

AN ACT TO AMEND SECTIONS SIXTEEN HUNDRED ELEVEN, SIXTEEN HUNDRED TWELVE, SIXTEEN HUNDRED TWENTY-ONE, SIXTEEN HUNDRED TWENTY-TWO, SIXTEEN HUNDRED TWENTY-THREE, SIXTEEN HUNDRED TW...

Acts No. 4199, March 16, 1935

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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. Sections sixteen hundred eleven, sixteen hundred twelve, sixteen hundred twenty-one, sixteen hundred twenty-two, sixteen hundred twenty-three, sixteen hundred twenty-four, sixteen hundred twenty-six, and sixteen hundred twenty-seven of chapter forty-one of the Revised Administrative Code, as amended by Act Numbered Three thousand fifty-eight, approved June thirteen, nineteen hundred twenty-two, are hereby amended to read as follows:

"SEC. 1611. Unit of monetary value in Philippine Islands.—The unit of monetary value in the Philippine Islands shall be the peso; two pesos shall be equal in value to one dollar in any currency which is legal tender for public and private debts in the United States.

"SEC. 1612. Legal tender.—The Philippine peso and half-pesos including Philippine Treasury Certificates of any denomination shall be legal tender at the rate of one dollar for two pesos for all debts public and private. 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. 1621. Powers and duties of Insular Treasurer in respect to maintenance of parity.—For the purpose of maintaining the parity of the Philippine peso with the legal tender currency of the United States, 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 'Exchange Standard Fund' deposited in the United States, charging for the same such a premium as may from time to time be determined by the Secretary of Finance with the approval of the Governor-General; and the Insular Treasurer is further authorized and directed to instruct any 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 'Exchange Standard Fund' in the Philippine Islands, charging for the same such a premium as may from time to time be determined by the Secretary of Finance with the approval of the Governor-General, rendering accounts therefor to the Insular Treasurer and the Insular Auditor. All such dealings in exchange shall constitute operations through the 'Exchange Standard Fund' hereinafter provided for.

"(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 withdraw from circulation Philippine currency received in the Insular Treasury in Manila in the manner provided in paragraphs (a) and (b) 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 as provided by paragraph (b) of this section.

"(d) 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 'Exchange Standard Fund' in the United States, under paragraphs (a) and (b) of this section. The money so obtained shall become part of the 'Exchange Standard Fund.'

"SEC. 1622. How constituted.—There is hereby constituted in the Insular Treasury a separate and trust fund, designated as the 'Exchange 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 'Exchange Standard Fund' to make good any such deficiency therein.

"In determining the minimum limitation of the 'Exchange Standard Fund' for any purposes in this Act, the proceeds of outstanding certificates 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 recoinage 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 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 effected contrary to law.

"(e) All interest or other profit from deposits made from the 'Exchange 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, to maintain the parity of the Philippine peso with the legal tender currency of the United States, and to maintain the parity of value between the peso and subsidiary and minor coins.

"SEC. 1623. How held.—The 'Exchange 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 the Secretary of the Treasury of the United States and/or 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 (1) with the Secretary of the Treasury of the United States, or (2) 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 Treasury and be 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.

"SEC. 1624. Insufficiency of the fund and surplus accumulations.—Should the minimum of the Exchange Standard Fund' as hereinbefore constituted be insufficient to maintain the parity of the Philippine 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 'Exchange 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.

"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, legal tender currency 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 United States legal tender currency placed in the fund: And provided, further, That as first set up and established by the provisions of this Act and thereafter until 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 legal tender currency of the United States held in Manila or dollar deposit with the Secretary of the Treasury of the United States or with 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.

"SEC. 1627. Reports of Insular Treasurer upon condition of the 'Exchange 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 'Exchange 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. Whenever the phrase "Gold Standard Fund" appears in any law of the Philippine Islands it shall hereafter be deemed to read "Exchange Standard Fund."

SEC. 3. This Act shall take effect only upon the approval of the President of the United States.[1]

Approved, March 16, 1935.

[1] Declared in force by Proclamation No. 779 (1935). See Appendix, p. 403, post.

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