

Bank of Canada Act
CHAPTER B-2
Updated to : August 31, 1999*

An Act respecting the Bank of Canada

Preamble

WHEREAS it is desirable to establish a central bank in Canada to regulate credit and currency in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit and to mitigate by its influence fluctuations in the general level of production, trade, prices and employment, so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of Canada;

THEREFORE, His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

SHORT TITLE

Short title

1. This Act may be cited as the Bank of Canada Act.

R.S., c. B-2, s. 1.

INTERPRETATION

Definitions

2. In this Act,

"authorized foreign bank" « banque étrangère autorisée »

"authorized foreign bank" has the meaning assigned to that expression by section 2 of the Bank Act;

"Bank" « Banque »

"Bank" means the Bank of Canada;

"bank" « banque » "bank" means a bank listed in Schedule I or II to the Bank Act;

* Note: This consolidation is not an official version of the law. Also, because this file is text-only, it does not contain formatting or graphics. See <http://www.canada.justice.gc.ca/FTP/EN/Laws/Chap/B/B-2.txt> visited 10 May 2000.

"Board" or "Board of Directors" «conseil»

"Board" or "Board of Directors" means the Board of Directors of the Bank;

"Deputy Governor" «sous-gouverneur»

"Deputy Governor" in sections 5, 6, 8, 13, 15, 30 and 31 means the Deputy Governor appointed under section 6;

"director" «administrateur»

"director" means a member of the Board of Directors other than the Governor or the Deputy Governor or the member acting by virtue of subsection 5(2);

"Governor" «gouverneur»

"Governor" means the Governor of the Bank or the person acting for the Governor pursuant to this Act;

"Minister" «ministre»

"Minister" means the Minister of Finance;

"notes" «billets»

"notes" means notes of the Bank intended for circulation in Canada.

R.S., 1985, c. B-2, s. 2; 1999, c. 28, s. 93.

CONSTITUTION OF THE BANK

Bank constituted

3. (1) There is hereby established a bank to be called the Bank of Canada.

Body corporate

(2) The Bank is a body corporate.

R.S., c. B-2, s. 3.

Head office

4. (1) The head office of the Bank shall be in the city of Ottawa.

Branches and agencies

(2) The Bank may establish branches and agencies and appoint agents in Canada and may also, with the approval of the Governor in Council, establish branches and appoint agents elsewhere than in Canada.

R.S., c. B-2, s. 4.

MANAGEMENT

Board of Directors

5. (1) The Bank shall be under the management of a Board of Directors composed of a Governor, a Deputy Governor and twelve directors appointed in accordance with this Act.

Deputy Minister of Finance to be member of Board

(2) In addition to the members of the Board as constituted by subsection (1), the Deputy Minister of Finance or, if he is absent or unable to act or the office is vacant, such other officer of the Department of Finance as the Minister may nominate, is a member of the Board but does not have the right to vote.

R.S., c. B-2, s. 5.

Governor and Deputy Governor

6. (1) The Governor and Deputy Governor shall be appointed by the directors with the approval of the Governor in Council.

Qualifications

(2) The Governor and Deputy Governor shall be persons of proven financial experience and shall devote the whole of their time to the duties of their offices under this Act or any other Act of Parliament.

Tenure and remuneration

(3) The Governor and Deputy Governor

(a) shall each be appointed for a term of seven years during good behaviour;

(b) are eligible for re-appointment on the expiration of their terms of office; and

(c) subject to the approval of the Governor in Council, shall be paid such salaries as the directors determine, but no such remuneration shall be in the form of a commission or be computed by reference to the income or profits of the Bank.

Disqualifications

(4) No person is eligible to be appointed or to continue as Governor or Deputy Governor who

(a) is not a Canadian citizen;

(b) is a member of the Senate or House of Commons or a member of a provincial legislature;

(c) is employed in any capacity in the public service of Canada or a province or holds any office or position for which any salary or other remuneration is payable out of public moneys;

(d) except as authorized by or under any Act of Parliament, is a director, partner, officer, employee or shareholder of an institution referred to in any of paragraphs 10(2)(a) to (e); or

(e) has reached the age of seventy-five years.

R.S., 1985, c. B-2, s. 6; 1997, c. 15, s. 94.

Additional Deputy Governors

7. (1) The Board may appoint one or more additional Deputy Governors who shall perform such duties as are assigned to them by the Board.

