

Act No. 31 of 1920: Date of commencement - 19th August, 1920

Issue of notes.

15 (1) The Bank shall have the sole right to issue bank notes in the Union for a period of twenty-five years from the commencement of this Act : Provided that, for a period of twelve months from the commencement of this Act or such longer period as may elapse before the Bank is in a position to issue its notes in substitution for the notes in circulation of other banks, the banks issuing notes in the Union at the commencement of this Act may continue to issue notes under the provisions of the several laws then in force, subject to the following conditions :-

(a) Notwithstanding the provisions of any law in force in regard to bank notes, any bank issuing bank notes (other than bank notes issued under Act No. 6 of 1891 of the Cape of Good Hope as therein provided) shall hold gold specie to an amount equal to not less than forty per cent. of such notes in circulation ;

(b) any bank issuing notes as herein provided shall, in addition to the bank note duty payable under section eight of the Stamp Duties and Fees Act, 1911, pay to the Treasury at the close of each quarter, an amount equal to three per cent. per annum on the amount of the average circulation during the preceding quarter in excess of the circulation at the thirty-first day of December, 1919.

(2) As soon as the bank has notified the Treasury that it is in a position to issue notes, the other banks shall, on a date to be fixed by proclamation in the Gazette (which shall be not less than three months nor more than six months after the receipt of such notification) cease to issue or re-issue notes : Provided that the Bank shall not issue such notification before the expiration of the nine months from the commencement of this Act.

(3) After the appointed date, as in sub-section (2) of this section is provided –

(a) each of the other banks shall, for a period of two years, pay to the Treasury at the close of each month an amount equal to one quarter per cent. on the amount of its average note circulation for the month ;

(b) the several laws in force, relating to bank notes, shall cease to be of effect, and any securities deposited with and still held by the Treasury in respect of the notes issued under Act No. 6 of 1891 of the Cape of Good Hope shall be released as from the date when such notes are withdrawn from circulation, but subject always to the provisions of paragraph (c) of this sub-section;

(c) on the expiration of two years from the appointed date each of the other banks shall pay over to the Bank the amount of its notes still outstanding and its liability to the holders thereof shall thereupon determine and shall be assumed by the Bank.