

AN ACT TO AMEND CERTAIN ARTICLES OF CHAPTER FORTY-ONE OF THE ADMINISTRATIVE CODE, AS AMENDED, FOR THE PURPOSE OF ESTABLISHING A GOLD STANDARD FUND WITH WHICH TO MAINTAIN THE PAR...

Act No. 3058, June 13, 1922

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Be it enacted by the Senate and House of Representatives of the Philippines in Legislature assembled and by the authority of the same:

SECTION 1. Articles II, III, IV, V, VI and VII of chapter forty-one of the Administrative Code as amended by Act Numbered Twenty-seven hundred and seventy-six and by Act Numbered Twenty-nine hundred and thirty-nine or as otherwise amended are hereby further amended to read as follows:

"Article II.—Philippine coins

"SEC. 1610. Terms defined.—'Silver peso' or 'peso' means the metallic silver peso coined and issued by the Philippine Government under the authority of this Act or of the laws enacted by the Congress of the United States.

" 'Certificate of indebtedness' means the certificate of indebtedness issued under this Act and by authority of section six of an Act of Congress, approved March second, nineteen hundred and three, entitled 'An Act to establish a standard of value and to provide for a coinage system in the Philippine Islands,' as amended.

" 'Treasury certificate' means the certificate issued by authority of this Act, as well as certificates known either as 'treasury certificates' or as 'silver certificates' issued by authority of law before this Act became effective.

"SEC. 1611. Unit of monetary value in Philippine Islands.—The unit of value in the Philippine Islands shall be the gold peso consisting of twelve and nine-tenths grains of gold, nine-tenths fine; two pesos gold shall be equal in weight, fineness, and value to the gold standard dollar of the United States.

"SEC. 1612. Legal tender.—The Philippine silver peso and half peso, and gold coins of the United States at the rate of one dollar for two pesos, shall be legal tender for all debts, public and private, unless otherwise specifically provided by contract. Philippine subsidiary coins of twenty centavos and ten centavos shall be legal tender in amounts not exceeding twenty pesos. Philippine minor coins of nickel and copper shall be legal tender in amounts not exceeding two pesos.

"SEC. 1613. Weight and fineness of Philippine coins.—The lawful weight and fineness of Philippine coins shall be as follows, and all coins hereafter coined shall be minted in accordance therewith:

"The peso shall be equal to one hundred centavos and shall contain twenty grams of silver eight hundred thousandths fine.

"The fifty-centavo. piece shall contain ten grams of silver seven hundred and fifty thousandths fine.

"The. twenty-centavo piece shall contain four grams of silver seven hundred and fifty thousandths fine.

"The ten-centavo piece shall contain two grams of silver seven hundred and fifty thousandths fine.

"The alloy of the above-mentioned silver coins shall be copper.

"The five-centavo piece shall contain four grams and eighty-seven centigrams of an alloy composed of seventy-five per cent of copper and twenty-five per cent of nickel.

"The one-centavo piece shall contain five grams and one hundred and eighty-four milligrams of an alloy composed of ninety-five per cent of copper and five per cent of tin and zinc.

"SEC. 1614. Coinage and recoinage of Philippine coins.—At the request of the Insular Treasurer and with the approval of the Secretary of Finance and of the Governor-General, the coins authorized under the provisions of section sixteen hundred and thirteen may be coined in the amounts necessary to meet the legitimate demands of commerce.

"The coinage may be executed in the Mint of the Philippine Islands, or in any of the mints of the United States by contract between the Government of the Philippine Islands and the Secretary of the Treasury of the United States, upon the recommendation of the Secretary of Finance and the order of the Governor-General, for which purpose the reasonable cost of the work shall be paid. The Secretary of Finance, with the approval of the Governor-General, shall prescribe the designs and inscriptions for said coins, showing that they are of the Philippine Islands, their value, and the year of coinage.

Philippine coins having greater weight or fineness than those prescribed herein if paid to any Government office or treasury or to any bank doing business in the Philippine Islands or Philippine coins mutilated or otherwise unfit for circulation if paid into any treasury of the Government shall not be reissued but shall be retained for recoinage in accordance with this law.

