



# PARLIMEN MALAYSIA



**BILL**

**Currency 1960**

**D.R.41/1960**



Federation of Malaya

HIS MAJESTY'S GOVERNMENT

# Gazette

*PUBLISHED BY AUTHORITY*

Vol. IV  
No. 15

30th June, 1960

*BILLS*  
*SUPPLEMENT No. 10*

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(Presented and read a first time and ordered to be printed, 20th June, 1960.)

## A BILL

### *intituled*

An Act to implement an Agreement between the Governments of the Federation of Malaya, the States of Singapore and Brunei and the Colonies of Sarawak and North Borneo relating to currency and for matters incidental thereto.

[ ]

BE IT ENACTED by the Duli Yang Maha Mulia Seri Paduka Baginda Yang di-Pertuan Agong with the advice and consent of the Dewan Negara and Dewan Ra'ayat in Parliament assembled, and by the authority of the same, as follows:

1. This Act may be cited as the Currency Act, 1960, and shall come into force on such date as the Yang di-Pertuan Agong shall in agreement with the other Participating Governments by notification in the *Gazette* appoint.

Short title  
and com-  
mencement.

2. In this Act unless the context otherwise requires—

Interpreta-  
tion.

“Agreement” means the Malaya British Borneo Currency Agreement, 1960, set out in the Schedule hereto;

“the Board” means the Board of Commissioners of Currency, Malaya and British Borneo, reconstituted in accordance with the Agreement;

“Participating Governments” means the Governments of the Federation of Malaya, the States of Singapore and Brunei and the Colonies of Sarawak and North Borneo.

3. The provisions of the Agreement shall, in so far as they relate to any act, matter or thing required or permitted to be done within the Federation or the transfer of any obligation situate in the Federation to the Board and in so far as they are binding under such Agreement upon the Government have the force of law within the Federation.

Agreement  
to have the  
force of law  
so far as it  
relates to the  
Federation.

4. Any sum which is required to meet any deficiency which the Federation is liable to make good under the terms of the Agreement shall be charged upon the Consolidated Fund and shall be issued therefrom forthwith on the demand of the Board.

Meeting of  
deficiency.

5. (1) No person shall draw, accept, make or issue any bill of exchange, promissory note or engagement for the payment of money payable to bearer on demand or borrow, owe or take up any sum or sums of money or bills or notes payable to bearer on demand.

Bills and  
notes pay-  
able to  
bearer on  
demand.

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(2) Cheques or drafts payable to bearer on demand may be drawn on bankers or agents by their customers or constituents in respect of moneys in the hands of these bankers or agents held by them at the disposal of the person drawing such cheques or drafts.

(3) Any person who contravenes the provisions of this section shall, notwithstanding anything to the contrary in the Criminal Procedure Code, on conviction by a Sessions Court be liable to a fine equal to the amount of the bill, note or engagement in respect whereof the offence is committed notwithstanding that the amount of such fine may be in excess of the original jurisdiction of such Court.

(4) No prosecution under this section shall be instituted without the sanction of the Public Prosecutor.

Regulations.

6. The Yang di-Pertuan Agong may in agreement with the Participating Governments make regulations:

- (a) prescribing anything which by this Act is to be prescribed; and
- (b) generally for the better carrying into effect of the provisions of this Act.

Board and its servants to be public servants.

7. The Board and its officers and servants shall be deemed to be public servants within the meaning of the Penal Code.

Resolutions and acts, etc., to be valid though not taken or done in the Federation.

8. No resolution or decision taken by the Board and no other act or thing made or done by the Board or any officer or servant of the Board in the exercise of any right or power or the performance of any duty conferred or imposed upon the Board or upon any such officer or servant under or by virtue of the provisions of this Act or of the Agreement shall be deemed to be invalid in the Federation by reason only that the same was not taken, made or done within the Federation.

Amendment of title of Board of Commissioners of Currency Malaya.

9. Where in any written law or in any other document whatsoever the title "The Board of Commissioners of Currency, Malaya" appears there shall be substituted therefor the title "The Board of Commissioners of Currency, Malaya and British Borneo."