Not members of Board

(2) A Deputy Governor appointed under this section is not a member of the Board.

R.S., c. B-2, s. 7.

Powers of Governor

8. (1) The Governor of the Bank is the chief executive officer of the Bank and on behalf of the Board has the direction and control of the business of the Bank with authority to act in connection with the conduct of the business of the Bank in all matters that are not by this Act or by the by-laws of the Bank specifically reserved to be done by the Board or by the Executive Committee.

Absence, etc., of Governor

(2) If the Governor is absent or unable to act or the office is vacant, the Deputy Governor has all the powers and functions of the Governor.

Absence, etc., of Governor and Deputy

(3) The Board may authorize one of the members of the Board or one of the persons appointed under section 7 to act as the Governor in the event that the Governor and Deputy Governor are absent or unable to act or the offices are vacant, but no such person has authority to act as Governor for a period exceeding one month without the approval of the Governor in Council.

R.S., c. B-2, s. 8.

Directors

9. (1) The Minister, with the approval of the Governor in Council, shall as of March 1 in each year appoint directors for terms of three years each to the offices of director then vacant.

Vacancy

(2) Where a person ceases to be a director during the term for which he was appointed, the Minister shall, with the approval of the Governor in Council, appoint a qualified person to hold office for the remainder of the term.

Votes

(3) In the transaction of the business of the Bank, each director has one vote.

Re-appointment

(4) A director on the expiration of the director's term of office is eligible for re-appointment.

R.S., c. B-2, s. 9.

Selection of directors

10. (1) The directors shall be selected from various occupations.

Ineligible persons

(2) No person is eligible for appointment as a director if that person is a director, partner, officer or employee of any of the following institutions:

(a) a bank or authorized foreign bank;

(b) a clearing house or participant, as defined in section 2 of the Payment Clearing and Settlement Act;

(c) a member of the Canadian Payments Association, other than a member thereof referred to in paragraph (a), that maintains a deposit with the Bank;

(d) an investment dealer that acts as a primary distributor of new Government of Canada securities; or

(e) an institution that controls, or is controlled by, an institution referred to in any of paragraphs (a) to (d).

Control

(2.1) For the purpose of paragraph (2)(e),

(a) an institution controls a body corporate if securities of the body corporate to which are attached more than fifty per cent of the votes that may be cast to elect directors of the body corporate are beneficially owned by the institution and the votes attached to those securities are sufficient, if exercised, to elect a majority of the directors of the body corporate;

(b) an institution controls a trust, fund or partnership (other than a limited partnership) or an unincorporated association or organization, if more than fifty per cent of the ownership interests, however designated, into which the trust, fund, partnership, association or organization is divided are beneficially owned by the institution and the institution is able to direct the business and affairs of the trust, fund, partnership, association or organization; and

(c) the general partner of a limited partnership controls the limited partnership.

Restriction on share ownership

(3) Any person who beneficially owns a share in an institution referred to in any of paragraphs (2)(a) to (e) at the time of being appointed director of the Bank shall dispose of that beneficial ownership interest within three months after the appointment. A director of the Bank shall not otherwise beneficially own a share of an institution referred to in any of those paragraphs.

Disqualifications

(4) No person is eligible to be appointed or to continue as director who

(a) is not a Canadian citizen ordinarily resident in Canada;

(b) is employed, on a full-time basis, in any capacity in the public service of Canada or a province or holds any office or position, other than as a part-time member of any board or advisory body of an agency or department of the government of Canada or a province, for which any salary or other remuneration is payable out of public moneys, except that a director may perform temporary services for the government of Canada or a province for which that director may be reimbursed actual travel and living expenses; or

(c) has reached the age of seventy-five years.

Permanently incapacitated

(5) Where a director, in the opinion of the Board, becomes permanently incapacitated, that director may be removed from office by resolution of the Board approved by the Governor in Council.

R.S., 1985, c. B-2, s. 10; 1992, c. 1, s. 142; 1997, c. 15, s. 95; 1999, c. 28, s. 94.

Directors' fees

11. The directors are entitled to receive for attendance at directors' meetings and Executive Committee meetings such fees as may be fixed by the by-laws of the Bank.

R.S., c. B-2, s. 11; 1980-81-82-83, c. 40, s. 46.

Chairman

12. The Governor is Chairman of the Board of Directors.

R.S., c. B-2, s. 12.