"Article III.—Stamping of counterfeit coin

"SEC. 1615. Word 'false' to be stamped on counterfeit coin.—When counterfeit coin is presented at the Insular Treasury or at any bank doing business in the Philippine Islands or when such coin comes into the official custody of any employee of such Treasury or bank, the word 'false' shall be stamped thereon in characters clearly legible to casual inspection and with such instrument as may be prescribed by the Insular Treasurer.

"Article IV.—Exchanges and redemption of currency and exchanges of drafts for currency by insular and provincial treasurers

"SEC. 1616. Exchange of silver pesos for subsidiary coins.—Philippine silver pesos and half pesos shall be exchangeable in sums of ten pesos or any multiple thereof at the Treasury of the Philippine Islands and at the offices of provincial treasurers for subsidiary current coins of silver, and minor coins of nickel or copper of equivalent face amount.

"SEC. 1617. Duty of Insular Treasurer to receive worn or mutilated currency of United States.—When worn or mutilated circulating notes issued by the Treasurer of the United States or by any institution organized under the laws of the United States, are presented at the Philippine Treasury in such condition that they will be received and redeemed by the Treasury of the United States, they shall be received by the Insular Treasurer at their face value, or at such value as would be allowed upon redemption by the Treasurer of the United States, and shall be transmitted by him to the disbursing agent in Washington with instructions for their presentation at the Treasury of the United States for redemption.

"SEC. 1618. Exchange drawn between insular and provincial treasurers.—The Insular Treasurer may exchange for Philippine currency, offered in sums of not less than five hundred pesos, demand drafts and telegraphic transfers for equivalent amounts upon funds in the hands of any provincial treasurer, when the same can be done without embarrassment to the provincial treasury; and a provincial treasurer may exchange for Philippine currency, offered in like sums, demand drafts and telegraphic transfers upon the Insular Treasury.

"SEC. 1619. Exchange between provincial treasuries.— Subject to the regulations of the Bureau of the Treasury, any provincial treasurer may exchange for Philippine currency, offered in sums of not less than five hundred pesos, demand drafts and telegraphic transfers for equivalent amounts upon another provincial treasurer.

"SEC. 1620. Rates of insular exchange.—For exchange sold under the last preceding two sections a premium shall be charged at a rate to be fixed from time to time by the Secretary of Finance, and the premium for exchange sold by provincial treasurers shall accrue to the general fund of the respective province.

"Article V.—Maintenance of parity

"SEC. 1621. Powers and duties of Insular Treasurer in respect to maintenance of parity.—For the purpose of maintaining the parity of the Philippine silver peso with the Philippine gold peso, and of keeping the currency equal in volume only to the demands of trade, the Insular Treasurer is hereby authorized and directed—

"(a) On demand, at the Insular Treasury in Manila, to sell for Philippine currency offered in sums of not less than ten thousand pesos or currency issued by and or under the authority of the United States, offered in sums of not less than five thousand dollars, exchange for equivalent amounts on the 'Gold Standard Fund' deposited in the United States, charging for the same a premium of three-quarters of one per centum for demand drafts and of one and one-eighth per centum for telegraphic transfers; and the Insular Treasurer is further authorized and directed to instruct the depositories of funds of the Philippine Government in the United States to sell on demand, in sums of not less than ten thousand pesos, exchange against the 'Gold Standard Fund' in the Philippine Islands, charging for the same a premium of three quarters of one per centum for demand drafts and of one and one-eighth per centum for telegraphic transfers, rendering accounts therefor to the Insular Treasurer and the Insular Auditor. All such dealings in exchange shall constitute operations through the 'Gold Standard Fund' hereinafter provided for. The premium charge for drafts and telegraphic transfers in this paragraph mentioned may be temporarily increased or decreased by order issued by the Secretary of Finance, should conditions at any time existing, in his judgment, require such action.

"(b) To exchange at par, on the approval of the Secretary of Finance, currency issued by and or under the authority of the United States, for Philippine currency, and Philippine currency for currency issued by and or under the authority of the United States.

