

AN ACT EMPOWERING THE SECRETARY OF FINANCE TO AUTHORIZE THE NATIONAL BANK, UNDER CERTAIN CONDITIONS, TO ISSUE TEMPORARILY NOTES IN AN AMOUNT IN EXCESS OF THE LIMIT PRECIBED IN ...

Act No. 2924, March 25, 1920

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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 Secretary of Finance is hereby granted authority, subject to the approval of the Council of State, whenever in his judgment the needs of the commerce and the public interest require an increased monetary circulation, to authorize the National Bank issue notes in an amount in excess of the limit established in section fifteen of Act Numbered Twenty-seven hundred and forty-seven, upon depositing with the Insular Treasurer bonds of the Government of the United States or of the Government of the Philippine Islands, or commercial paper secured by warehouse receipts for principal products of the Islands, acceptable to said Secretary of Finance. Such securities shall be endorsed and legally transferred to the Insular Treasurer, as representative of the Government of the Philippine Islands, who shall safely keep the same, and who shall, upon the order of the Secretary of Finance, take possession of the same and realize them in order to use the proceeds of their sale for the redemption of the notes issued, in case the Bank should fail to redeem the same or otherwise fail to comply with the conditions imposed by the Secretary of Finance, in accordance with the provisions of this Act. The total issue of notes shall never exceed the par value of the bonds nor seventy per centum of the market value of the products covered by the warehouse receipts, as the Secretary of Finance may determine. In case the market value of the securities deposited as guarantee for the note issue shall depreciate to such an extent that such securities shall be insufficient to cover the amount of the outstanding notes, said Secretary is hereby authorized and directed to compel the Bank to deposit additional securities or legal currency, or to restrict its circulation.

SEC. 2. The notes issued under the provisions of this Act shall be redeemed upon the sale of the securities or goods involved in the guarantee, or within a period to be fixed by the Secretary of Finance. For the purposes of this section, it shall be sufficient for said Bank to deposit with the Insular Treasurer legal money in amount equal to that of the outstanding notes, in substitution for the securities deposited as original guarantee.

SEC. 3. Upon the average circulation issued under the provisions of this Act there shall be paid for each month a special tax of a quarter of one per centum in lieu of any other tax imposed by existing law upon circulating notes. This tax shall be collected by the Collector of Internal Revenue in the same manner and subject to the same penalties as the ordinary bank taxes. This tax shall not be payable upon outstanding notes for which the deposit mentioned in the preceding section has been made.

SEC. 4. The provisions regarding the legal currency reserve against the circulation of notes and those regarding the acceptance by the Government of the Philippine Islands of notes issued by the National Bank in payment of all public taxes, dues or other claims due or owing to said Government, are hereby made applicable to the notes issued under this Act: Provided, however, That five per centum of the reserve against the circulating notes issued

under this Act shall be deposited in legal money with the Insular Treasurer.

SEC. 5. This Act shall take effect on its approval.

Approved, March 25, 1920.

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