Repeal and saving clause. No. 33 of 1951.

10. The Currency Ordinance, 1951, is hereby repealed, save that the provisions of the Malaya British Borneo Currency Agreement, 1950, set out in the First Schedule thereto shall so far only as is necessary for carrying into effect the provisions of the Agreement continue to have the force of law within the Federation.



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11. The Minister of Finance is hereby authorised to lodge on behalf of the Government the notice of replacement under Clause 17 of the Agreement: Lodging of notice.

Provided that no such notice shall be lodged except with the prior approval signified by resolution of the Dewan Ra'ayat.

## SCHEDULE

THE MALAYA BRITISH BORNEO CURRENCY  
AGREEMENT, 1960

AN AGREEMENT made between the Governments of the Federation of Malaya, the States of Singapore and Brunei and the Colonies of Sarawak and North Borneo (hereinafter referred to as "the Participating Governments").

WHEREAS it is desired to revise the Malaya British Borneo Currency Agreement, 1950, made between the Governments of the Federation of Malaya and the Colonies of Singapore, Sarawak and North Borneo, and the State of Brunei;

AND WHEREAS it is also desired that the Board of Commissioners of Currency, Malaya and British Borneo (hereinafter referred to as "the Board") constituted in accordance with the terms of the 1950 Agreement, shall continue to provide for and control the supply of currency to the territories of the Participating Governments:

Now it is hereby agreed as follows—

1. (1) In this Agreement—

Definitions.

"the 1938 Agreement" means the agreement made in 1938 between the Governments of the Straits Settlements and the Federated Malay States of Perak, Selangor, Negri Sembilan and Pahang, and of the States of Johore, Kedah, Kelantan, Trengganu, Perlis and Brunei for the establishment of a Currency Commission, as amended from time to time;

"the 1950 Agreement" means the agreement made in 1950 between the Governments of the Federation of Malaya and the Colonies of Singapore, Sarawak and North Borneo, and of the State of Brunei for the establishment of a Currency Commission;

"appointed day" means such date as may be agreed upon by the Participating Governments for the coming into operation of this Agreement, which date shall be notified in the *Gazette* of each of the Participating Governments;

"Board of Commissioners of Currency, Malaya" means the Board of Commissioners of Currency, Malaya, constituted in accordance with the terms of the 1938 Agreement;

"dollar" means the unit of legal tender currency of the Federation of Malaya, the States of Singapore and Brunei and the Colonies of Sarawak and North Borneo;

"financial year" means the year ending on the 31st December;

"the Fund" means the Currency Fund established and maintained in accordance with the terms of Clause 6 of the 1950 Agreement;

"*Gazette*" means the official Government *Gazette*;

"Principal Agent" means the person or persons or corporation for the time being appointed as the principal agent of the Board in accordance with the terms of Clause 3 (8) of this Agreement.

(2) For the purposes of this Agreement—

"the Yang di-Pertuan Agong" includes any person for the time being performing the functions of the office of Yang di-Pertuan Agong;

"the Yang di-Pertuan Negara" includes any person for the time being performing the functions of the office of Yang di-Pertuan Negara;

"the Sultan of Brunei" includes any person for the time being performing the functions of the office of Sultan of Brunei;

"Governor" includes the officer for the time being performing the duties of a Governor.

Effect of 1950  
Agreement.

2. This Agreement shall be construed as one with the 1950 Agreement which shall continue to have effect so far only as is necessary for carrying into effect the provisions of this Agreement.

Constitution  
of the Board.

3. (1) As from the appointed day and until the liquidation of the Board has been completed the seven members constituting the Board shall be—

- (a) two members who shall be appointed by the Yang di-Pertuan Agong to represent the Federation of Malaya;
- (b) one member who shall be appointed by the Yang di-Pertuan Negara to represent the State of Singapore;
- (c) one member who shall be appointed by the Sultan of Brunei to represent the State of Brunei;
- (d) one member who shall be appointed by the Governor of Sarawak to represent the Colony of Sarawak;
- (e) one member who shall be appointed by the Governor of North Borneo to represent the Colony of North Borneo; and
- (f) one member possessing recognised banking or financial experience, not representing any specific territory, who shall be appointed jointly by the Participating Governments, and may at any time resign his office by giving written notice to the Board.

