

No 45.

2nd Session, 1st Parliament, 32 Victoria, 1869.

BILL.

An Act to incorporate the Merchants
Bank.

PRIVATE BILL

OTTAWA:

PRINTED BY HUNTER, ROSE & COMPANY,

An Act to incorporate the Merchants' Bank.

WHEREAS the Honorable Edward Kenny, William Cunard, ^{Preamble.}
 Thomas C. Kennear, James Whurkle John Tobin, Thomas E.
 Kenny, Jeremiah Northup and James B. Duffus, by their peti-
 tion prayed that they might be incorporate for the purpose of
 5 establishing a bank in the city of Halifax in the Province of Nova
 Scotia, and whereas it is desirable to grant the prayer of their petition :
 Therefore Her Majesty by and with the advice and consent of the
 Senate and House of Commons of Canada enacts as follows :

1. The several persons herein before named and such other persons as ^{Certain persons incorporated.}
 10 shall become shareholders in the company to be by this Act created and their assigns shall be and they are hereby created, constituted and
 declared to be a corporation body corporate and politic by the name ^{Corporate name.}
 of "The Merchants Bank" and shall have power to acquire and hold
 real and immovable estate for the management of their business not
 15 exceeding forty thousand dollars, and nothing herein contained shall
 prevent or restrain the corporation from taking or holding real estate
 to any amount whatsoever under judgement or by mortgage recovered,
 or taken as collateral security for the payment of any sum or sums
 20 of money advanced by or for debts due to the corporation, but
 the said corporation shall on no account lend money upon mortgage,
 upon lands or other fixed property, nor upon the security of any stock
 in the bank, unless by way of additional security for debts contracted
 with the corporation in the course of its dealings.

2. The business of the company shall be under the management of ^{Board of Directors.}
 25 a President and six directors, and such other officers as may be found
 necessary.

3. The capital of the company shall consist of one million dollars ^{Capital Stock when to be paid up.}
 which shall be divided into ten thousand shares of a hundred dollars
 each, and twenty per cent. of the stock which shall be subscribed for
 30 shall be paid on or before the first day of July next, and a further en-
 stalment of twenty per cent. shall be paid at such time after the first
 day of January, one thousand eight hundred and seventy, as the
 directors shall appoint, and the remaining instalments shall from time
 to time be paid at such time or times and in such manner as shall be
 35 determined by a vote of the stockholders at a special meeting to be
 called for that purpose, but no instalment shall in any case be called
 in unless thirty days previous notice shall have first been given, in two
 at least of the newspapers published in Halifax, of the time and place
 appointed for the payment of instalments.

4. After the passing of this Act, whenever two hundred thousand ^{First General Meeting.}
 40 dollars of the said capital stock shall have been paid in, before which
 no one shall have a right to vote for any purpose, a general meeting of
 the members and stockholders of the corporation, or the major part of
 them, shall take place by notice in two or more of the public news-
 45 papers ten days previous to such meeting, for the purpose of organiz-
 ing the said bank, and of making, ordaining and establishing such by-
 laws, ordinances, and regulations, for the good management of the affairs

of the said corporation, as the members and stockholders of the said corporation shall deem necessary, and also for the purpose of choosing seven directors, being stockholders and members of the corporation, under and in pursuance of the rules and regulations hereinafter made and provided; which directors so chosen shall choose out of their number a President, and they shall have full power and authority to manage the concerns of the corporation, and shall commence the operations of the said bank, subject, nevertheless, to the rules and regulations hereinafter made and provided, at which general meeting the members and stockholders of the said corporation, or the major part of them, shall determine the mode of transferring and disposing of the stock and profits thereof, which being entered on the books of the corporation shall be binding on the stockholders, their successors and assigns until altered at any other general meeting of the stockholders.

Retirement of Directors. 5. Three of the directors shall annually go out of office in rotation but the three directors so retiring shall be eligible for re-election. 15

Annual General meeting. 6. There shall be a general meeting of the stockholders and members of the said corporation to be annually holden on the second Wednesday of March in each year at Halifax, at which annual meeting all vacancies in the board of directors shall be filled up, and after the election of directors in the place of those who shall have gone out of office by rotation or otherwise, the directors shall annually choose one out of their number as President for the ensuing year, or until another is chosen in his room. In the choice of directors the stockholders shall vote according to the rule hereinafter mentioned. 20 25