EXECUTIVE COMMITTEE

Constitution of Executive Committee

13. (1) There shall be an Executive Committee of the Board consisting of the Governor, the Deputy Governor and not less than two or more than four directors selected by the Board.

Deputy Minister of Finance to be member of Executive Committee

(2) In addition to the members of the Executive Committee as constituted by subsection (1), the person who is a member of the Board by virtue of subsection 5(2) is a member of the Executive Committee, but that person does not have the right to vote.

Powers of Executive Committee

(3) The Executive Committee is competent to deal with any matter within the competence of the Board and shall keep minutes of its proceedings, which shall be submitted to the Board at its next meeting.

R.S., c. B-2, s. 13; 1980-81-82-83, c. 40, s. 47.

GOVERNMENT DIRECTIVE

Consultations

14. (1) The Minister and the Governor shall consult regularly on monetary policy and on its relation to general economic policy.

Minister's directive

(2) If, notwithstanding the consultations provided for in subsection (1), there should emerge a difference of opinion between the Minister and the Bank concerning the monetary policy to be followed, the Minister may, after consultation with the Governor and with the approval of the Governor in Council, give to the Governor a written directive concerning monetary policy, in specific terms and applicable for a specified period, and the Bank shall comply with that directive.

Publication and report

(3) A directive given under this section shall be published forthwith in the Canada Gazette and shall be laid before Parliament within fifteen days after the giving thereof, or, if Parliament is not then sitting, on any of the first fifteen days next thereafter that either House of Parliament is sitting.

R.S., c. B-2, s. 14.

BANK STAFF

Officers and employees

15. (1) Such officers and employees may be employed as in the opinion of the Executive Committee may be necessary.

Pension fund

(2) The Board may by by-law establish a pension fund for the officers and employees of the Bank and their dependants and may contribute to it out of the funds of the Bank. The pension fund shall be invested in such manner as may be provided by the by-laws of the Bank.

By-laws respecting Governor and Deputy Governor

(3) A by-law made under subsection (2) that provides for or relates to the payment of a pension in respect of the retirement of the Governor or Deputy Governor otherwise than by reason of age or disability does not take effect unless it is approved by the Governor in Council.

R.S., 1985, c. B-2, s. 15; 1997, c. 15, s. 96(E).

SECRECY

Oath of directors and staff

16. Before a person starts to act as a director, officer or employee of the Bank, the person shall take an oath, or make a solemn affirmation, of fidelity and secrecy before a commissioner for taking affidavits. The oath or solemn affirmation must be in the form set out in Schedule I.

R.S., 1985, c. B-2, s. 16; 1997, c. 15, s. 97.

CAPITAL AND SHARES

Capital

17. (1) The capital of the Bank shall be five million dollars but may be increased from time to time pursuant to a resolution passed by the Board of Directors and approved by the Governor in Council and by Parliament.

Shares

(2) The capital shall be divided into one hundred thousand shares of the par value of fifty dollars each, which shall be issued to the Minister to be held by the Minister on behalf of Her Majesty in right of Canada.

Registration

(3) The shares issued to the Minister shall be registered by the Bank in the name of the Minister in the books of the Bank at Ottawa.

R.S., c. B-2, s. 17.

BUSINESS AND POWERS OF THE BANK

Powers and business

18. The Bank may

- (a) buy and sell gold, silver, nickel and bronze coin or any other coin and gold and silver bullion;
- (b) buy and sell foreign currencies and maintain deposit accounts with banks or foreign banks, either in or outside Canada, to facilitate such operations;
- (c) buy and sell securities issued or guaranteed by Canada or any province;
- (d) buy and sell short-term securities issued by the United Kingdom having a maturity not exceeding six months from the date of acquisition by the Bank;

