

duced such changes into the organization of the bank as were thought best adapted to fit it for this special mission.

Pursuant to this act the bank is an independent State-owned institution, operating through three financially separate departments, viz. the Issue Department, the Savings Bank Department, and the Hypothec-Mortgage Department. The national treasury is liable for all engagements made by the bank.

The capital of the Issue Department is 3 million krónur, advanced by the treasury and on which an interest of 6 per cent. per annum is payable out of the annual profit of the Department. The total amount of interest thus paid to the treasury must, however, never exceed one-half of the yearly profit, the rest being passed to the reserve fund of the Department.

Of the above-mentioned act the following are the most important provisions respecting the note issue.

The Issue Department has the exclusive privilege of issuing bank notes or other circulating medium capable of taking the place of metal money and being current and legal tender instead of bank notes (see p. 89).

Moreover, the Issue Department is bound to pay its notes, when presented, in legal tender and gold coin, provided the amount of notes thus presented corresponds to whole denominations, while smaller amounts are redeemable in change. Any person may take pure uncoined gold to the Issue Department, which is compelled by law to buy it at 2 480 krónur per kilo, less  $\frac{1}{2}$  per cent. for coinage.

The Issue Department issues notes to the extent required to satisfy the need for circulating medium. To this, however, the following conditions are attached, (1) that the gold reserve held by the Department shall be equivalent to three-eighths of the notes in circulation at any time, and never less than 2 million krónur; and (2) that the note circulation not backed by gold be covered by easily convertible assets to the extent of 125 kr. against every 100 kr. in notes.

In the gold reserves shall be reckoned: (a) legal current gold coin; (b) uncoined gold and foreign gold currencies at the rate of 2 480 krónur per kilo of pure gold; (c) a credit balance, payable on demand, at such banks abroad as may be deemed thoroughly safe by the board of governors and sanctioned by the minister concerned, — less corresponding debts of the department. This kind of securities must, however, in no case exceed one-fourth of the gold cover.

The supreme authority of The National Bank is vested in a Committee and in the minister in charge of banking matters. The management of the