(2) (a) The Chairman of the Board shall be whichever of the two members appointed under paragraph (a) of the preceding sub-clause the Yang di-Pertuan Agong shall nominate for that purpose, and the Deputy Chairman shall be the member appointed under paragraph (b) of the preceding sub-clause.

(b) In the absence of the Chairman from any meeting the Deputy Chairman shall preside, and in the absence of both, the other members attending the meeting shall elect a Chairman from among themselves.

(3) The Board shall meet at least once in every calendar year and at such other times as may be deemed necessary by the Chairman:

Provided that the Chairman shall call a meeting as soon as practicable after receiving a request from any member.

(4) (a) The Board shall have its head office in the territory of one of the Participating Governments and at least one office or agent in each of the territories of the other Participating Governments.

(b) The Board may appoint such officers and employees as it considers to be necessary for the efficient conduct of the business of the Board upon such terms and conditions as may be determined by the Board.



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(5) (a) Save as in this Agreement provided, any duty devolving, and any power conferred, on the Board may be discharged or exercised by any number of members of the Board who have together a total of not less than seven votes.

(b) (i) Each member representing the Federation of Malaya shall have three votes.

(ii) The member representing the State of Singapore shall have three votes.

(iii) The members representing the State of Brunei and the Colonies of Sarawak and North Borneo, and the member appointed under paragraph (f) of sub-clause (1) of this clause, shall each have one vote.

(6) (a) Any act which in accordance with the provisions of this Agreement requires the unanimous agreement of the Board shall be signified under the hands of all its members.

(b) Any act of the Board not requiring the unanimous agreement of the Board shall be signified under the hands of any number of its members who have together a total of not less than seven votes.

(7) (a) In the event of the absence or inability to act of any member of the Board another person, who may himself be a member of the Board, may be appointed to discharge the duties of such member during the period of such absence or inability.

(b) Such person shall be appointed in the same manner as the member in whose place he is appointed to act and shall have the same number of votes as such member, in addition, in the case of a person who is already a member of the Board, to his original vote or votes.

(8) The Board shall, subject to the unanimous agreement of the Participating Governments, appoint a person or persons or corporation to be the principal agent of the Board for the purposes of this Agreement.

4. The Board shall have the sole right to issue currency notes and coin in the Federation of Malaya, the States of Singapore and Brunei and the Colonies of Sarawak and North Borneo and the Participating Governments undertake not to issue any such notes or coin, or to authorise the issue thereof by any other body or persons:

Board to have sole right to issue currency.

Provided that—

(i) currency notes and coin lawfully issued by the Board of Commissioners of Currency, Malaya, and the Straits Settlements Currency Commissioners shall, save as provided in Clause 13 of this Agreement, be deemed to be currency notes and coin issued by the Board; and

(ii) in the event of a Participating Government giving notice to the Board in accordance with Clause 17 (1) of this Agreement, nothing herein shall prevent the issue of currency in the territory of any Participating Government by another currency authority on and after the date on which the Board ceases to issue currency notes and coin in that territory.

5. (1) The Board shall issue, on demand by any person at any of its offices, currency notes to the equivalent value of sums in sterling lodged by that person with the Principal Agent for its account; and shall pay, on demand by any person, sterling in London to the equivalent value of currency notes lodged with it by that person provided that such notes have been issued, or by virtue of proviso (i) to Clause 4 of this Agreement are deemed to have been issued by the Board.

Conversion of currency notes and coin into sterling and vice versa.

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(2) The Board may, at its option, issue coin in the same manner and subject to the same conditions as are prescribed in the preceding sub-clause for the issue of currency notes.

(3) Coin issued or deemed to have been issued by the Board shall, subject to any regulations made under Clause 22 of this Agreement, be redeemed by the Board in the same manner and subject to the same conditions as are prescribed in sub-clause (1) of this clause for the redemption of currency notes.