- (e) buy and sell treasury bills or other obligations of the United States;
- (f) buy and sell special drawing rights issued by the International Monetary Fund;
- (g) buy and sell bills of exchange and promissory notes endorsed, accepted or issued by a bank or authorized foreign bank that is not subject to the restrictions and requirements referred to in subsection 524(2) of the Bank Act and having a maturity not exceeding one hundred and eighty days, excluding days of grace, from the date of acquisition by the Bank;
- (g.1) buy and sell any other securities, treasury bills, obligations, bills of exchange or promissory notes in accordance with the policies, standards and procedures established by the Bank under section 19;
- (h) make loans or advances for periods not exceeding six months to banks or authorized foreign banks that are not subject to the restrictions and requirements referred to in subsection 524(2) of the Bank Act or to other members of the Canadian Payments Association that maintain deposits with the Bank on the pledge or hypothecation of the classes of securities mentioned in paragraphs (a) to (g), bills of exchange or promissory notes or any other property that the institution to which the loan or advance is made is authorized to hold;
- (i) make loans or advances for periods not exceeding six months to the Government of Canada or the government of any province on the pledge or hypothecation of readily marketable securities issued or guaranteed by Canada or any province;
- (j) make loans to the Government of Canada or the government of any province, but such loans outstanding at any one time shall not, in the case of the Government of Canada, exceed one-third of the estimated revenue of the Government of Canada for its fiscal year, and shall not, in the case of a provincial government, exceed one-fourth of that government's estimated revenue for its fiscal year, and such loans shall be repaid before the end of the first quarter after the end of the fiscal year of the government that has contracted the loan;
- (k) for the purpose of its open-market operations, buy and sell in the open market from or to any person, either in or outside Canada, securities, bills of exchange and promissory notes of the kinds and maturities and subject to the limitations, if any, referred to in paragraphs (c) to (e) and (g) with or without the endorsement of a bank;
- (l) accept deposits from the Government of Canada and pay interest on those deposits;
- (l.1) accept deposits from any bank, authorized foreign bank that is not subject to the restrictions and requirements referred to in subsection 524(2) of the Bank Act or other member of the Canadian Payments Association;
- (l.2) pay interest on the deposits referred to in paragraph (l.1) if the money deposited is to be used for the purpose of making loans or advances referred to in paragraph (h);

(l.3) accept deposits from the government of any province or from any corporation or agency of the Government of Canada;

(m) open accounts in a central bank in any other country or in the Bank for International Settlements, accept deposits from central banks in other countries, the Bank for International Settlements, the International Monetary Fund, the International Bank for Reconstruction and Development and any other official international financial organization, act as agent, depository or correspondent for any of those banks or organizations, and pay interest on any of those deposits;

(n) acquire, hold, lease or dispose of real property;

(o) accept deposits of money that are authorized or required by an Act of Parliament to be transferred to the Bank, and, in accordance with that Act, pay interest on money so deposited and pay out money to any person entitled to it under that Act; and

(p) carry on any business activity that is incidental to or consequential on something the Bank is allowed or required to do by this Act.

R.S., 1985, c. B-2, s. 18; 1992, c. 1, s. 142; 1997, c. 15, s. 98; 1999, c. 28, s. 95.

Investment policies

19. (1) The Bank shall establish policies, standards and procedures in accordance with which it may buy and sell securities or instruments referred to in paragraph 18(g.1). Those policies, standards and procedures must be consistent with the ones that a reasonable and prudent person would apply in respect of a portfolio of investments to avoid undue risks.

Policies to be published

(2) The Bank shall cause the policies, standards and procedures established under subsection (1) to be published in the Canada Gazette.

R.S., 1985, c. B-2, s. 19; 1991, c. 46, s. 581; 1997, c. 15, s. 99.

Acquisition of collateral securities

20. The Bank may

(a) acquire from any bank or authorized foreign bank that is not subject to the restrictions and requirements referred to in subsection 524(2) of the Bank Act or any other member of the Canadian Payments Association that maintains deposits with the Bank and hold any warehouse receipt, bill of lading and other security, held by that bank, authorized foreign bank or member as security for the repayment of any bill of exchange or promissory note acquired by the Bank under section 18; and

(b) exercise every right and remedy, in respect of any security acquired under paragraph (a), that could have been exercised by the bank, authorized foreign bank or member described in that paragraph.

R.S., 1985, c. B-2, s. 20; 1992, c. 1, s. 142; 1999, c. 28, s. 96.

Publication of minimum interest rates on loans

21. The Bank shall at all times make public the minimum rate at which it is prepared to make loans or advances.

R.S., c. B-2, s. 18.

Time limit for unpaid debts

22. (1) The Bank is not liable in respect of any unpaid debt in respect of which a federal financial institution has made a payment to the Bank under the relevant Act in respect of the federal financial institution if

(a) the amount paid to the Bank was less than \$500; and

(b) at least twenty years have gone by since the later of

(i) the last time a transaction took place on the books of the federal financial institution in respect of the unpaid debt, and

(ii) the last time a statement of account was requested of or acknowledged to the federal financial institution by the former creditor in respect of the unpaid debt.

