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[No. 254.]

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5th Session, 8th Parliament, 29-30 Victoria, 1866.

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## BILL.

An Act to provide for the issue of Provincial  
Notes.

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Received and read first time, Thursday, 9th  
August, 1866.

Second reading, second sitting, same day.

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HON. MR. GALT.

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Printed by G. E. DESBARATS.

## An Act to provide for the issue of Provincial Notes.

**W**HEREAS it is expedient to provide for the issue of Provincial Notes: Therefore, Her Majesty, by and with the advice and consent of the Legislative Council and Assembly of Canada, enacts as follows:

5   **1.** The Governor in Council may authorize the issue of Provincial Notes, payable on demand, of such denominational values and in such form, and signed by such persons and in such manner by lithograph printing or otherwise, as he may, from time to time, direct, to an amount not exceeding  
10 in the whole five millions of dollars, except as hereinafter provided; such Notes shall be redeemable in specie, on presentation at offices to be established at Montreal and Toronto, and at that one of the said places at which they may be respectively made payable, and shall be a legal tender.  
15 except at the offices aforesaid

**2.** The Governor in Council may enter into arrangements with all or any of the Chartered Banks of this Province for the surrender, on or before the first day of January, one thousand eight hundred and sixty-eight, of their power to issue notes;—and in  
20 compensation for such surrender, an annual sum not exceeding five per cent upon the amount of its circulation as established by the monthly return upon the thirtieth day of April, one thousand eight hundred and sixty-six, shall be payable by the Province to each Bank so surrendering its power of issue and  
25 redeeming its notes in circulation, until the expiration of its charter; and the Receiver General shall receive the Provincial Debentures now held by such Banks in compliance with the requirements of their respective charters, in exchange for Provincial Notes; and shall also pay to such Banks one half the  
30 estimated cost of their unissued notes.

**3.** In entering into any such arrangement as aforesaid with any Bank, the Governor in Council may provide either for the immediate or the gradual surrender of its power to issue notes, such gradual surrender not extending over a period of more  
35 than twelve months; but in such case the exchange of Provincial Notes for Provincial Debentures held by the Bank under the requirements of its charter, shall be made only in equal proportion to the amount of its notes actually redeemed and withdrawn from circulation, as shewn by the monthly returns.

4. From the date of any such arrangement with any Bank, it shall no longer be bound to hold any Provincial Debentures, as now required by law.

5. No Bank shall, after the passing of this Act, be liable to any penalty or forfeiture for usury under the ninth section of chapter fifty-eight of the Consolidated Statutes of Canada, intituled: *An Act respecting Interest*; but the amount of interest or commission which such Bank can recover shall remain as limited by the said chapter. 5

6. Every Bank so surrendering its power to issue notes shall make a weekly return to the Auditor of its notes redeemed and withdrawn from circulation, and of those still outstanding, and the compensation hereinbefore authorized shall be paid to it half yearly in proportion to the amount so redeemed and withdrawn computed on the average of the weekly returns for the half year, until the amount redeemed is equal to nine-tenths of its circulation on the thirtieth day of April, one thousand eight hundred and sixty-six, when it shall be entitled to compensation on the full amount thereof. 10 15

7. The powers of the Governor in Council in making an arrangement with any Bank for the surrender of its power to issue notes, shall extend to any provisions which may be deemed expedient respecting the redemption of the notes of such Bank, or the right of reissuing any such notes during the period agreed upon for the gradual redemption thereof, and generally to all provisions which the Governor in Council may deem expedient to the convenient working of this Act, and not inconsistent with the enactments contained in it; and any Order in Council for giving effect to such provisions shall have the force of law. 20 25 30

8. Any Bank which may have surrendered its power to issue notes, may resume such power after giving at least three months notice in writing to the Receiver General, and publishing such notice during the like period in the Official Gazette; but such Bank shall, from the expiration of such notice, cease to receive compensation on its notes withdrawn from circulation, and shall pay back to the Receiver General any sum it has received from him in Provincial notes in exchange for Provincial Debentures; such Debentures shall then be redelivered to the Bank, which shall be bound to hold the amount of Provincial Debentures required by its charter, before it shall resume the issue of notes. 35 40

9. No Bank surrendering its power to issue notes shall thereby be deprived of its claim to any privilege or power which shall be granted to other Banks on the renewal of their charters, in one thousand eight hundred and seventy. 45

**10.** The Governor in Council may, from time to time, and over and above the five millions hereinbefore mentioned, authorize the issue of such amounts of Provincial Notes as it may be necessary to give in exchange for the Provincial Debentures held under the requirements of their charters, by Banks surrendering their power to issue notes, and such further amount as may be required and paid for by the chartered Banks of this Province or any of them; provided the total amount does not exceed eight million dollars.