"(c) To exchange, on the approval of the Secretary of Finance, United States gold coin or gold bars in sums of not less than ten thousand pesos or five thousand dollars, for Philippine currency, charging for such gold coin or bars a premium sufficient to cover the expense at commercial rates of transporting United States gold coin or bars from New York to Manila. The Secretary of Finance shall determine the amount of premium required by this subsection.

"(d) To withdraw from circulation Philippine currency received in the Insular Treasury in Manila in the manner provided in paragraphs (a), (b) and (c) of this section until said Philippine currency is paid out in response to the demands upon it by the sale of exchange in the United States as provided in paragraph (a) of this section or until said Philippine currency is needed at the Insular Treasury for the purpose of effecting exchanges of said Philippine currency for currency issued by and or under the authority of the United States and for United States gold coin or gold bars as provided by paragraph (b) of this section.

"(e) To withdraw from circulation currency issued by and or under the authority of the United States and United States gold coin and gold bars received in the Philippine Islands by the Insular Treasurer in exchange for Philippine currency, or for exchange sold on the 'Gold Standard Fund' in the United States, under paragraphs (a) and (b) of this section, until called out in response to the presentation of Philippine currency as above provided, or until an insufficiency of Philippine currency shall make necessary an increased coinage, in which case the funds so withdrawn may be used under this Act for the purpose of providing such coinage. The money so obtained shall become part of the 'Gold Standard Fund.'

"Article VI.—Gold standard fund

"SEC. 1622. How constituted.—There is hereby constituted in the Insular Treasury a separate and trust fund, designated as the 'Gold Standard Fund,' which shall at all times be maintained in a sum not less than fifteen per centum of the money of the Government of the Philippine Islands in circulation and available for circulation, including both coin and Treasury certificates. If at any time and for any reason said fund shall fall below the minimum hereinabove fixed, the deficiency shall be made up out of any funds then in the Insular Treasury or thereafter paid into the Treasury, not specifically appropriated to meet the payment of the principal, sinking fund, or interest of the public debt, and such amount shall be considered as automatically appropriated for this purpose, and the Insular Treasurer is hereby authorized and directed to transfer the necessary amount to the 'Gold Standard Fund' to make good any such deficiency therein.

"In determining the minimum limitation of the 'Gold Standard Fund' for any purposes in this Act, the proceeds of outstanding certificate of indebtedness shall not be counted as a part of the fund.

"To the fund there shall be added from time to time the following:

" (a) All profits of seigniorage made by the Insular Government in the purchase of bullion and the coinage therefrom, and the issue of Philippine pesos and subsidiary and minor coins, as well as all profits derived from the re-coinage of Philippine coins of greater weight and fineness than those prescribed by this Act.

" (b) All profits from the sale of exchange by the Insular Government between the Philippine Islands and the United States for the purpose of maintaining the parity of the Philippine silver peso with the gold standard peso.

"(c) All premiums arising from the sale of interisland telegraphic transfers and demand drafts by the Insular Treasurer in Manila upon provincial treasurers.

"(d) All net proceeds of forfeitures of silver coin or bullion the exportation or importation of which is attempted or affected contrary to law.

" (e) All interest or other profit from deposits made from the 'Gold Standard Fund' in accordance with law.

"(f) All other receipts derived by the Insular Government from the exercise of the functions of furnishing a currency for the Philippine Islands.

"Such fund shall not be used to pay any of the expenses of the Government of the Philippine Islands or to satisfy any of the appropriations of said Government except only such expenses as follows:

" (a) Those connected with the purchase of bullion, the coinage of the same into money of the Philippine Islands, and those expenses which are incidental to such coinage;

"(b) Those connected with the putting of the money into circulation, including the preparation, issue, and destruction of treasury certificates, and including additional compensation to the members of the committee provided for in section sixteen hundred and twenty-five, paragraph (g) of this Act;

"(c) Those connected with the carrying on of such transactions, by exchange or otherwise, as may be authorized by law to maintain the circulation of the currency of the Philippine Islands, and to maintain the parity of value between the gold standard peso and the Philippine silver peso and subsidiary and minor coins.