Time limit for instruments

(1.1) The Bank is not liable in respect of any instrument in respect of which a federal financial institution has made a payment to the Bank under the relevant Act in respect of the federal financial institution if

(a) the amount paid to the Bank was less than \$500; and

(b) no payment has been made in respect of the instrument for at least twenty years after the day the instrument was issued or accepted.

Time limit for liquidation claims

(1.2) The Bank is not liable in respect of any claim against a liquidator in respect of the winding-up of a federal financial institution if

(a) the amount of the claim has been paid to the Minister and by the Minister to the Bank under the relevant Act in respect of the federal financial institution;

(b) the amount paid to the Bank was less than \$500; and

(c) at least twenty years have gone by since the later of

(i) the last time a transaction took place on the books of the federal financial institution in respect of the subject-matter of the claim, and

(ii) the last time a statement of account was requested of or acknowledged to the federal financial institution by the former creditor in respect of the subject-matter of the claim.

No liability where claims paid

(2) The Bank is not liable in respect of

(a) any unpaid debt or any instrument in respect of which a federal financial institution has paid an amount to the Bank in accordance with the relevant Act in respect of the federal financial institution, or

(b) any claim against a liquidator in respect of the winding-up of a federal financial institution the amount of which claim has been paid to the Minister and by the Minister to the Bank under the relevant Act in respect of the federal financial institution,

where an amount equal to the amount so paid has been paid by the Bank to the creditor in accordance with the relevant Act in respect of the federal financial institution or to the Receiver General under subsection (3).

Amounts to be paid to Receiver General

(3) An amount equal to the amount paid to the Bank in respect of a debt, instrument or claim referred to in subsection (1) shall, within two months after the end of the calendar year in which the applicable twenty year period expired, be paid by the Bank without interest to the Receiver General and the Bank may destroy all records relating to the debt, instrument or claim.

Amounts part of C.R.F.

(4) Any amount paid by the Bank to the Receiver General under subsection (3) shall form part of the Consolidated Revenue Fund.

Definitions

(5) For the purposes of this section,

"federal financial institution" « institution financière fédérale »

"federal financial institution" means a bank, an authorized foreign bank or a company to which the Trust and Loan Companies Act applies;

"relevant Act" « loi pertinente »

"relevant Act" in respect of a federal financial institution means

(a) in the case of a bank or authorized foreign bank, the Bank Act,

(b) [Repealed, 1999, c. 28, s. 97]

(c) in the case of a company to which the Trust and Loan Companies Act applies, that Act, and

(d) in the case of an association to which the Cooperative Credit Associations Act applies, that Act.

R.S., 1985, c. B-2, s. 22; 1991, c. 46, ss. 582, 583, c. 48, s. 494; 1997, c. 15, s. 100; 1999, c. 28, s. 97.

Inspection 22.1 (1) The Bank may require that the Superintendent of Financial Institutions perform, for a specified purpose, an inspection of any financial institution within the meaning of the Office of the Superintendent of Financial Institutions Act.

Costs

(2) Where an inspection is made under subsection (1), such costs incurred in relation thereto as in the opinion of the Superintendent of Financial Institutions are extraordinary shall be borne by the Bank.

R.S., 1985, c. 18 (3rd Supp.), s. 85.

Prohibited business

23. The Bank shall not, except as authorized by this Act,

(a) engage or have a direct interest in any trade or business whatever;

(b) purchase, or make loans on the security of, its own shares or the shares of any bank, except the Bank for International Settlements;

(c) lend or make advances on the security of any real property, except that, in the event of any claims of the Bank being in the opinion of the Board endangered, the Bank may secure itself on any real property of the debtor or any other person liable and may acquire that property, which shall be resold as practicable thereafter;

(d) make loans or advances without security;

(e) pay interest on any money deposited with the Bank; or

(f) allow the renewal of maturing bills of exchange, promissory notes or other similar documents purchased or discounted by or pledged to the Bank, except that the Board may make regulations authorizing in special circumstances not more than one renewal of any such bill of exchange, promissory note or other document.

R.S., 1985, c. B-2, s. 23; 1997, c. 15, s. 101(E).

Fiscal agent of Canadian Government

24. (1) The Bank shall act as fiscal agent of the Government of Canada.

