

AN ACT TO REGULATE THE CURRENCY SYSTEM OF THE PHILIPPINE ISLANDS AND TO ESTABLISH A RESERVE FUND FOR THE SAME, AMENDING THEREFOR CERTAIN PROVISIONS OF THE ADMINISTRATIVE CODE.

Act No. 2776, May 06, 1918

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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 are hereby 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 laws enacted by the Congress of the United States.

" 'Certificate of indebtedness' means 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.'

" 'Treasury certificate' means the certificate issued under and by authority of section sixteen hundred and twenty-two of this Code, as well as the notes known as silver certificates, issued before this Act took effect, under the authority of section eight of the Act of Congress mentioned in the last preceding paragraph.

"SEC. 1611. Unit of monetary value in Philippine Islands.—The unit of value in the Philippine Islands shall be the gold peso consisting of eight thousand three hundred and fifty-nine ten-thousandths (0.8359) grams of gold, nine-tenths fine; two gold pesos to be equal in weight, fineness, and value to the standard gold dollar of the United States.

"SEC. 1612. Weight and fineness of Philippine coins.— The weight and fineness of the Philippine coins hereafter coined shall be as follows:

"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:

"Provided, That in case the public good requires it, the Governor-General is hereby authorized to order by proclamation, with the consent of the presiding officers of both

Houses of the Legislature, the reduction of the weight and fineness of the Philippine coins as follows:

"The peso to contain fifteen grams of silver, eight hundred thousandths fine.

"The fifty-centavo piece to contain seven grams and fifty centigrams of silver, seven hundred and fifty thousandths fine.

"The twenty-centavo piece to contain three grams of silver, seven hundred and fifty thousandths fine.

"The alloy of these silver coins to be copper.

"The ten-centavo piece to contain five grams of an alloy composed of seventy-five per cent of copper and twenty-five per cent of nickel.

"The five-centavo piece to contain three grams of an alloy composed of seventy-five per cent of copper and twenty-five per cent of nickel.

"The one-centavo piece to contain five grams of an alloy composed of ninety-five per cent of copper and five per cent of tin and zinc.

"SEC. 1613. Legal tender character of Philippine coins.— The Philippine silver peso and the gold coins of the United States at the rate of one dollar for two pesos shall be a legal tender in the Philippine Islands for all debts, public and private; the other silver subsidiary coins authorized herein shall be legal tender in the Philippine Islands in amounts not exceeding twenty pesos; and the coins of nickel and copper shall be legal tender in the Philippine Islands in amounts not exceeding two pesos.

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

"The coinage shall be executed in the Mint of the Philippine Islands, and, if necessary, 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, for which purpose the reasonable cost of the work may 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 banking institutions, as well as 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. The losses or gains resulting from the recoinage shall be charged or credited to currency reserve fund hereinafter established.

"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 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, nickel, or copper, of smaller denominations than one peso.

"SEC. 1617. Duty of Insular Treasury to receive worn or mutilated' currency of United States.—When worn or mutilated circulating notes issued by the Treasury 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 Treasurer 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 instruction for their presentment at the Treasury of the United States for redemption.

"SEC. 1618. Exchange drawn between Insular and provincial treasuries.—The Insular Treasurer may exchange for Philippine currency, offered in sums of not less than five hundred pesos, demand drafts and telegraphic transfers 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 Treasurer.

"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 upon another provincial treasurer.

"SEC. 1620. Fixing of rate of exchange.—For exchange issued under the two preceding sections a premium shall be charged, the rate of which shall be fixed from time to time by the Department Head; and such premium shall be distributed in accordance with the provisions of the regulations of the Bureau.

"ARTICLE V.—Maintenance of parity.

"SEC. 1621. Faculties 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) To exchange on demand at the Insular Treasury in Manila for Philippine currency offered in sums of not less than ten thousand pesos or United States currency offered in sums of not less than five thousand dollars, drafts on the currency reserve fund deposited in the United States or elsewhere to the credit of the Insular Treasury, 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 it is further made the duty of the Insular Treasurer to direct the depositaries of the 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 currency reserve 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 Insular Auditor. But the premium charge for drafts and telegraphic transfers in this paragraph mentioned may be temporarily increased or decreased by order issued by the Department Head should the conditions at any time existing, in his judgment, require such action.