Appointment of Officers, &c. 7. The directors shall have power to appoint such officers, clerks and servants as they shall think necessary for executing the business of the corporation, and shall allow them such compensation for their respective services as to the directors shall appear reasonable, all which, together with the expenses of buildings, house rent, and all other contingencies shall be defrayed out of the funds of the corporation and the said directors shall likewise exercise such other powers and authorities for the well regulating the affairs of the corporation, as shall be prescribed by the by-laws and regulations of the same. 30

Quorum of Directors. 8. The business of the corporation shall be transacted by such number of the directors as shall be determined on by the stockholders, and specified in the by-laws, of whom the President shall always be one, but in case of sickness and necessary temporary absence, the directors present may choose one of their board as chairman in his stead; the President, or such chairman, shall vote at the Board as a director, and in case of their being an equal number of votes for and against any question before them, the President or chairman shall also have a casting vote. 40

Qualification of Directors. 9. No person shall be eligible for or continued to be a director unless such person is a stockholder, and holding and owning not less than fifty shares of the capital stock of the said corporation, upon whose shares all instalments called in shall have been fully paid, and no person shall be eligible for or continue to be a director of the corporation who is a director or a co-partner in trade of a director of any other bank whatsoever. And if any director of the said corporation, shall, while he is in office, cease to hold fifty shares in the said stock, or shall become a director or a co-partner in trade of a director in any other bank whatsoever, such director of the said corporation shall forthwith go out of office and cease to be a director, another director shall be chosen in his stead as hereinafter directed. 55

10. Every cashier and clerk of the corporation before he enters upon the duties of his office, shall give bonds, with two or more securities, to be approved by the said directors, that is to say: every cashier in a sum not less than forty thousand dollars, with a condition for his good and faultful behavior, and every clerk with the like condition and securities in such sum as the directors shall deem adequate to the trust reposed in him. Security by Officers.

11. The number of votes which each stockholder shall be entitled to on every occasion, when in conformity with the provisions of this Act, the votes of the stockholders are to be given, shall be in the following proportion, that is to say: for one share and less than five, one vote; for five share and not less than ten, two votes; for ten shares and not less than twenty, three votes; for twenty shares and not less than thirty, five votes; for thirty shares and less than forty, six votes; and for forty shares and all shares above that number, eight votes, which shall be the greatest that any stockholders shall be entitled to have. Scale of votes.

12. All stockholders resident within Canada, or elsewhere, may vote by proxy, provided that such proxy be a stockholder and do produce sufficient written authority from his constituent or constituents so to act, provided also that no person shall hold more than three proxies. Process.

13. The directors may fill up any vacancy that shall be occasioned in the office of President, or in the board of directors by the death, removal, resignation, or absence from the province for three months, or any incapacity of the President or any of their members, and the persons so chosen by the directors shall serve until the next succeeding annual meeting of the stockholders. Vacancies in Board.

14. As soon as the sum of two hundred thousand dollars shall have been actually paid in on account of the subscriptions to the stock, notice thereof shall be given in two at least of the newspapers published in Halifax, and the directors may commence the operations and business of the bank, but no bank bills or bank notes shall be issued or put in circulation, or any bill or note discounted at the bank until the sum of two hundred thousand dollars shall be actually paid in and received on account of the subscriptions to the capital stock of the bank. Commencement of operations.

15. The shares or capital stock shall be assignable and transferable according to the rules and regulations that may be established in that behalf, but no assignment or transfer shall be valid or effectual unless such assignment or transfer shall be entered and registered in a book to be kept for that purpose by the directors, nor until the person or persons, so making the same, shall previously discharge all debts actually due and payable to the corporation, and such stock shall be a pledge for any debt that may become due by the holder thereof to the bank, and be disposed of as other stock pledged to the bank, and in no case shall any fractional part of a share, or any other than a complete share or shares, be assignable or transferable. And whenever any stockholder shall transfer, in the manner aforesaid, all his stock or shares in the bank, or the same shall be transferred by act of law to any person or persons whomsoever, such stockholder shall cease to be a member of the corporation. Transfer of Shares.

16. The corporation shall conduct the business of banking in all its branches, and may lend money on cash accounts with personal security only, and may generally deal in bills of exchange, promissory Business of the Bank.

notes, gold or silver coin or bullion, and in other the current monies of this province, or in the sale of goods and stock really and truly pledged for money lent and not redeemed; which goods and stock so pledged shall be sold by the corporation at public sale, at any time not less than thirty days after the period for redemption; and if upon such sale of goods or stock, there shall be a surplus after deducting the money lent and interest, together with the expenses of sale, such surplus shall be paid to the proprietors thereof respectively. 5

Liability of Shareholders limited.

