of Circular No. 24 A. Women have been known to repudiate their assignments of policies on the ground that they were not aware of the consequences.

(i) The cash surrender value of policies varies according to their nature and terms. Enquiry should be made of the issuing company when definite information is required.

(j) The due date of every premium shall be entered in the Manager's Diary or another authorized record, and the entry checked by a second officer. A receipt for payment must be obtained not later than that date.

PARTNERSHIPS

223 General

Managers are expected to become familiar with the laws of their respective provinces and countries regarding partnerships, in order to be able to point out to customers the legal formalities with which they should comply.

ADVANCES

In *trading* partnerships in Canada, the signature of a general partner is sufficient to bind the firm if given in connection with transactions occurring in the ordinary course of the business in which they are engaged. On the other hand, the firm would probably not be bound by its signature by one of the members as accommodation to another party. 224 Partnership Agreements

Professional firms, such as barristers, solicitors, accountants, architects, insurance agents, auctioneers, and in most cases agricultural and real estate firms, are considered *non-trading* partnerships. A partner in a firm of this class can not bind the firm without the express authority of all the members.

It is therefore important to secure an agreement signed by the partners from every firm dealing with the bank, whether a *trading or non-trading* partnership, acknowledging themselves liable for all transactions entered into with the bank by any member in the name of the firm. Form No. 207 shall be used in all cases. If special circumstances render it inadvisable to press for same, the matter should be referred to Head Office or the district Supervisor. It is particularly necessary to obtain this agreement from non-trading firms, whether depositors or borrowers.

A partnership is dissolved by the insolvency or lunacy of any partner; or by the death of any partner unless the partnership agreement provides otherwise. See Rule 236. It may also be dissolved by special agreement. Upon dissolution the firm's signature is good only in so far as it may be indispensable in winding up the affairs of the partnership. The powers of the individual partners are then limited to acts necessary in this con- 225 Dissolution of Partnership

ADVANCES

nection, and except for this purpose the general authority theretofore possessed by each partner to bind the firm and his partners within the scope and object of the partnership ceases.

Head Office or the district Supervisor shall be advised immediately of the dissolution of a partnership in any way indebted to the bank, from whatever cause, and furnished with a statement of the direct and indirect liability of the firm and the individual partners to the bank, particulars of security, etc. This shall be accompanied by particulars of any guarantees or hypothecations held in connection with the partnership account.

OVERDUE DEBTS WRITTEN OFF

226 Register

(a) The following particulars shall be recorded in the Overdue Debts Written Off Register.

Full Details of every Debt Written Off, whether Collectible or not

Steps Taken to Recover or Secure

Date of Discharge through the Statute of Limitations

Particulars of Judgments Obtained, if any

(b) Sufficient space shall be reserved for each debt (i.e., the entire liability of the direct obligant) to avoid confusion from carrying forward.

(c) The debt shall be treated not only as a whole but in each component part, full information regarding indirect obligants being included. The record should be complete in every respect, and plainly intelligible to an officer having no previous acquaintance with the history of the debt.

ADVANCES

Early in December of each year the Manager shall examine the full list of Past Due Bills and Overdue Debts Written Off, and advise Head Office or the district Supervisor of every debt which will be outlawed in the following year. The report should state whether judgment has been obtained, and if not, the advisability of entering suit. 227 General

INTEREST AND DISCOUNT

(a) Rates of discount and commission governing accounts shall be entered in a special Rates Book or in a card file. 228 Rates

(b) Rates of discount shall not be fixed for any definite period. The bank should be at liberty to increase the rates at any time.

(c) All applications for reductions in rates or other concessions shall be referred to Head Office or the district Supervisor before being granted.

(a) Interest shall be charged monthly. 229 General

(b) Charges collectible by the bank shall not be waived without the sanction of the Manager.

(c) Interest shall be added to the face of a note or draft bearing an interest clause before it is discounted.

REPORTS ON CUSTOMERS

(a) A careful record shall be kept of all reports received direct from each Mercantile Agency (not from Head Office). Payment will be made through Head Office under contract. 230 Mercantile Agency Reports

ADVANCES

(b) Ratings of parties in the United States and in the chief cities and towns of Great Britain and Ireland, may be obtained from Head Office.

(c) Mercantile Agency Reports on parties in the United States may be obtained from the Canadian offices of the Mercantile Agencies. Branches shall not apply for these through New York Agency.

231 General

(a) Information supplied by Mercantile Agencies in regard to obligants residing at other points should be supplemented by reports from other branches or from correspondents.