Charge for acting

(1.1) With the consent of the Minister, the Bank may charge for acting as fiscal agent of the Government of Canada.

To manage public debt

(2) The Bank, if and when required by the Minister to do so, shall act as agent for the Government of Canada in the payment of interest and principal and generally in respect of the management of the public debt of Canada.

Canadian Government cheques to be paid or negotiated at par

(3) The Bank shall not make any charge for cashing or negotiating any cheque drawn on the Receiver General or on his account, or for cashing or negotiating any other instrument issued as authority for the payment of money out of the Consolidated Revenue Fund, or on any cheque drawn in favour of the Government of Canada or any department thereof and tendered for deposit in the Consolidated Revenue Fund.

R.S., 1985, c. B-2, s. 24; 1997, c. 15, s. 102.

Definition of "financial institution"

24.1 (1) In this section, "financial institution" has the same meaning as in section 3 of the Office of the Superintendent of Financial Institutions Act.

Information requirement

(2) A financial institution shall provide the Bank with such information as the Bank may require, at such times and in such form as the Bank may require.

Limitation

(3) A financial institution shall not be required under subsection (2) to provide the Bank with information about the accounts or affairs of any particular person.

1997, c. 15, s. 103.

NOTE ISSUE

Sole right of note issue

25. (1) The Bank has the sole right to issue notes intended for circulation in Canada and those notes shall be a first charge on the assets of the Bank.

Arrangements for issue

(2) It is the duty of the Bank to make adequate arrangements for the issue of its notes at its head office and at its branch offices and agencies in Canada, and to supply those notes as required for circulation in Canada.

Denominations

(3) Notes of the Bank shall be in such denominations and shall be printed and signed or otherwise executed as the Governor in Council by regulation determines.

Form and material

(4) The form and material of the notes shall be subject to approval by the Minister, but each note shall be printed in both the English and French languages.

Notes previously printed

(5) Notwithstanding anything contained in this section, each note printed before June 23, 1936, and issued after that date, as well as each such note issued before that date, is a valid and binding obligation of the Bank.

Distinction

(6) Notes of the Bank are neither promissory notes nor bills of exchange within the meaning of the Bills of Exchange Act.

R.S., c. B-2, s. 21; 1980-81-82-83, c. 40, s. 49.

REDEMPTION OF NOTES OTHER THAN THOSE OF THE BANK

Liability for notes

26. (1) The Bank is responsible for the redemption of notes payable to bearer on demand that were issued and outstanding on March 11, 1935 and immediately prior to that day constituted a direct liability of Canada, and such notes are and continue to be legal tender.

Idem

(2) The Bank is responsible for the redemption of notes of the Canadian banks listed in Schedule R of the Bank Act, chapter B-1 of the Revised Statutes of Canada, 1970, that were issued prior to January 1, 1950 and intended for circulation in Canada.

R.S., c. B-2, s. 22; 1980-81-82-83, c. 40, s. 50.

REST FUND

Rest fund

27. The Bank shall establish a rest fund and after making such provision as the Board thinks proper for bad and doubtful debts, depreciation in assets, pension funds and all such matters as are properly provided for by banks, the ascertained surplus available from the operations of the Bank during each financial year shall be applied by the Board as follows:

(a) if the rest fund of the Bank is less than the paid-up capital, one-third of the surplus shall be allocated to the rest fund and the residue shall be paid to the Receiver General and form part of the Consolidated Revenue Fund;

(b) if the rest fund is not less than the paid-up capital, one-fifth of the surplus shall be allocated to the rest fund until the rest fund reaches an amount five times the paid-up capital and the residue shall be paid to the Receiver General and form part of the Consolidated Revenue Fund; and

(c) if the rest fund is not less than five times the paid-up capital, the whole of the surplus shall be paid to the Receiver General and form part of the Consolidated Revenue Fund.

R.S., c. B-2, s. 23.

AUDIT

Appointment of auditors

28. (1) The Governor in Council shall, on the recommendation of the Minister, appoint two firms of accountants eligible to be appointed as auditors of a bank to audit the affairs of the Bank.

Term of office

(2) Every firm of accountants appointed after November 30, 1980 shall be appointed to perform annual audits for the five fiscal years following the year of its appointment except that one of the first two firms of accountants appointed after November 30, 1980 shall be appointed to perform annual audits for the three years following the year of its appointment.