Dollar/sterling  
Exchange  
Rate.

6. (1) All issues and redemptions of currency notes and coin by the Board shall be effected at the rate of one dollar for two shillings and fourpence sterling. Such rate of exchange shall not be altered unless the Participating Governments have unanimously agreed thereto.

(2) The Board shall be entitled—

(a) to charge and levy from any person obtaining currency notes and coin or sterling, a commission at such rate or rates as may, from time to time, be determined: Provided that the commission charged shall not exceed three-sixteenths of a penny in respect of every dollar issued or redeemed; and

(b) to determine from time to time the minimum sum which a person shall be entitled to lodge with the Principal Agent or the Board, as the case may be, for the purpose of obtaining currency notes and coin or sterling.

(3) The amounts of such rate or rates and minimum sum shall, in every case, be those determined by the unanimous agreement of the Board, and shall be notified in the *Gazette* of each of the Participating Governments.

Form and  
design of  
currency  
notes and  
coin.

7. (1) Currency notes issued by the Board shall be of such denomination and of such form and design and printed from such plates and on such paper and be authenticated in such manner as the Participating Governments may, from time to time, unanimously decide.

(2) The plates shall be prepared and kept and the notes printed, issued, and cancelled in accordance with any directions of the Board for the prevention of fraud and improper use.

(3) Coin issued by the Board shall be of such denominations not exceeding one dollar and of such weight, form, and design, and made of such metal, or metals, as the Participating Governments may, from time to time, unanimously decide.

Legal tender.

8. (1) Currency notes issued by the Board after the appointed day and currency notes which were legal tender within the territories of the Participating Governments immediately before the appointed day shall be legal tender up to their face value in the territories of the Participating Governments as follows—

(a) currency notes of denominations of one dollar and above, for the payment of any amount;

(b) currency notes of denominations of less than one dollar, for the payment of any amount not exceeding two dollars.

(2) The coins specified in the First Schedule to this Agreement shall, if the coins have not been illegally dealt with, and if of silver have not become diminished in weight by wear, or otherwise, so as to be of less



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weight than the weight in that behalf specified in the said Schedule as the least current weight, be legal tender up to their face value in the territories of the Participating Governments as follows—

- (a) up to an amount not exceeding ten dollars in the case of coins of the denomination of fifty cents and above; and
- (b) up to an amount not exceeding two dollars in the case of coins of a lower denomination.

(3) For the purposes of this Agreement, a coin shall be deemed to have been illegally dealt with where the coin has been impaired, diminished, or lightened otherwise than by fair wear and tear, or has been defaced by having any name, word, device, or number stamped or engraved thereon, whether the coin has or has not been thereby diminished or lightened.

(4) Subject to the unanimous agreement of the Participating Governments, the Board may by regulation, amend the First Schedule to this Agreement.

9. (1) For as long as the Board continues to issue currency in accordance with the provisions of Clauses 4 and 5 of this Agreement, in any of the territories of the Participating Governments, whether in notes or in coin, the status of such notes or coin as legal tender, in accordance with Clause 8 of this Agreement, shall not be amended or withdrawn except after consultation with the Board and with the unanimous agreement of the Participating Governments, and any such amendment or withdrawal shall—

Demonetisation of currency notes and coin.

- (a) apply in each of the territories in which the Board retains its right and obligation with regard to the issue of currency under Clauses 4 and 5 of this Agreement; and
- (b) be notified in the *Gazette* of each of the Participating Governments.

(2) A notification under paragraph (b) of the preceding sub-clause shall provide for matters incidental to the calling in and demonetisation of such notes and coin.

10. (1) The Fund shall be maintained and managed exclusively by the Board in the manner prescribed in this clause.

Currency Fund.

(2) There shall be paid into the Fund—

- (a) all sterling received in exchange for currency notes or coin;
- (b) the proceeds of any transactions under sub-clause (6) (c) of this clause, less all expenses incurred in connection therewith.

(3) (a) Save as otherwise provided in this Agreement the Fund shall be applied for meeting the redemption of currency and for no other purposes.