(b) To exchange at par, on the approval of the Department Head, United States Treasury notes, national-bank notes, United States notes, and United States gold and silver certificates for Philippine currency, and Philippine currency for United States Treasury notes, national-bank notes, United States notes, and United States gold and silver certificates.

"(c) To exchange, on the approval of the Department Head, for Philippine currency, United States gold coin or gold bars in sums of not less than ten thousand pesos or five thousand dollars, charging for the same a premium sufficient to cover the expenses at commercial rates of transporting United States gold coin from

New York to Manila. The Department Head shall determine the amount of the premium required by this subsection.

"(d) To withdraw from circulation until paid out in response to demands made upon it by the sale of exchange as provided in paragraph (a) of this section, or by the presenting of United States Treasury notes, national-bank notes, United States notes, United States gold and silver certificates, and United States gold coin or gold bars at the treasury, Philippine currency exchanged and deposited in the treasury in the manner provided in paragraphs (a) and (b) of this section.

"(e) To withdraw from circulation United States Treasury notes, national-bank notes, United States notes, United States gold and silver certificates, and United States gold coin and gold bars received in the Philippine Islands by the Insular Treasurer in exchange for Philippine currency, under paragraph (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 coin so obtained shall become part of the currency reserve fund.

"ARTICLE VI.—Issuance of treasury certificates.

"SEC. 1622. 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 the silver pesos authorized herein in sums of not less than twenty pesos, or gold coin of the United States, and to issue treasury certificates therefor in denominations of not less than one peso nor more than five hundred pesos, the coins so deposited to become part of the currency reserve fund hereinafter established and to be subject to the provisions pertaining thereto.

"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. 1623. 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 canceled 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 the Treasurer of the Philippine Islands. Upon delivery of such certificates to the Treasurer of the Philippine Islands, the Auditor shall receive from the 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 included 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 Treasurer shall be held responsible for the same as money.

"(d) From time to time the Treasurer of the Philippine Islands shall withdraw such amount of treasury certificates from the reserve vault as may be required to meet the demands for their purchase in accordance with the provisions of section one thousand six hundred and twenty-two. All certificates taken from the reserve vault shall thereafter be treated as available cash for the Government. The pesos received in exchange for the certificates sold shall constitute part of the currency reserve fund as hereafter provided.

"(e) 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 daily put into and withdrawn from said reserve vault. The Treasurer of the Philippine Islands shall furnish a transcript of the foregoing daily entries to the Insular Auditor, who shall enter the same upon his books.

"(f) When 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, and, from time to time, when a sufficient amount shall have accumulated, the Department Head, and a committee of two accountants to be designated by the Department Head shall, in the presence of the Treasurer and Auditor, after noting the amounts and denominations of such certificates, completely destroy the same by burning, and thereafter the Treasurer shall be credited on his accounts in accordance with this action. The credit allowed shall be based upon the written report of the committee of accountants, attested by the Department Head, and the Auditor for the Philippine Islands.

"ARTICLE VII.—Currency reserve fund.

"SEC. 1624. Currency reserve fund—How constituted.— For the maintenance of the parity of the Philippine silver peso with the gold peso and for the exchange of Treasury certificates authorized by article six there is constituted in the Insular Treasury a continuing and reimbursable special fund to be denominated the currency reserve fund, which shall be maintained from the following sources:

"(a) From the silver pesos and gold coin of the United States received in exchange for the Treasury certificates sold.

"(b) Proceeds of certificates of indebtedness.

"(c) Profits of seignior age made by the Insular Government in the purchase of silver bullion and the coinage there from as well as the profits derived from the recoinage of Philippine coins of greater weight and fineness than those prescribed herein, and the issue of the Philippine pesos and the subsidiary and minor coins.

"(d) Profits from the sale of exchange by the Insular Government between the Philippine Islands and the United States.

"(e) Proceeds of forfeitures of silver coin or bullion the exportation or importation of which is attempted or effected contrary to law.

"(f) Interest or other profit from investment or deposit made from the currency reserve fund.

"(g) Premiums arising from the sale of interisland telegraphic transfers and demand drafts sold in Manila on provincial treasurers.

"(h) Other receipts derived by the Insular Government from the exercise of its functions of furnishing a

convenient and stable currency for the Islands.

"With the approval of the Secretary of Finance, the Treasurer of the Philippine Islands may substitute for any part of the money paid into the currency reserve fund, gold coin of the United States equal in value, and the said Secretary of Finance is, under the approval of the Governor-General, empowered to sell Government silver when the public welfare so requires.