Vacancies

(3) Where any vacancy occurs in the office of auditor of the Bank, notice thereof shall forthwith be given by the Bank to the Minister who thereupon shall appoint some other firm of accountants eligible to be appointed under this section to audit the affairs of the Bank for the balance of the term of the firm of accountants so replaced.

Persons who may not act

(4) No firm of accountants of which a director is a member is eligible for appointment as an auditor and no auditor of the Bank is eligible for appointment for a second successive term.

Reports to Minister

(5) The Minister may from time to time require the auditors to report to the Minister on the adequacy of the procedure adopted by the Bank for the protection of its creditors or shareholders and the sufficiency of their own procedure in auditing the affairs of the Bank, and the Minister may, at his discretion, enlarge or extend the scope of the audit or direct that any other procedure be established or that any other examination be made by the auditors as the public interest may seem to require.

Copies of reports to be sent to Minister

(6) A copy of every report made by the auditors to the Bank under this section shall be transmitted to the Minister by the auditors at the same time as that report is transmitted to the Bank.

R.S., c. B-2, s. 24; 1980-81-82-83, c. 40, s. 51.

RETURNS

Weekly balance sheet

29. (1) The Bank shall, as soon as practicable after the close of business on Wednesday of each week, make up and transmit to the Minister in the form of Schedule II a balance sheet as at the close of business on that day.

Monthly balance sheet

(2) The Bank shall, on or before the seventh day of each month,

(a) make up and transmit to the Minister, in the form of Schedule II, a balance sheet as at the last business day of the preceding month; and

(b) provide to the Minister in the form of Schedule III, information regarding the Bank's investments in securities issued or guaranteed by the Government of Canada.

Declarations

(3) Every return required under subsections (1) and (2) shall be accompanied by declarations in the form set out in Schedule II, which shall be a part of the return and shall be signed by the Chief Accountant or by the Acting Chief Accountant of the Bank, and by the Governor or a Deputy Governor.

Amendment of Schedules

(4) The Governor in Council may amend the form of Schedules II and III as the Governor in Council deems necessary.

Publication of statements

(5) A copy of each statement required under subsections (1) and (2) shall be published in the issue of the Canada Gazette next following the transmission of each statement to the Minister.

R.S., 1985, c. B-2, s. 29; 1997, c. 15, s. 104.

Fiscal year

30. (1) The fiscal year of the Bank shall be the calendar year.

Financial statements to Minister

(2) Within two months after the end of each financial year, the Bank shall send to the Minister its audited financial statements for the financial year, in the form prescribed by the by-laws of the Bank.

Signing of statements

(2.1) The financial statements must be signed by the Governor or the Deputy Governor and the Chief Accountant or Acting Chief Accountant of the Bank.

Other information

(2.2) The financial statements must be accompanied by any summary or report by the Governor that the Governor considers desirable or that is required by the Minister. A copy of the signed and audited financial statements must without delay be published in the Canada Gazette.

Report to Parliament

(3) The Minister shall lay the copy of the accounts and Governor's report mentioned in subsection (2) before Parliament on any of the first twenty-one days that either House of Parliament is sitting after the Minister receives it.

R.S., 1985, c. B-2, s. 30; 1997, c. 15, s. 105.

OFFENCES AND PUNISHMENT

Holding office when ineligible

31. Every person who holds office or continues to hold office as the Governor or as a Deputy Governor or director of the Bank, knowing that he is not eligible for that office, is guilty of an indictable offence and liable to imprisonment for not less than three months and not more than three years.

R.S., c. B-2, s. 27.

Verifying false statement, account or list

32. Every director, officer or auditor of the Bank who verifies any statement, account or list required to be furnished to the Minister pursuant to this Act, or who has to do with the delivering or transmitting of that statement, account or list to the Minister, knowing it to be false in any material particular, is guilty of an indictable offence and liable to imprisonment for not less than six months and not more than five years.

R.S., c. B-2, s. 28.

Contravention of Act

33. Any officer of the Bank or any officer of a bank or any other person who fails or omits to comply with any provision of this Act is guilty of an offence and, unless otherwise provided by this Act, liable on summary conviction to a fine of not less than one hundred dollars and not more than five hundred dollars.

R.S., c. B-2, s. 29.