**11.** The Governor may in his discretion establish branches of the Receiver General's department in Montreal and Toronto respectively for the issue and redemption of Provincial notes, or he may make arrangements with any chartered Bank or Banks, for the issue and redemption thereof, and may for such service allow a commission not exceeding one quarter of one per cent. for every three months, upon the average amount of notes in circulation during that period.

**12.** The sum to be held in specie by the Receiver General for the redemption of Provincial notes, shall be twenty per cent. upon the amount thereof in circulation, so long as such amount does not exceed five millions of dollars; for any excess over five millions, such excess not being more than five millions, twenty-five per cent. of such excess shall be so held; and Provincial Debentures shall be issued and shall be held by the Receiver General, to the full amount by which the specie held as aforesaid fails to cover the whole amount of Provincial notes outstanding at any time; such debentures being so held for securing the redemption of the Provincial notes, and the Receiver General having full power to dispose of them, either temporarily or absolutely, for raising funds for that purpose or for procuring the amounts of specie to be held by him under the provisions of this section.

**13.** The Governor in Council shall, from time to time, appoint six Commissioners, three for Upper Canada, and three for Lower Canada, with such remuneration as he shall determine, whose duty it shall be to examine on the first Wednesday of every month into the number of Provincial notes then issued and outstanding at the Branch Departments of the Receiver General, or the offices of the Banks issuing the same, at Montreal and Toronto respectively, and also into the amount of specie then held at Montreal and Toronto respectively for the redemption of such notes; and upon such examination, the said Commissioners for Upper and Lower Canada respectively, or any two of them, shall return the result of such examination under oath to the Auditor, who shall publish such return in the next number of the *Official Gazette*; and such oath shall be in the following form, and if wilfully false shall subject the person taking the same to all the pains and penalties of the crime of perjury:

“ We, A. B. &c., Commissioners for (Upper Canada or Lower  
 “ Canada, *as the case may be*) make oath and say, that on the  
 “ day of     A. D., 18     , the Provincial notes outstanding and  
 “ in circulation from (Toronto or Montreal, *as the case may be*)  
 “ amounted to             dollars, and the Specie and Provincial     5  
 “ debentures then held for the redemption of such notes at (To-  
 “ ronto or Montreal, *as the case may be*) amounted to  
 “ dollars in specie and             dollars in debentures.”

**14.** The proceeds of the said Provincial notes shall form part of the Consolidated Revenue Fund of this Province, and 10 the expenses lawfully incurred under this Act shall be paid out of the said Fund.

**15.** And inasmuch as some time must elapse before Provincial notes specially engraved and prepared for the purposes of this Act, can be ready for use,—therefore the Governor in 15 Council may authorize the notes of any Bank or Banks which may have surrendered its or their power to issue notes to be used as such Provincial notes, until a sufficient number of new notes shall be prepared and ready for use; the Bank notes so used as Provincial notes being numbered, signed, stamped or 20 otherwise marked in such manner as the Governor in Council shall direct, so as to identify them as Provincial notes, which they shall be held to be for all the purposes of this Act, while so used, and shall cease to be notes of the Bank or Banks by which they were originally issued or intended so to be. 25

**16.** So much of chapter fifty-five of the Consolidated Statute of Canada, intituled : *An Act respecting Banks and freedom of Banking*, as would entitle any Joint Stock Association, Bank or Individual Banker, or any person or party whatever, to issue or obtain authority to issue, bank notes, within the meaning of 30 the said Act is hereby repealed, except only as to associations, banks, bankers, persons or parties who may have obtained and exercised the right to issue such notes under the said Act, before the passing of this Act.

**17.** The word “specie” in this Act means coin current 35 of this Province under the *Act respecting the currency*, chapter fifteen of the Consolidated Statutes of Canada, at the rates and subject to the provisions of that Act and Bullion according to its weight and fineness;—and the expression “Provincial Debentures,” in the second, third, fourth, eighth and tenth 40 sections of this Act, means and includes any Debentures, whether of this Province or secured upon the Consolidated Municipal Loan Fund, or otherwise, which under the charter of the Bank in question may be held by it in compliance with the provision in its charter obliging it to invest a certain portion 45 of its capital in such Debentures.

**18.** So much of either of the said Acts, chaptered fifty-five and fifty-eight of the Consolidated Statutes of Canada, or of any other Act or Law, as may be inconsistent with this Act, is hereby repealed.

- 5 **19.** The provisions of chapter ninety-four of the Consolidated Statutes of Canada, intituled : *An Act respecting forgery*, relating to the forging, and uttering of forged Bank notes, or having the same in custody or possession, or engraving or making the same, or having any plate, wood, stone or other
- 10 material for such engraving or making, in custody or possession, shall be applicable to the Provincial notes to be issued under this Act.