

CHAPTER 51.

BANK NOTES.

[No. I of 1914.]

[2nd February, 1914.]

1. This Ordinance may be cited as the Bank Notes Ordinance. Short title.
2. In this Ordinance, unless the context otherwise requires— Interpretation.
 “bank note” extends and applies to all bills or notes for the payment of money to bearer on demand, issued by a banker;
 “banker” means any company, incorporated by charter or under the authority of an Act of Parliament or the law of any colony, carrying on the business of banking.
3. No company, corporation, society, partnership or person, not a banker as defined by this Ordinance, may make or issue bank notes in the colony, and any company, corporation, society, partnership, or person making or issuing bank notes contrary to this section shall be liable to a penalty of two thousand five hundred dollars. None but a banker as defined may make or issue bank notes. Penalty.
4. Any banker making and issuing bank notes in the colony otherwise than subject to and in accordance with the provisions of this Ordinance shall be liable to a penalty of two thousand five hundred dollars. Bank notes made or issued contrary hereto. Penalty.
5. No banker shall issue any bank notes of his bank or circulate them, or cause them to be put in circulation, in the colony without the permission in writing of the Governor in Council. When permission of Governor in Council required.
- 6.—(1) Whenever a banker desires to issue bank notes in the colony, he shall— Procedure by banker desiring to issue bank notes:
 (a) notify in writing to the Colonial Secretary the amount in value and the denomination in currency of the notes he proposes to issue, and the date of the intended issue; and

(b) deposit, and thenceforth at all times keep deposited, in the manner and proportion directed by the Governor in Council, either with the Crown Agents, or with trustees in the colony to be appointed by the Governor in Council with the approval of the Secretary of State, or partly with the Crown Agents and partly with those trustees, a fund to be called the Bank Note Reserve Fund, consisting of current gold coin of the United Kingdom or any British possession, or of securities authorised as trust securities in England under the Trustee Act, 1893, or under any amending Act (including section two of the Colonial Stock Act, 1900, or any section or Act amending that section) or partly of that coin and partly of those securities, equal to not less than the amount in value of the notes intended to be issued or for the time being in circulation :

Proviso.

Provided that the Governor in Council may call upon a banker to make up his bank note reserve fund to the full value of his note issue, whenever it may be found that that fund has fallen below the full value by reason of the depreciation in the market value of deposited securities.

Penalty.

(2) The notice calling upon a banker to make up his bank note reserve fund to its proper amount shall be in writing, and shall be given on behalf of the Governor by the Colonial Secretary; and if a banker fails within twenty-one days from the date of his receipt of the notice to comply with the demands contained therein, he shall be liable to a penalty of two hundred and fifty dollars for every day during which he fails to satisfy the legal requirements of the notice.

(3) The Governor in Council shall publish in the Gazette a statement of the securities approved by him and of any changes made in them from time to time.

(4) The Governor in Council may from time to time direct that any uninvested portion of the bank note reserve fund, or any amount thereof he prescribes, shall be kept in the colony.

Issue limited
to paid-up
capital of
bank.

7. The amount of bank notes issued under this Ordinance by any banker shall in no case exceed the amount of the paid-up capital of the bank making the issue.

8. No bank note issued under the provisions of this Ordinance shall be of a less value than five dollars.

Minimum value.

9.—(1) The bank note reserve fund shall be held by the Crown Agents or by the trustees separately or jointly, as a special fund, primarily available for and liable to the satisfaction of the claims of the holders of bank notes issued as aforesaid; but any net income derived from the fund, either from interest on deposits of the coin or on the securities or otherwise, after payment of necessary expenses of administration, shall be the property of the banker by whom the coin or securities are deposited.

Trusts and application of bank note reserve fund and income thereof.

(2) If a banker fails to pay his bank notes when presented, or becomes bankrupt or insolvent, or ceases to carry on business as a banker in the colony, the securities (if any) may be realised by the Crown Agents or the trustees, and the fund shall be applied, so far as necessary, to the redemption of the banker's bank notes, without prejudice to the rights of the holders of them against any uncalled capital of the banker, and to the holders' rights of ranking with other creditors of the banker against his general assets, and, subject to this primary liability, the fund shall be applicable as part of the banker's general assets.