"SEC. 1623. How held.—The 'Gold Standard Fund' shall be held in the vaults of the Insular Treasury in Manila or may in part be held in the form of deposits with such Federal Reserve Banks or member banks of the Federal Reserve System in the United States as may be designated from time to time by the Governor-General to be branches of the Philippine Treasury for receiving such deposits: Provided, That no portion of the fund shall ever be deposited in any bank doing business in the Philippine Islands or in any branch or agency outside

of said Islands of a bank doing business in said Islands, or in any bank doing business outside said Islands which may be controlled by a bank doing business in said Islands through the ownership of stock therein or otherwise: And provided, further, That not more than twenty per centum of the fund shall be deposited with any single depository in the United States, except with the bank where the Insular Treasurer keeps his deposits in current account in connection with his exchange operations. Such portion of the fund as is held in the Treasury at Manila shall be physically segregated in the vaults of the Insular Treasurer and kept separate and detached from all other funds in such vaults, and shall be under the same joint custody of the Committee as provided for the reserve vault in paragraph (e) of section sixteen hundred and twenty-five of this Act.

"Philippine silver coin in the 'Gold Standard Fund' may at any time be exchanged by the Insular Treasurer for an equivalent amount, at par of gold on deposit in the United States in the 'Treasury Certificate Fund.'

"SEC. 1624. Insufficiency of the fund and surplus accumulations;.—Should the minimum of the 'Gold Standard Fund' as hereinbefore constituted be insufficient to maintain the parity of the Philippine silver peso with the gold standard peso, it may be augmented by the proceeds of the sale of certificates of indebtedness as provided by Act of Congress of March .second, nineteen hundred and three, as amended. Such proceeds shall then constitute a part of said Fund. As the public interest permits, the Governor-General, upon the recommendation of the Secretary of Finance, may direct the payment from the fund of the principal and interest of all or any part of the certificates of indebtedness at any time outstanding.

"The 'Gold Standard Fund' shall be increased in amount through the additions provided for in section sixteen hundred and twenty-two of this Act until the amount of the said fund shall be equal to twenty-five per centum of the money of the Philippine Islands in circulation and available for circulation, including both coin and treasury certificates. Any surplus which may accumulate in the said fund in excess of the said twenty-five per centum may be transferred, in whole or in part, to the general fund of the Insular Treasury upon the recommendation of the Secretary of Finance and the approval of the Governor-General: Provided, That in calculating the twenty-five per centum the proceeds of the sale of outstanding certificates of indebtedness shall not be included: And provided, further, That no surplus shall be so transferred while certificates of indebtedness are outstanding.

"Article VII.—Issuance of treasury certificates and maintenance of fund to protect the same

"Sec. 1625. Manner in which treasury certificates are to be dealt with—Treasury certificates shall be prepared and delivered to the Treasurer of the Philippine Islands, safeguarded, issued, withdrawn, and cancelled or destroyed, and a record of such transactions shall be kept as herein-below provided.

"(a) The necessary drawings, designs, plates, and engravings for such certificates shall be approved by the Governor-General upon the recommendation of the Secretary of Finance, and the printing thereof shall be made and executed through the Secretary of the Treasury of the United States, upon request of the Governor-General.

"(b) Such certificates, when completed at the Bureau of Engraving and Printing at Washington, shall be delivered to the Bureau of Insular Affairs of the War Department at Washington, the Chief of which Bureau shall receipt therefor in the name of the Government of the Philippines, after having verified the count thereof, the Chief of the Bureau of Insular Affairs shall thereupon transmit such certificates to the Treasurer of the Philippine Islands, and shall also give notice to the Auditor for the Philippine Islands of the denominations and amount of treasury certificates transmitted to such Treasurer. Upon delivery of such certificates to the Treasurer of the Philippine Islands, the Auditor shall receive from such Treasurer a receipt in duplicate of the denominations and amount of the certificates so received upon verifying the count thereof, and of the duplicate receipts so received the Auditor shall retain one, and the other shall be transmitted by the Auditor with his countersignature to the Chief of the Bureau of Insular Affairs at Washington.

