

LEGISLATIVE COUNCIL.

No. S. 376.—The following Bill was read a first time at a Meeting of the Council held on the 21st December, 1911 :—

A BILL

ENTITLED

An Ordinance to provide for the issue by the Mercantile Bank of India Limited of Bills and Notes payable to Bearer on Demand.

BE it enacted by the Governor of Hongkong, with the advice and consent of the Legislative Council thereof, as follows :—

Short title. **1.** This Ordinance may be cited as the **Mercantile Bank Note Issue Ordinance, 1911.**

Definitions. **2.** In this Ordinance :—

“Company” means the Mercantile Bank of India Limited whose chief office is at Threadneedle Street, London, England.

“Current coin” means coin which for the time being is lawfully current in the Colony.

“Notes” means bills and notes payable to bearer on demand in current coin.

Power for Company to make and issue bills and notes and conditions of such issue. **3.—(1.)** Subject to the provisions of this Ordinance, it shall be lawful for the Company to make, issue, reissue and circulate notes in the Colony.

(2.) Such notes shall not be issued for any other sum than the sum of five dollars, or some multiple of such sum.

(3.) Except as specified in section 6 the total amount of such notes actually in circulation shall not at any time exceed the amount of the capital of the Company actually paid up.

If the Company issues notes in excess of the amount authorised by the provisions of this Ordinance, it and the manager of its office in the Colony shall each be liable on summary conviction to a fine not exceeding fifty dollars a day for every day during which such excess of any sum not exceeding ten thousand dollars shall continue and to a further fine not exceeding fifty dollars a day for every day during which such excess shall continue for every complete additional sum of ten thousand dollars in notes so issued in excess.

(4.) Such part of the books of the Company as may contain any entry relating to the notes issued or to be issued by the Company or relating to the amount of such notes in circulation from time to time, or any account, minute or memorandum, in the possession of the Company or of any person in its employ, the sight or inspection whereof may tend to insure the rendering or taking of true accounts for any period of the average amount of such notes in circulation or to test the truth of any such account, shall be open for the inspection and examination at all reasonable times of any person authorised in that behalf in writing signed by the Colonial Treasurer.

Every such authorised person shall be at liberty to take copies or extracts from any such book, account, minute or memorandum.

If the Company or any person in its employ keeping any such book, account, minute or memorandum or having the custody or possession thereof or power to produce the same shall on demand made by any such authorised person shewing if demanded his authority on that behalf, refuse to produce any such book, account, minute or memorandum to him for his inspection and examination or to permit him to inspect and examine the same or to take copies thereof or extracts therefrom the Company and such person in its employ shall each be liable on summary conviction to a fine not exceeding five hundred dollars.

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

(5.) Such notes shall not be legal tender but shall be redeemable at the office of the Company in the Colony in current coin which is for the time being unlimited legal tender in the Colony.

4. The Company shall deposit and at all times keep deposited with the Crown Agents securities to be approved by the Secretary of State to an amount equal in value to the face value of the notes in circulation with the addition of five per centum of such value; or at its option the Company shall deposit and at all times keep deposited with the Colonial Treasurer coin which is for the time being unlimited legal tender in the Colony to an amount equal to the face value of the notes in circulation; or at its like option the Company shall deposit and at all times keep deposited securities, so approved as aforesaid, with the Crown Agents and coin, which is for the time being unlimited legal tender in the Colony, with the Colonial Treasurer in which case the amount of such securities shall be equal in value to the difference between the amount of the coin deposited and the face value of the notes in circulation with the addition of five per centum. Such securities and such coin shall be under the control of the Colonial Treasurer and shall be held by the Crown Agents and the Colonial Treasurer respectively as special funds exclusively available for the redemption of such issue of notes, and in the event of the Company becoming insolvent shall be sold and applied toward such redemption as far as may be necessary but without prejudice to the rights of the holders of such notes to rank with the creditors of the Company against the assets of the Company.

Deposit of securities or of coin or of both at option of Company as funds exclusively available for redemption of note in the event of insolvency.

If the produce of the sale of such securities should not equal the face value of the notes outstanding, the difference shall rank *pari passu* with other simple contract debts on the assets of the Company. If, on the contrary, such securities realise more than the face value of such outstanding notes, the difference shall be paid over to the Company.