(b) Confidential reports obtained from other banks or parties should not be shown or handed over to anyone, and the names of those from whom they are received shall not be disclosed.

(c) Copies of reports and important information received from any source should be forwarded to other branches likely to be interested.

232 Character
File

(a) All available information regarding customers, except figures from Statements of Affairs and Mercantile Agency Reports, shall be recorded by the Manager in a Character Card File. He is expected to keep this record complete and up to date, so that a comparative stranger might correctly estimate the responsibility of obligants by consulting it. In addition to the necessary particulars in regard to standing, etc., it should include the Manager's opinion of the customer's ability and integrity, and the general desirability of the connection. It should also contain a condensed history of the customer's relations with the bank, and the circumstances under which the business was acquired.

ADVANCES

(b) This file shall also contain as full information as possible with regard to prospective customers, as well as parties whose business is considered undesirable.

(c) Reports in this file shall be dated and signed by the Manager.

GENERAL

(a) At branches where a Casual Ledger is kept, an account shall be opened in the General Liability Ledger when a customer's liability exceeds \$500 or when he has three or more notes under discount. 233 Liability Ledger

(b) The following particulars shall be shown at the heading of every account in the Liability Ledger, except where master sheets are used, when they shall be entered upon same.

Name, Occupation and Address
Names of Partners or Officers, if any
Authorized Credit and Date of Expiry
Rates of Interest
Special Instructions regarding the Account

Entries giving particulars of the authorization shall be carried forward from page to page, and initialled by the Manager on each page.

(a) Borrowing by way of overdraft should be discouraged. It is preferable to discount a customer's note for the amount of his requirements, even if the loan is needed only for a day or two. 234 Overdrafts

The principal objections to an advance by overdraft are that the customer's liability is not fixed as indisputably as by a note; that the uncertainty of the date of repayment tends to encourage laxity on the part of the borrower; and that the bank is deprived of a legitimate source of profit by the absence of a credit balance, which a borrower is expected to maintain in proportion to the extent of the services rendered him.

ADVANCES

This question is undoubtedly one of properly educating the bank's customers. It has been found that Managers who do not insist upon the maintenance of credit balances are continually imposed upon.

(b) Interest on overdrafts shall be charged monthly.

235 Officers
of other
Banks

Advances shall not be made to officers of other banks without the authority of Head Office or the district Supervisor.

236 Customers'
Wills

Under ordinary circumstances 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 further expenditure. In many cases this entails heavy loss, and if the bank is interested, the safety of its advances may be endangered. For this reason, it is desirable that every borrowing customer should be influenced to make provision in his will empowering his executors to continue the business until it can be profitably liquidated. Deeds of partnership should make similar provision.

The Manager shall see that this precaution is taken in connection with every important account. The matter is an important one, and the bank is justified in making it a condition of advances.