"(c) Upon receiving such certificates, the Treasurer of the Philippine Islands shall preserve the same free from

all opportunity for loss by theft, and the certificates, in packages of convenient size inclosed in paper strips upon which are printed the denomination and amount inclosed therein, shall be deposited in a vault, called the reserve vault, where they shall remain until required for circulation. While the certificates remain in the reserve vault, they shall not be considered as available cash for the Government, and shall not appear as such on the books of the Treasury, though the Reserve Vault Committee shall be held responsible for the same as money.

"(d) Upon the delivery to the Auditor for the Philippine Islands of the receipt of the Treasurer for the completed certificates transmitted to the Treasury by the Chief of the Bureau of Insular Affairs at Washington, the Auditor for the Philippine Islands shall enter upon a book kept by him for that purpose, the denominations, serial numbers, and amounts delivered to the Treasurer of the Philippine Islands. The Treasurer of the Philippine Islands shall keep separate accounts in which shall be recorded the amount and the denominations of the certificates which are put into and withdrawn from said reserve vault. The Treasurer of the Philippine Islands shall furnish a transcript -of the foregoing entries to the Insular Auditor, who shall enter the same on his books.

"(e) The reserve vault wherein such certificates are deposited shall be under the joint custody of a committee composed of the Insular Treasurer, the Insular Auditor, and such other person as may be designated by the Governor-General, and it shall be the duty of the Insular Treasurer and the Insular Auditor to keep a book record of the amount and denomination of all treasury certificates placed in or removed from such reserve vault, and they shall each take and duly preserve a receipt from the official to whom such certificates are released.

" (f) For the purpose of making the exchange of treasury certificates for silver coin as provided in section sixteen hundred and twenty-six of this Act, the Insular Treasurer may from time to time withdraw treasury certificates from the reserve vault. When so withdrawn said certificates shall be exchanged for an equivalent par amount of silver coin which silver coin shall immediately be transferred to the 'Treasury Certificate Fund:' Provided, however, That the Insular Treasurer may from time to time withdraw treasury certificates from the reserve vault for the purpose of exchanging the same for an equivalent par amount of silver coin from the general fund, and exchange of treasury certificates for silver coin as provided for in the above mentioned section may be made from any certificates in the general fund: And provided, further, That whenever and for whatever reason there shall accumulate in the general fund an amount of treasury certificates larger than said Treasurer deems necessary such excess of said certificates may be redeemed from the 'Treasury Certificate Fund' and such redeemed certificates shall be retired immediately and placed in the reserve vault with other unissued certificates. All moneys in the Insular Treasury which do not form a part of the 'Gold Standard Fund' or the 'Treasury Certificate Fund' shall be considered as available for circulation.

"(g) When treasury certificates mutilated or otherwise unfit for circulation shall be paid into the Insular Treasury they shall not be reissued but shall be retained in the Treasury for destruction. From time to time when a sufficient amount of such certificates shall have accumulated a committee of accountants to be designated by the Secretary of Finance shall sort, verify, and count said certificates and shall in the presence of the Secretary of Finance, the Insular Treasurer, the Insular Auditor and a representative of the Governor-General after noting the amounts and denominations of such certificates completely destroy the same by burning. Thereafter the Insular Treasurer shall be credited on his accounts in accordance with this action and the credit allowed shall be based upon the written report of the committee of accountants attested by the Secretary of Finance, the Insular Auditor and the representative of the Governor-General. Certificates mutilated or unfit for circulation pending their destruction shall be held under the joint custody of the Reserve Vault Committee referred to in paragraph (e) of this section: Provided, That from time to time said Committee may place a sufficient amount of said certificates under the custody of the Treasurer to facilitate the sorting, counting and verifying of the same while the reserve vault remains closed.

