

AN ACT TO REHABILITATE THE PHILIPPINE NATIONAL BANK, MAKING CERTAIN APPROPRIATIONS FOR THIS PURPOSE AND AMENDING THE CHARTER OF SAID BANK CONTAINED IN ACT NUMBERED TWENTY-SIX HU...

Act No. 3174, November 24, 1924

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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. The authorized paid-up capital stock of the Philippine National Bank is hereby reduced to one hundred thousand shares of the value at par of one hundred pesos each, which number shall include the shares at present held by the public: Provided, That the Bank may purchase the shares held privately at the price at which they were quoted on the date of the registration of the sale in the books of the Bank, provided such price does not exceed their value at par. The Board of Directors, with the approval of the Secretary of Finance, shall determine what was the price so quoted. No stock shall be sold to the public hereafter.

SEC. 2. The National Bank is hereby authorized and directed, subject to the supervision of the Insular Treasurer and Insular Auditor, to eliminate its losses from its assets, together with the fixed deposits of the Government of the Philippine Islands in the Bank at the time of the approval of this Act, excluding from said fixed deposits a sufficient sum to purchase all stock of the Bank then held by the public; and the sum necessary for this purpose is hereby appropriated out of the general funds of the Government of the Philippine Islands not otherwise appropriated and on fixed deposit in the National Bank: Provided, however, That the National Bank shall pay to the Government of the Philippine Islands during the year nineteen hundred and twenty-five the sum of one million five hundred thousand pesos as interest received for the fixed deposits herein-before appropriated.

SEC. 3. The Government of the Philippine Islands hereby guarantees the final redemption and payment of the circulating notes of the National Bank, and the Insular Treasurer is hereby authorized and directed to set aside from the proceeds of the bonds sold by authority of Act Numbered Twenty-nine hundred and ninety-nine a sufficient sum to cover the reserve required by law for the circulating notes of the Bank, and said sum shall be deposited to the credit of the National Bank in a duly authorized depository or depositories of the funds of the Government of the Philippine Islands in the United States and shall be carried on the books of the National Bank as a deposit of said Government: Provided, That the Bank shall not dispose of said circulating notes reserve except upon recommendation of the Secretary of Finance approved by the Governor- General.

The National Bank shall redeem and cancel its circulating notes in annual sums as the Secretary of Finance, with the concurrence of the Governor-General, may from time to time determine, until the amount thereof shall not exceed the amount of the unincumbered paid-up capital of the Bank.

SEC. 4. The net profits of the National Bank shall be apportioned semiannually as follows:

Fifty per centum to a surplus fund until the latter shall equal fifty per centum of the capital stock of the Bank, and thereafter twenty-five per centum of said net profits until said surplus fund shall equal the capital stock.

The rest of the net profits shall be apportioned as follows, in the order mentioned:

(a) To establish a special reserve for its circulating notes. This reserve shall finally equal twenty-five per centum of said circulating notes and shall be kept on deposit in a duly authorized depository or depositories in the United States and the Bank shall not dispose thereof except upon recommendation of the Secretary of Finance, approved by the Governor-General. The Bank shall semiannually return to the Government a portion of the funds taken from the proceeds of the bonds sold by authority of Act Numbered Twenty-nine hundred and ninety-nine, as provided in section three of this Act, equivalent in amount to the net profits set aside for its special reserve by virtue of this paragraph.

(b) To refund to the Government the fixed deposits appropriated to cover losses, as provided in section two of this Act.

(c) To reimburse the Government for the losses involved in the reduction of the capital stock as provided for in section one of this Act.

The net profits set aside for the purposes mentioned in paragraphs (b) and (c) shall be paid to the Insular Treasurer.

When the requirements of paragraphs (a), (6), and (c) and the provisions regarding the surplus above mentioned shall have been completely complied with, the remaining net profits may be distributed in the form of dividends to the stockholders as the Board of Directors may determine; but dividends shall never be declared or paid out of the surplus fund: Provided, however, That whenever the surplus fund shall have been reduced by- losses, fifty per centum of the net profits shall be set aside for said fund until the same shall once more equal fifty per centum of the capital stock, and thereafter twenty-five per centum of the net profits until the aforesaid fund shall again equal the capital stock.

SEC. 5. All acts or parts of acts inconsistent with the provisions of this Act are hereby repealed.

SEC. 6. This Act shall take effect as soon as all the provisions of the same shall have been accepted by the votes of the stockholders representing at least two-thirds of the subscribed capital stock of the National Bank, and the Governor-General shall have been notified of this fact by the Board of Directors.

Approved, November 24, 1924.

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