17. The joint stock or property of the corporation shall alone be responsible for the debts and engagements of the corporation, and no person or persons who shall or may have dealings with the corporation shall, on any pretence whatsoever, have recourse against the separate property of any present or future member of the corporation, or against their persons, except in the cases specified in this Act, further than may be necessary to secure the faithful application of the funds of the corporation. 15

Their liability at expiration of Charter.

18. The holder of shares or stock in the corporation, when this Act shall expire or be repealed, shall be chargeable in the private and individual capacities, and shall be holden for the payment and redemption of all bonds, bill and notes, which may have been issued by the corporation, and which may then remain unpaid, but only according to and in proportion to the shares and interest which they may respectively hold in the capital stock of the corporation at the time of such expiration or repeal. 20

Form of Bonds, Bills, &c.

19. Every bond, bank bill, or bank note, or other instrument, by the terms or effect of which the corporation may be charged or held liable for the payment of money, shall especially declare, in such form as the board of directors shall prescribe, that payment shall be made out of the joint fund of the corporation. 25

Indebtedness of Bank limited.

20. The total amount of the debts which the corporation shall at any time owe, whether by bill, bond or note, or other contract whatsoever, exclusive of the sum due on account of deposits, shall not exceed treble the amount of the capital stock actually paid in by the stockholders, nor shall there be due to the corporation at any one time more than treble the amount of the capital stock actually paid in by the stockholders, and in case of any excess, the directors under whose administration and management the same shall happen, shall be liable for such excess in their individual and private capacities, provided always that the lands, tenements, goods and chattels of the corporation shall also be liable for such excess. 30 40

Dividends.

21. The directors shall make half-yearly dividends of all the profits, rents, premiums and interest of the corporation, payable at such time and place as the directors shall appoint, of which they shall give thirty days previous notice in at least two of the newspapers published at Halifax; but the directors shall not be compelled to make or declare any dividend at any earlier period than one year from and after the passing of this Act, unless they shall think it expedient to make and declare a dividend at any earlier period. 45

Inspection of Books, &c.

22. The books, papers, correspondence and funds of the corporation shall at all times be subject to the inspection of the directors; but no shareholder, not a director, shall inspect any books or the account of any individual with the corporation. 50

Notes to be signed, &c.

23. All the bills or notes issued by the said corporation shall be signed by the president for the time being, and countersigned and

attested by the cashier, and shall be printed and made in stereotype plates; and all bills or notes so signed and countersigned shall be binding upon the corporation, although not under seal, which bills or notes shall be payable by the corporation in gold or silver on demand.

5 **24.** If the total amount of all the notes of the bank, issued and in circulation, shall at any one time exceed the amount fixed and determined by the act of incorporation of the bank, such act of incorporation shall cease and determine from the time when such excessive issue shall have accrued. Determine in case of over issue of notes; But no limit.

10 **25.** In case the officers of the corporation shall, in the usual banking hours at the bank, refuse or delay payment in gold or silver of any note or bill of the corporation then presented for payment, the corporation shall be subject to pay on the amount of such note or bill to the holder thereof twelve per cent. interest per annum from the day of such refusal till the time of payment. Suspension of Payment.

26. The corporation shall be liable to pay any *bona fide* holder the original amount of any note of the bank which shall have been counterfeited or altered, in the course of its circulation, to a larger amount, notwithstanding such alteration. Altered notes in hand of bona fide holders.

20 **27.** The bank shall be kept and established at Halifax, or at such other place as the board of directors may think it necessary to remove the bank to, on account of and great emergency for the security thereof. Place of Business.

25 **28.** The cashier of the bank shall twice in every year, that is to say, on the thirty-first day of January and the thirty-first day of July, make a return of the state of such bank as it existed at the closing of the books, on those days respectively, and he shall transmit the same as soon as may be, not exceeding fifteen days thereafter, to the Secretary of State, for the purpose of being laid before the legislature at its next session, which returns respectively shall specify the amount then due from the bank, designating in distinct columns the several particulars included therein, and shall also specify the resources of the bank designated in distinct columns the several particulars included therein, and the said return shall be in substance as follows:— Half-yearly reports to Secretary of State.

STATE OF MERCHANTS' BANK ON THE 31ST DAY OF

35 A.D. 1869. DUE FROM THE BANK.

Capital stock.....	.....
Bills in circulation .....	.....
Net profits on hand.....	.....
Balances due to the other banks.....	.....
40 Cash deposited, including all sums whatsoever due from the bank not bearing interest, its bills in circulation, profits and balances due to other bank excepted.....	.....
Cash deposits bearing interest .....	.....
Total amount due from the bank.....	.....