237 Lawsuits
and So-
licitors'
Accounts

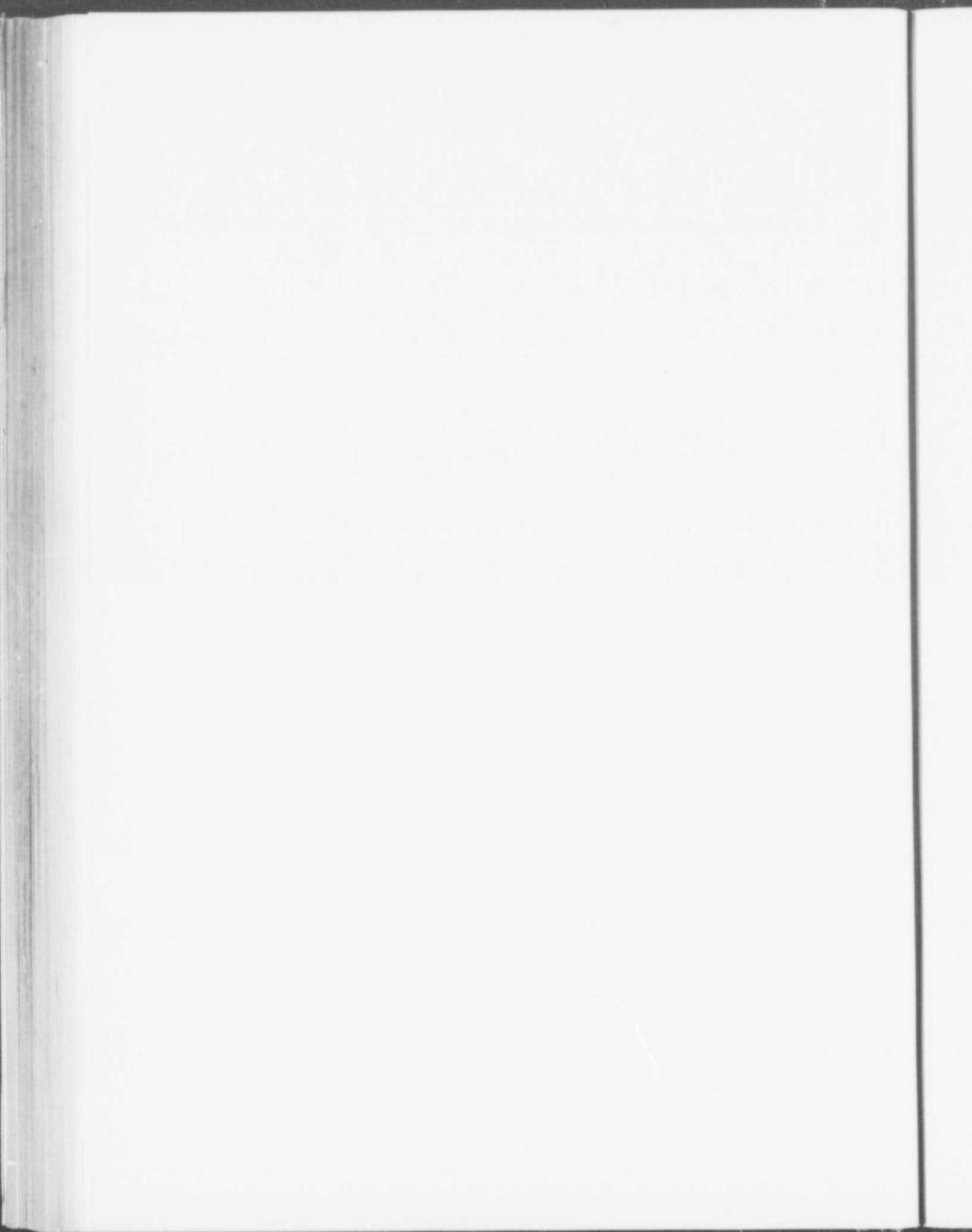
(a) No lawsuit shall be entered into without the authority of Head Office or the district Supervisor, unless immediate action is necessary, in which case prompt advice of the proceedings shall be furnished.

(b) No lawsuit shall be entered in the bank's name for the convenience of its customers or others without permission from Head Office or the district Supervisor.