10.—(1) That part of the books of any banker who issues bank notes under this Ordinance which contains any entry relating to the bank notes issued or to be issued by him, or relating to the amount of those bank notes in circulation from time to time, or any account, minute, or memorandum, the sight or inspection whereof tends to ensure the rendering or taking of true accounts for any period of the average amount of the bank notes in circulation, or to test the truth of any account aforesaid, shall be open for the inspection and examination at all reasonable times by any person authorised in that behalf in writing signed by the Colonial Secretary; and every person so authorised shall be at liberty to take copies or extracts from any book or account aforesaid.

Inspecting and taking extracts from banker's books or accounts :

(2) Any banker or other person keeping any of those books, or having the custody or possession thereof or power to produce them who, upon demand made by the authorised person showing (if demanded) his authority in that behalf, refuses to produce any of them to him for his inspection and examination, or to permit him to inspect and examine them, or to take copies thereof, or extracts therefrom, or

of or from any account, minute, or memorandum aforesaid, shall for each offence forfeit a sum of five hundred dollars :

Penalty for refusing :

Proviso.

Provided that the Colonial Secretary shall not exercise or cause to be exercised the powers aforesaid without the consent of the Governor in Council.

Issue in excess of amount authorised.

11. Whenever a banker issues bank notes in excess of the amount authorised by the provisions of this Ordinance, he shall forfeit a sum not exceeding twenty-five dollars a day for every day during which the excess of any sum not exceeding five thousand dollars continues, and a further sum of twenty-five dollars a day for every day during which the excess continues in respect of any portion of each additional sum of five thousand dollars in bank notes so issued in excess.

Penalty.

Secretary of State may dispense with requirements of this Ordinance in certain cases :

12. Whenever it is proved to the satisfaction of the Secretary of State, that by the law of any British possession the redemption of bank notes issued by a banker, having his principal establishment in that possession and issuing notes under that law, and desirous of doing business as a banker in this colony, is sufficiently secured, as well in this colony as in the possession, the Secretary of State may, upon the application of that banker, dispense either wholly or in part with the requirements of this Ordinance in regard to the deposit of security against the issue of bank notes; and after the dispensation has been notified in the Gazette those requirements shall, to the extent specified in the notice, be thereupon done away :

Proviso.

Provided that the Secretary of State may revoke any dispensation granted under this section to a banker and thereupon that banker shall comply with the requirements of this Ordinance.

Publication by banker of half-yearly accounts.

13. A banker to whom the provisions of this Ordinance apply shall twice in every year, on dates appointed by the Governor in Council, publish in the Gazette and one of the daily papers circulating in the colony a true and full statement of the banker's half-yearly accounts; and if the banker fails to comply with the requirements of this section within twenty-one days of the date appointed by the Governor in Council for so doing, he shall be liable to a penalty of twenty-five dollars for every day for which the publication is delayed.

Penalty.

14. This Ordinance shall not apply to Barclays Bank (Dominion, Colonial and Overseas), formerly the Colonial Bank. Exemption.

15.—(1) This Ordinance shall apply to the Royal Bank of Canada, subject to the proviso that that bank shall be allowed to issue its bank notes to an amount not exceeding five hundred thousand dollars or any larger amount authorised by the Secretary of State, subject to a deposit of cash or securities or both, as provided in section six of this Ordinance, equal to not less than one-fourth of the amount in value of the total of the bank notes for the time being in circulation, and subject to the proviso that at the expiration of ten years from the second day of February, nineteen hundred and fourteen, the Governor in Council, with the previous approval of the Secretary of State, may by order direct that the entire amount or any portion of the amount of any bank notes issued under this section shall be recalled and redeemed by the bank in the manner and within the period prescribed by the order, and may direct that coin or securities, or both, to a larger or to any other amount than that prescribed in this section shall be lodged by the bank. Royal Bank of Canada.

(2) Subject to the limitations and restrictions contained in the preceding sub-section, the Royal Bank of Canada shall be allowed to continue to issue bank notes, but the Governor in Council, with the previous approval of the Secretary of State, may, at the expiration of five years from the twelfth day of January, nineteen hundred and twenty-nine, or at any time thereafter, upon giving to the bank twelve months' notice in writing, by order direct that the entire amount of bank notes issued by the bank shall be recalled and redeemed in the manner and within the period prescribed in the order.

16. All penalties and forfeitures under this Ordinance shall be sued for in the Supreme Court in the name of the Attorney General, and the proceeds thereof, when recovered, shall be paid into the Treasury to the credit of the general revenue of the colony. Recovery of penalties and forfeitures.