(b) A portion of the Fund shall be held by the Principal Agent in liquid form and such portion may be determined and varied from time to time by the Board, except that at no time shall less than 30 per cent of the Fund be so retained without the unanimous approval of the Participating Governments.

(4) Subject to the provisions of this clause, the assets of the Fund shall be invested in sterling securities of, or guaranteed by, any Commonwealth Government, other than a Participating Government, or with the unanimous agreement of the Participating Governments, of, or guaranteed by, any international monetary institution and shall be held

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by the Principal Agent or on behalf of the Principal Agent by such person or persons or corporation as the Principal Agent shall, with the approval of the Board, nominate for the purpose:

Provided that—

- (a) (i) not more than three hundred million dollars of the moneys in the Fund may be invested in publicly issued dollar securities of, or guaranteed by, any of the Participating Governments, and such securities shall have a final maturity date not more than twenty years from the date of acquisition;
  - (ii) during the first three years from the appointed day there may be so invested—
    - not more than one hundred million dollars in the first twelve months
    - not more than a total of two hundred million dollars in the first twenty-four months
    - not more than a total of three hundred million dollars in the first thirty-six months,
  - (iii) such securities shall be held by the Board at its head office;
  - (iv) an investment in accordance with this proviso shall not take the form of a subscription to a new issue except with the unanimous approval of the Board;
  - (v) the proportion of the sums prescribed in this proviso which may be invested in securities of, or guaranteed by, any one Participating Government shall be determined in accordance with the provisions of the Third Schedule;
  - (b) with the unanimous approval of the Participating Governments such part of the Fund as may be so approved may be invested in other publicly issued government securities maturing within five years of the date of acquisition, not being securities of, or guaranteed by, any of the Participating Governments and any such securities shall be held by the Principal Agent or on behalf of the Principal Agent by such person or persons or corporation as the Principal Agent shall, with the approval of the Board, nominate for the purpose.
- (5) The liquid portion of the Fund held by the Principal Agent in accordance with the provisions of sub-clause 3 (b) shall be held in any fund controlled by him or in any or all of the following forms—
- (a) balances at any bank and money at call in the United Kingdom;
  - (b) Treasury Bills of the Government of the United Kingdom;
  - (c) sterling securities maturing within two years of, or guaranteed by, a Commonwealth Government, other than a Participating Government, or with the unanimous approval of the Board, of, or guaranteed by, any international monetary institution.
- (6) Notwithstanding anything contained in the preceding sub-clauses, the Board may—
- (a) use any coin held for the account of the Fund for the purpose of having it reminted and coined into current coin;



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(b) pay from the Fund the cost of the purchase of metal to be minted into current coin; and

(c) sell any coin held for the account of the Fund.

(7) (i) The value of the Fund for any of the purposes of this Agreement shall be the current realisable value of the whole of the assets held in the Fund, investments of the Fund being valued at their current market price at the time of valuation and silver coin held on account of the Fund being valued at the current market value of the silver content of such coin after deduction of such allowance for cost of realisation and allowance for depreciation, if any, as the Board may decide, together with the realisable value, ascertained in the same manner, of the silver content of all the Board's coin in circulation:

Provided that any securities held in terms of proviso (a) to sub-clause (4) of this clause shall be valued at a price not exceeding their cost price to the Board, or par, whichever is the lower.

(ii) For the purposes of valuation, sterling assets shall be converted into dollars at the rate of exchange provided in Clause 6 (1) of this Agreement.

11. (1) All dividends, interest or other revenue derived from investments or from the utilisation in any other manner of the moneys of the Fund and all commissions paid to the Board in connection with the issue or redemption of currency notes or coin shall be paid into the "Currency Fund Income Account" established in accordance with the provisions of Clause 7 of the 1950 Agreement (hereinafter in this clause referred to as "the Income Account").

Currency Fund  
Income  
Account.