45. BALANCES OF THE BANK.

Gold, silver, and other coined metals in its banking house..	Form.
Real estate.....	.....
Bills of other bank incorporated in the province .....	.....
Bills of all other banks .....	.....
50 Balances due from other banks.....	.....
Amount of all debts due, including notes, bills of exchange,	.....

and all stocks and funded debts of every description, excepting the balances due from other banks.....	
Total amount of the resources of the bank	
Rate and amount of the last dividend.....	
Amount of reserved profits at the time of declaring the last dividend.....	5-
Amount of debts due to the bank secured by a pledge of its stock	
Amount of debts due and not paid and considered doubtful	

§

Which returns shall be signed by the cashier of such bank, who shall 10-
make oath before some Justice of the Peace to the truth of every such
return, according to the best of his knowledge and belief, and one of
the directors of such bank shall certify and make oath that the books
of the bank indicate the state of facts so returned by the cashier, and
that he has full confidence in the truth of such return, and no further 15-
of other returns shall hereafter be required from the bank, copies of
which statement shall be laid before the stockholders at the general
annual meeting of the corporation.

29. If upon the exhibition of the yearly account of the debts due to
and from the corporation, and of the property and effects thereof, it 20-
shall appear to the satisfaction of the Parliament of Canada, if
then in session, or to the governor in council, if Parliament be not
in session, that the paid-up capital of the corporation has been dimi-
nished by losses and bad debts to one-half of the amount of the capi-
tal or sum so paid up, that then the said corporation shall be dissolved, 25-
if the legislature be in session, by an act of the Parliament of Canada,
or if Parliament be not in session, by proclamation to be issued by
the Governor in Council for that purpose.

30. Any number of the stockholders, not less than twenty, who toge-
ther shall be proprietors of five hundred shares shall have power at any 30-
time, by themselves or their proxies, to call a general meeting of the
stockholders for purposes relating to the business of the corporation,
giving at least thirty day's previous notice, in at least two newspapers
published at Halifax, specifying in such notice the time and place of
such meeting, with the objects thereof, and the directors, or any four 35-
of them, shall have the like power at any time, upon observing the
like formalities, to call a general meeting as aforesaid.

31. On any dissolution of the corporation, immediate and effectual
measures shall be taken by the directors then in office for closing all
the concerns of the corporation, and for dividing the capital and 40-
profits which may remain among the stockholders, in proportion to
their respective interests, provided always, that notwithstanding such
dissolution, it shall and may be lawful to use the corporate name,
style, and capacity for the purpose of suits, for the final settlement and
liquidation of the affairs and accounts of the corporation, and for the 45-
sale and disposition of the estate, real and personal and mixed, thereto
belonging, but not for any purpose or in any other name whatsoever,
nor for a period exceeding four years after such dissolution; and the
directors in office at the happening thereof shall, during those four years,
if necessary, continue in office, and be charged with, and shall take 50-
effectual measures for closing the concerns of the corporation, and divi-
ding the remaining capital and profits among the stockholders, accord-
ing to their respective interest therein.

32. In case any loss or deficiency of the capital stock of the cor-
poration shall occur from the official mismanagement of the bank 55-

Dissolution of
Corporation
by Parli-
ament or
Governor in
Council.

Special Gene-
ral meetings.

Winding up
of affairs in
case of dis-
solution.

Case of loss
from mis-
management.

directors, the stockholders, at the time of such mismanagement, shall, in their private and individual capacities, be respectively liable to pay the same, provided, that in no case shall any one stockholder be liable to pay a sum exceeding in amount the stock actually then held by him,
5 in addition to the stock so held by him.

33. Any person nominated by the Governor in Council, or any joint committee, appointed by Parliament for that purpose, shall at any time have free access to the books and vaults of the corporation for the purpose of examining into the proceedings of the corporation, provided no person shall have such access who is a stockholder or
10 director of any other bank, and also provided such person or committee shall not be authorized to inspect or investigate the account of any individual with the corporation, and that no member of the corporation shall be on such committee. Access to books, &c., to certain parties.

34. Nothing in this Act contained shall effect the operation of
15 Chapter 83 of the revised statutes of Nova Scotia, intituled "of Effect of Cap. 83 Revised Statutes. currency."

35. This Act shall continue and be in force for fifteen years and
from thence to the end of the then next session of Parliament. Duration of Act.