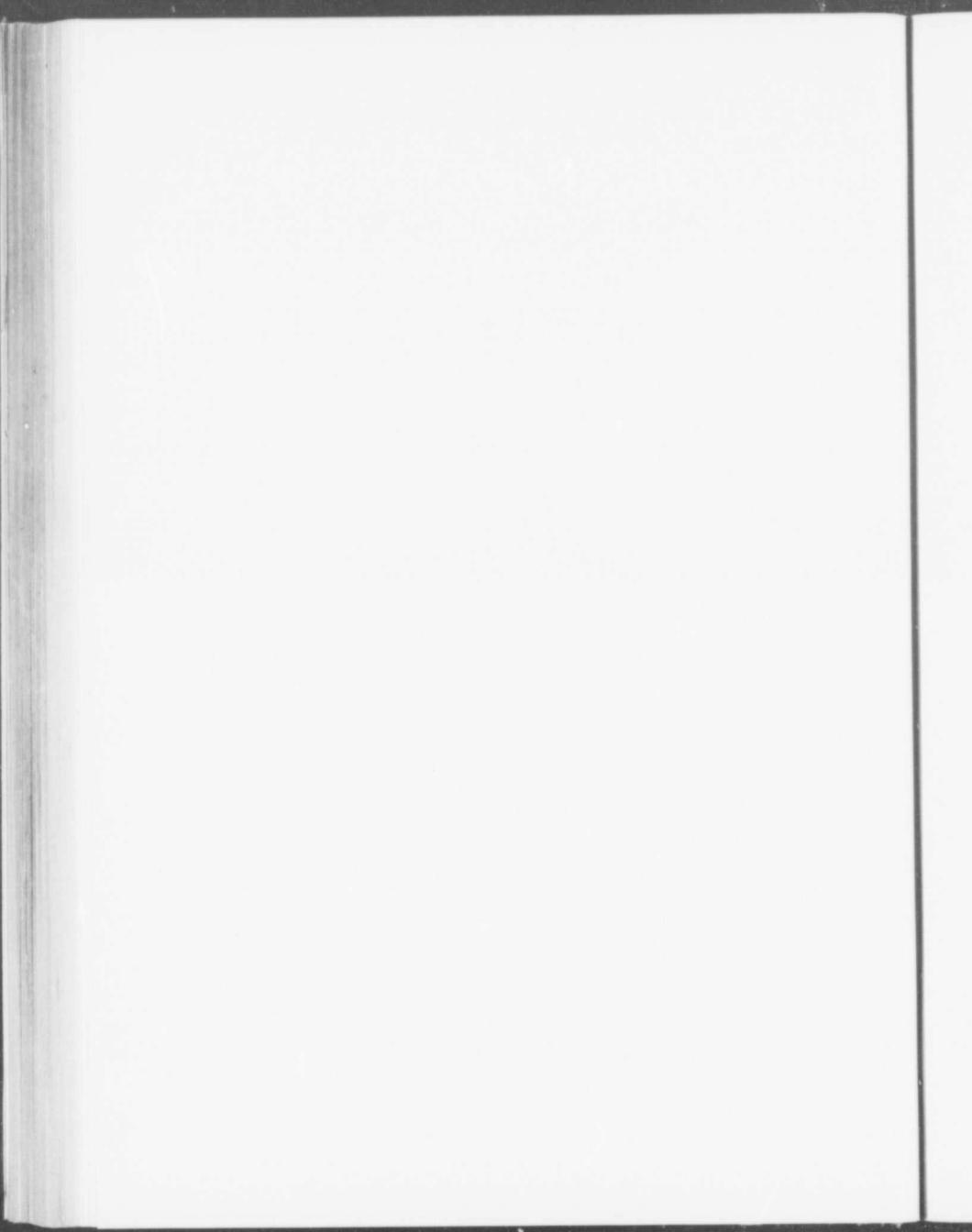
ADVANCES

(c) Solicitors' accounts should be settled at least semi-annually, not later than May 1st and November 1st in each year.

(d) Law costs in connection with any liability to the bank shall not be debited to Charges Account, but added to the debt and collected from the delinquent.



OFFICERS' GUARANTEE FUND



OFFICERS' GUARANTEE FUND

The Board of Directors of the bank have established the Officers' Guarantee Fund in order that every employee in the service of the bank may give security against losses arising from want of fidelity, mistake, negligence or other misconduct in the performance of his duties.

The Officers' Guarantee Fund is governed by the following regulations.

(1) 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.

(2) The amount of security to be given by each employee shall be fixed from time to time by the Board of Directors or the General Manager, and shall be security that the said employee shall honestly and faithfully keep and perform his contract with the bank.

(3) The salary of every employee in the service of the bank shall, except as hereinafter provided, upon the 1st of March in each year, be assessed to the extent of $\frac{1}{2}$ of 1% 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 to pay same to the credit of the Officers' Guarantee Fund.

(4) The salary of every employee who shall hereafter enter the service of the bank, or who shall have the amount of his security increased at any time other

OFFICERS' GUARANTEE FUND

than the 1st of March in any year, shall in respect of such new or additional security, be assessed to the extent necessary to pay the contribution aforesaid, proportionate to the time between the date of entry or increase of security and the 1st of March succeeding.

(5) When six annual payments of $\frac{1}{2}$ of 1% upon the amount of the original security and all subsequent additions thereto shall have been made by any employee, 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 employees' salaries, and shall be debited with all losses which the bank may sustain by acts or defaults of any employee, in so far as they 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.

(7) The amount 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.

(8) The bank shall allow and credit semi-annually interest on the balance of the Officers' Guarantee Fund at such rate as may be fixed by the Board of Directors.

(9) The Board of Directors may allow any 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.

(10) The Guarantee Fund, and all moneys credited and paid thereto, shall belong solely to the bank, and

OFFICERS' GUARANTEE FUND

shall be considered to be a special fund set apart from time to time to meet any losses incurred by the 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.

(11) 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.

(12) 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% on the amount for which he is secured by the Fund, shall be made from the salary of any employee in any one year.