5.—(1.) There shall be published in the *Gazette* every month, a statement (to be rendered by the Company on the first working day of each month) of the face value of the notes outstanding, and of the securities and coin held against these notes. The statement shall show the nominal value of such securities, the price at which they were valued on deposit and also the latest market price of such securities.

Monthly publication in *Gazette* of outstanding notes and securities.

(2.) If for two consecutive months the said market price plus the value of the coin (if any) deposited with the Colonial Treasurer should indicate a selling value less than the amount required by section 4, the Colonial Treasurer shall demand that all notes returned to the Company shall be retained and not reissued until the amount so required is reached, or at his option the Colonial Treasurer shall demand the deposit of additional unlimited legal tender coin or securities sufficient to raise the selling value of the securities plus the value of the coin (if any) already deposited to the amount so required; and the Company shall comply with such demand. If, however, for three consecutive months the said market price indicates a continued and constant increase on their selling value, the Governor-in-Council may allow the securities to be reduced provided the selling value of such securities plus the value of the coin (if any) deposited is never allowed to fall below the amount required by section 4.

6. When in the opinion of the Governor-in-Council a temporary emergency exists, he may permit the Company to issue notes in excess of the paid up capital of the Company, provided there has been specially deposited and is kept in the custody of the Colonial Secretary and the Colonial Treasurer for the time being an amount of legal tender dollars equal to the whole face value of such excess issue for the time being actually in circulation, to be held by the said Colonial Secretary and Colonial Treasurer exclusively for the redemption of such notes.

Power of Governor-in-Council to authorise excess note issue in temporary emergency.

Issue and reissue of notes limited to 10 years from date of Ordinance.

7. The powers granted by this Ordinance to the Company to make, issue, reissue and circulate notes shall be limited for a period of ten years from the date of coming into force of this Ordinance; after the lapse of such period the Company shall cease to issue or reissue notes but shall redeem any notes which it has previously issued or reissued.

Provided however that if the Company shall fail to comply with the demand of the Colonial Treasurer referred to in section 5 (2) hereof or shall fail to comply with any of the other provisions of this Ordinance the power of the Company to make, issue, reissue and circulate notes shall immediately cease.

Saving as to existing and future laws restricting note issue.

8. Nothing contained in this Ordinance shall exempt the Company from the operation of any existing or future law restricting or regulating the issue of notes in the Colony.

Objects and Reasons.

This Bill provides for the issue by the Mercantile Bank of India, Limited, of Bills and Notes payable to Bearer on demand. Such notes are not to be issued for any other sum than the sum of five dollars or some multiple of such sum, and except in cases of temporary emergency the total amount of such notes in circulation is not at any time to exceed the paid-up capital of the Company. In addition the Company is compelled to provide a special fund exclusively available for the redemption of the notes to the full value in case of cash deposits and with a margin of 5 per cent. against the Bank where the deposit consists of securities.

C. G. ALABASTER,
Attorney General.

No. S. 377.—The following Bill, as amended in Committee of the Legislative Council on the 21st instant, is published for general information:—

A BILL

ENTITLED

An Ordinance to amend the Ordinance relating to Public Health and Buildings.

BE it enacted by the Governor of Hongkong, with the advice and consent of the Legislative Council thereof, as follows:—

Short title.

1. This Ordinance may be cited as the Public Health and Buildings Amendment Ordinance, 1911.

Amends section 8 of Ordinance No. 1 of 1903 as amended by section 4 of Ordinance No. 14 of 1908.

2. Section 8 of the Public Health and Buildings Ordinance 1903 as amended by section 4 of the Public Health and Buildings Amendment Ordinance 1908 is hereby further amended by the deletion of the words "such persons as are included in the special and common Jury Lists, and also by such persons as are exempt from serving on juries on account of their professional avocations or on account of their being Members of Council or on account of infirmity or of their being over the age of sixty years" and by the substitution therefor of the words "such persons as are included in either of the Jurors Lists referred to in section 7 (3) of the Jury Ordinance 1887 and also by the following persons exempted from serving as jurors, that is to say, unofficial members of the Executive or of the Legislative Council; barristers and solicitors on the roll of