"SEC. 1626. Issuance of treasury certificates.—The Treasurer of the Philippine Islands is hereby authorized, in his discretion, to receive at the Insular Treasury or at any of its branches, deposits of silver pesos or half pesos

authorized herein, in sums of not less than twenty pesos, and to issue therefor treasury certificates of an equivalent face amount, in denominations of not less than one peso, nor more than five hundred pesos. Coin so received shall be retained in the Treasury and held for the payment of such certificates, on demand, and used for no other purpose, and shall constitute a separate and trust fund in the Insular Treasury, to be known as the 'Treasury Certificate Fund.'

"The 'Treasury Certificate Fund' shall at all times be equivalent in amount to one hundred per centum of all treasury certificates in circulation and available for circulation, and shall be constituted of silver coins received in exchange for the treasury certificates, and shall be held in the vaults of the Insular Treasury in Manila, and not elsewhere: Provided, however, That when the Government's supply of silver coin is insufficient to meet the demands of trade, gold coin of the United States may be substituted temporarily for silver pesos in the fund to such an extent as may be found necessary to release silver coins for circulation, pending the purchase of silver bullion for the coinage of silver coins, which silver coins shall immediately be substituted for the gold placed in the fund: And provided, further, That as first set up and established by the provisions of this Act and until such time as the Governor-General in writing may direct the purchase of silver bullion for the coinage of additional silver coins, the 'Treasury Certificate Fund' instead of being constituted wholly of silver coins held in the vaults of the Insular Treasury in Manila, may be constituted in part of currency issued by and or under the authority of the United States held in Manila and on deposit which such Federal Reserve Banks or member banks of the Federal Reserve System in the United States as may from time to time be designated by the Governor-General to be branches of the Philippine Treasury for receiving such deposits. The 'Treasury Certificate Fund' shall be segregated physically from all other funds in the Insular Treasury, and it shall be held under the joint custody of the Reserve Vault Committee.

"Treasury certificates shall be receivable for customs, taxes and for all public dues in the Philippine Islands, and when so received may be reissued, and when held by any banking association in said Islands, may be counted as part of its lawful reserve.

"SEC. 1627. Reports of Insular Treasurer upon condition of the 'Gold Standard Fund' and the 'Treasury Certificate Fund.'—At the opening of each regular session of the Legislature, the Insular Treasurer shall submit to the Secretary of Finance, who will transmit the same to the Governor-General, a special report containing a detailed statement of the amount and sources of the 'Gold Standard Fund' and the Treasury Certificate Fund' and of all the operations of the Treasury relating to said funds during the preceding year. Upon approval by the Governor-General a copy of such report shall be transmitted to each House of the Legislature.

"The Insular Treasurer shall also submit to the Governor-General, through the Secretary of Finance, a monthly report containing a detailed statement of all operations of the Treasury relating to such funds."

SEC. 2. Appropriation of funds.—In contemplation of the fact that the Congress of the United States may by appropriate legislation increase the authorized debt limit of the Philippine Islands so as to permit the issue of bonds, as provided in section three of this Act, for the purpose of raising funds to establish the "Gold Standard Fund" and the "Treasury Certificate Fund" constituted under section one of this Act, and for other purposes, an appropriation is hereby made of such an amount of the proceeds of the sale of such bonds as shall be requisite to establish such "Gold Standard Fund".and such "Treasury Certificate Fund" as herein constituted and the Insular Treasurer is hereby directed to make transfers of the same in the following manner:

First. The Treasurer shall transfer to the "Gold Standard Fund, in the form of deposits with such Federal Reserve Banks or member banks of the Federal Reserve System in the United States, as shall be designated by the Governor-General to be branches of the Philippine Treasury for receiving such deposits, a sufficient amount of funds to meet the full minimum requirement of such "Gold Standard Fund," previously deducting the sum owing by the Philippine Mint, which shall be considered as a part of the fund, and to provide for the retirement at maturity of all outstanding certificates of indebtedness, or for their purchase before maturity, if such purchase is

deemed expedient by the Secretary of War.