"The currency reserve fund shall be held in the Treasury at Manila or may in part, at the discretion of the Governor-General and upon the recommendation of the Secretary of Finance, on terms accepted by the former, be kept on deposit with branches of the Philippine Treasury in the United States; and the Governor-General is hereby authorized, upon recommendation of the Secretary of Finance, to designate such depositaries of the Philippine Government in the United States among the federal reserve banks as he may deem advisable to be branches of the Philippine Treasury: Provided, however, That not more than twenty-five per cent of the currency reserve fund shall be deposited with any single branch depositary in the United States, except branches of the Philippine National Bank in the United States.

"The currency reserve fund shall not at any time be less in amount than the nominal value of the Treasury certificates in circulation or available for circulation, plus fifteen per cent of the money of the Government of the Philippine Islands in circulation and available for circulation, exclusive of the silver certificates in circulation protected by a gold reserve, and if at any time, and for whatever reason, it shall fall below the limit herein fixed, the amount necessary to bring it up to the required minimum shall be considered automatically appropriated out of any funds in the Insular Treasury not otherwise appropriated, and shall be transferred by the Insular Treasurer to the currency reserve fund, under rules and regulations issued by the Secretary of Finance and approved by the Governor-General: Provided, That amounts temporarily invested in silver bullion or advanced for the purchase of same for coinage into Philippine currency, may lawfully be counted as part of said fund: And provided, further, That in case a transfer of general funds to the currency reserve fund is inadvisable, the Governor-General, with the consent of the presiding officers of both Houses of the Legislature, may order temporary certificates of indebtedness issued within the conditions of section six of the Act of Congress of 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,' and the proceeds of such certificates of indebtedness shall become part of the currency reserve fund and shall be used exclusively for the purposes of said fund.

"Upon recommendation of the Secretary of Finance, approved by the Governor-General, any surplus in the fund mentioned over and above the minimum established in the last preceding paragraph may be used for the purchase of provincial or municipal bonds or be transferred, entirely or in part, to the general funds in the Treasury of the Philippine Islands.

"SEC. 1625. Application of the currency reserve fund to payment of certificates of indebtedness.—As the public interest permits, the Secretary of Finance, with the approval of the Governor-General, may direct the payment from the currency reserve fund of the principal and interest of all or any part of the certificates of indebtedness at any time outstanding.

"SEC. 1626. Limitation upon uses to which the currency reserve fund may be applied.—The currency reserve fund shall be used exclusively for the following purposes:

"(a) For the redemption on demand of the Treasury certificates outstanding: Provided, That, at the option of the : Insular Treasurer, such redemption may be made in either Philippine silver pesos, or gold coin of the United States, at the rate of one dollar for two pesos.

"(b) For the purchase of silver bullion, and for expenses , incidental to the coinage of money, or the printing of Treasury certificates of the Philippine Islands, transportation of same to the Philippine Islands, from the place of coinage or printing, putting the money into circulation, and to the carrying on of such financial transactions by exchange or otherwise, as may be authorized by law, to maintain the circulation and stability of the

currency, and to maintain the parity of the silver peso, including the fractionary coins, with the gold peso.

"(c) For the payment, with the approval of the Department Head, of additional compensation to such persons as shall be designated to count and verify mutilated currency not fit for further circulation in the Treasury prior to the destruction thereof.

"SEC. 1627. Report of Insular Treasurer upon condition of the currency reserve fund.—At the opening of each regular session of the Legislature the Insular Treasurer shall submit to the Department Head, who will transmit the same to the Governor-General, a special report containing a detailed statement of the amount and sources of the currency reserve fund, and of all operations of the Treasury relating to said fund, including loans made, during the preceding year. Upon approval by the Governor-General a copy of such report shall be transmitted to each House of the Legislature."

SEC. 2. All Acts or parts of Acts inconsistent with the provisions of this Act are hereby repealed.

SEC. 3. Upon the express or implicit approval of this Act by the President of the United States, as provided in the Act of Congress approved on August twenty-ninth, nineteen hundred and sixteen, entitled "An Act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those Islands," the Governor-General shall so announce forthwith, by means of a proclamation, and this Act shall take effect on the date of such proclamation.

Approved, May 6, 1918.

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