(13) If it shall be proven 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

OFFICERS' GUARANTEE FUND

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% 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 following by-law:

"Every person in the employ of the bank, but intending to leave the same, shall give the bank one month's notice in writing of his intention, and it shall be competent for the Directors to put an end to the engagement of any person in the employ of the bank, either by giving him one month's notice in writing to that effect, or by paying him a sum of money equal to one month's 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 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."

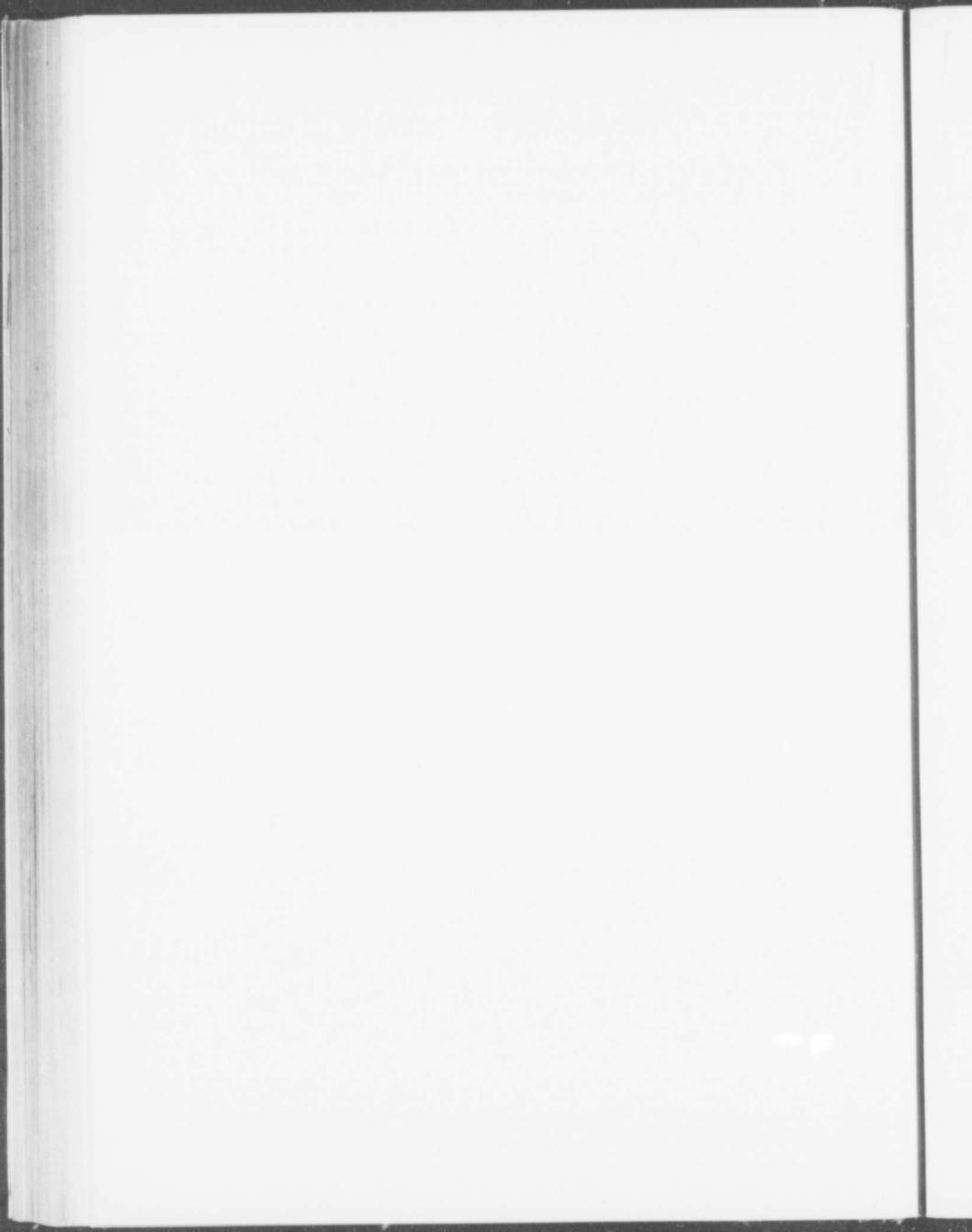
(14) The liability of every employee to make good the losses occasioned or arising by or through his acts

OFFICERS' GUARANTEE FUND

or defaults shall remain in every respect the same as if the Guarantee Fund had never been constituted.

(15) 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.

(16) 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 payment of all claims and charges thereon, shall be disposed of in such a way as the Board of Directors may consider proper and just.



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