Second. The Treasurer shall transfer to the "Treasury Certificate Fund" any or all balances of funds constituting the "Currency Reserve Fund" as heretofore established, exclusive of any portion of the Fund deposited in the Philippine National Bank and any funds due from the Philippine Mint or other sources, together with such further sum as may be required to establish such "Treasury Certificate Fund," in an amount equivalent to one hundred per centum of all treasury certificates in circulation and available for circulation: Provided, however. That that portion of the "Currency Reserve Fund" as heretofore established represented by deposits in the Philippine National Bank and due from sources other than the Philippine Mint shall not be transferred under the provisions hereof to the "Treasury Certificate Fund," but is hereby appropriated to the General Fund of the Insular Treasury, and shall be transferred forthwith by the Insular Treasurer to said General Fund.

After the transfers have been made as hereinbefore set forth, any balance remaining from the proceeds of sale of the bonds as provided in section three of this Act is hereby appropriated to the General Fund, and the Insular Treasurer is hereby directed forthwith to transfer the same thereto.

SEC. 3. Issuance of bonds of the Philippine Government.— The Secretary of War is hereby authorized to issue, in the name and behalf of the Government of the Philippine Islands, additional bonds in the amount of twenty-three million five hundred thousand dollars, the issue whereof may be permitted under appropriate legislation on the part of the Congress of the United States to be hereafter enacted. The bonds so authorized to be issued shall bear such date and be in such form as the Secretary of War may determine and shall run for such time, not exceeding thirty years from date of issue, and shall bear such rate of interest as he may determine. The bonds may be coupon or registered bonds, convertible, in the discretion of the Secretary of War, into either form, and in the case of the issue or transfer of any registered bonds, the same shall be registered in the Treasury of the United States. Both principal and interest shall be payable in gold coin of the United States at the Treasury of the United States.

Said bonds shall be exempt from taxation by the Government of the United States, or by the Government of the Philippine Islands or of any political or municipal subdivision thereof, or by any State or territory of the United States, or by any county, municipality, or other municipal subdivision of any State or territory of the United States or by the District of Columbia, which fact shall be stated upon their face, by virtue of section one of the Act of Congress approved February sixth, nineteen hundred and five, according to which Act as well as in accordance with the Act of Congress approved on August twenty-ninth, nineteen hundred and sixteen, as amended, and in accordance with this Act, the said bonds are issued.

The Secretary of War is further authorized to sell said bonds upon such terms as, in his judgment, are most favorable to the Government of the Philippine Islands, and he shall deposit the proceeds of the sale thereof with the authorized depository or depositories of the Philippine Islands in the United States, to the credit of the Treasurer of the Philippine Islands.

A sinking fund or funds is hereby created for the payment of the bonds issued, in such manner that the total amount thereof at each annual date of the bond issues shall be equal to the total of an annuity of such a sum, for each million pesos of bonds outstanding, as with interest at the rate of three and one-half per centum per annum, shall be sufficient to retire said bonds at maturity. Such sinking fund or funds shall be under the custody of the Insular Treasurer, who shall invest it, in such manner as the Secretary of Finance may recommend, in accordance with the provisions of law governing the investment of sinking funds.

A standing annual appropriation is hereby made out of the general funds in the Insular Treasury not otherwise appropriated of such a sum as may be necessary to provide for the sinking fund or funds mentioned in the last preceding section and the payment of interest on the bonds issued by virtue of this Act.

An appropriation is also hereby made out of the general funds in the Insular Treasury not otherwise appropriated, of a sum sufficient to cover the expenses of the issue and sale of the bonds issued by virtue of this Act.

SEC. 4. All acts or parts of acts inconsistent with the provisions of this Act are hereby repealed.

SEC. 5. This Act shall take effect only upon the express or implicit approval of the President of the United States in the event that the Congress of the United States by appropriate legislation increases the authorized debt limit of the Philippine Islands so as to permit the issue of bonds provided in section three of this Act. Section two hereof shall only become operative as and when the proceeds of the sale of the bonds shall actually have been deposited to the credit of the Treasury of the Philippine Islands as provided in section three of this Act, and, until such proceeds of the sale of said bonds shall have been so deposited, the provisions of law wheretofores in force in respect to the maintenance and operation of the "Currency Reserve Fund" shall continue in effect.

Approved, June 13, 1922.

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