LIQUIDATION OR WINDING-UP

Insolvency and winding-up

34. No statute relating to the insolvency or winding-up of any corporation applies to the Bank and in no case shall the affairs of the Bank be wound up unless Parliament so provides, but if provision is made for winding up the Bank the notes of the Bank outstanding are the first charge on the assets.

R.S., c. B-2, s. 30. BY-LAWS

By-laws

35. (1) The Board, with the approval of the Governor in Council, may make by-laws with respect to

(a) the calling of meetings of the Board and of the Executive Committee and what number of persons shall constitute a quorum in each case, and how questions considered at those meetings shall be determined;

(b) the fees of directors;

(c) the duties and conduct of officers and employees of the Bank;

(d) the form of the annual statement of accounts; and

(e) generally, the management and disposition of the stock, property and undertakings of the Bank.

Publication

(2) Every by-law and every amendment or repeal thereof shall take effect when published in the Canada Gazette.

R.S., 1985, c. B-2, s. 35; 1997, c. 15, s. 106(E).

SCHEDULE I (Section 16) OATH OR SOLEMN AFFIRMATION OF OFFICE

I,, do solemnly swear (or affirm) that I will faithfully and to the best of my judgment and ability perform the duties that are required of me as a director (officer or employee, as the case may be) of the Bank of Canada and that relate to any office or position in the Bank held by me.

I also solemnly swear (or affirm) that I will not communicate any information relating to the affairs of the Bank to any person not legally entitled to the information, that I will not allow information relating to the affairs of the Bank to be communicated to any person not legally entitled to it, and that I will not allow any person to inspect or have access to any books or documents belonging to or in the possession of the Bank and relating to the business of the Bank unless that person is legally entitled to inspect those books or documents or to have access to them.

R.S., 1985, c. B-2, Sch. I; 1997, c. 15, s. 107.

**SCHEDULE II (Section 29)
BANK OF CANADA BALANCE SHEET**

AS AT

ASSETS-

1. GOLD COIN AND

2. DEPOSITS PAYABLE IN
FOREIGN CURRENCIES:

(a) U.S.A. Dollars

(b) Other currencies _____

TOTAL

3. ADVANCES TO:

(a) Government of Canada

(b) Provincial Governments Canadian Payments

(c) Members of the Canadian Association Payments Association _____

(d) Other Members of the Canadian Association Payments Association

(e) Other _____

TOTAL

4. INVESTMENTS

(AT AMORTIZED VALUES):

(a) Treasury Bills of Canada

(b) Other securities issued or
guaranteed by Canada

maturing within three years

LIABILITIES-

1. CAPITAL PAID UP BULLION

2. REST FUND

3. NOTES IN CIRCULATION

4. DEPOSITS:

(a) Government of Canada

(b) Provincial Governments

(c) Banks

TOTAL

5. LIABILITIES PAYABLE IN FOREIGN
CURRENCIES:

(a) To Government of Canada

(b) To others _____

- (c) Other securities issued or guaranteed by Canada not maturing within three years
- (d) Securities issued or guaranteed by a province of Canada
- (e) Other bills
- (f) Other investments
- (g) [Repealed, 1997, c. 15, s. 110] _____

6. ALL OTHER LIABILITIES _____
TOTAL

TOTAL

5. BANK PREMISES

6. ALL OTHER ASSETS _____

TOTAL

I declare that the foregoing return is correct according to the books of the Bank.

.....
Chief Accountant (or acting Chief Accountant)

I declare that the foregoing return is to the best of my knowledge and belief correct, and shows truly and clearly the financial position of the Bank, as required by section 29 of the Bank of Canada Act.

Place this day of 20

..... Governor (or Deputy Governor)

R.S., 1985, c. B-2, Sch. II; 1997, c. 15, ss. 108 to 110.

**SCHEDULE III (Section 29)
BANK OF CANADA**

1. Maturity distribution of investments in securities issued or guaranteed by Canada not maturing within three years (paragraph 4(c) of Schedule II):

- (a) securities maturing in over three years but not over five years;
- (b) securities maturing in over five years but not over ten years; and
- (c) securities maturing in over ten years.

2. Total amount of securities included in paragraphs 4(a) to (c) of Schedule II held under purchase and resale agreements.

3. Total amount of bills included in paragraph 4(e) of Schedule II held under purchase and resale agreements.

R.S., c. B-2, Sch. C; 1980-81-82-83, c. 40, s. 53.