(2) There shall be charged upon the said account—

(a) all the expenses incurred by or on behalf of the Board in the preparation, transport, issue, redemption and demonetisation of currency notes and coin, and in the transaction of any business relating to such currency authorised by law, other than the expenses referred to in Clause 10 (6) of this Agreement;

(b) any expenses incurred by or on behalf of the Board in connection with the protection of the currency against forgery or counterfeiting of currency notes or coin;

(c) subject to proviso (b) (ii) to sub-clause (3) of this clause, a sum equal to one per centum of the value of the Fund at the end of each financial year calculated in accordance with Clause 10 (7), which shall be paid annually into the Fund; and

(d) all other expenses properly incurred by the Board in the execution of its functions under this Agreement:

Provided that the Board may, with the unanimous approval of the Participating Governments, charge upon the Fund and not upon the Income Account, any expenditure of an exceptional nature.

(3) (i) Any surplus in the Income Account on the last day in any financial year shall be paid to the credit of the "Currency Surplus Fund", established in accordance with the provisions of Clause 8 of the 1950 Agreement, but if on the last day in any financial year there is a deficiency in the Income Account it shall be met in accordance with the provisions of the Second Schedule to this Agreement from moneys to be appropriated from the revenues of the Participating Governments.

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(ii) If any Participating Government should default on any payment due under this sub-clause, the amount in default may be recovered from any payment subsequently becoming due to that Government from any of the funds held by the Board:

Provided that—

(a) if on the last day in any financial year the face value of the currency notes and coin in circulation determined in accordance with the provisions of sub-clauses (4) and (5) of Clause 15 of this Agreement exceeds the value of the Fund calculated in accordance with Clause 10 (7), there shall be paid into the Fund the whole of the said surplus in the Income Account or such part thereof as shall make up the moneys of the Fund as aforesaid to an amount equal to the face value of the currency notes and coin then in circulation; and

(b) if on the last day in any financial year the value of the Fund so calculated exceeds one hundred and ten per centum of the face value of the currency notes and coin then in circulation determined as aforesaid the Board may direct that—

(i) the whole or part of such excess be transferred from the Fund to the Income Account; and

(ii) the annual one per centum to be appropriated out of the Income Account, in accordance with the provisions of sub-clause (2) (c) of this clause, be wholly or partially discontinued for so long as it shall appear to the Board that the necessity for such annual appropriation no longer exists.

Currency  
Surplus  
Fund.

12. (1) The Currency Surplus Fund, established in accordance with the provisions of Clause 8 of the 1950 Agreement, shall be maintained and shall be held in the name of the Board.

(2) Any surplus arising in the Currency Fund Income Account as provided in Clause 11 of this Agreement shall be paid into the Currency Surplus Fund.

(3) The Participating Governments shall be entitled to share in such fund in accordance with the provisions of the Second Schedule to this Agreement, for the time being in force, which shares shall be paid to the respective Governments as soon as practicable after the end of each financial year.

Notes issued  
prior to  
1st July, 1941.

13. (1) Notwithstanding any other provisions of this Agreement it is hereby agreed and declared that the Board, as from the appointed day, shall set aside out of the Currency Fund sterling assets of an amount equivalent to the amount of the reserve held by the Board on that day to meet the redemption of currency notes issued by the Board of Commissioners of Currency, Malaya, or the Straits Settlements Currency Commissioners bearing dates prior to the 1st day of July, 1941, and now demonetised.

(2) The assets set aside shall be held in a separate Fund to be known as the Special Reserve Fund which shall be charged with the expenses of the redemption of such currency notes and credited with any dividends, interest or other revenue derived from the assets of that Fund.



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(3) (a) The Special Reserve Fund shall be held by the Principal Agent and invested in sterling securities of, or guaranteed by, a Commonwealth Government, other than sterling securities of the Participating Governments.

(b) Such investments shall be held by the Principal Agent provided that a portion of the Special Reserve Fund shall be held in liquid form in like manner as the portion prescribed in Clause 10 (5) of this Agreement for the Fund and such portion of the Special Reserve Fund may be determined and varied from time to time by the Board except that at no time shall less than 30 per cent of the Special Reserve Fund be so retained without the unanimous approval of the Participating Governments.

(4) Should the assets of the Special Reserve Fund prove insufficient to meet the redemption of such currency notes the Board shall call upon the Governments which were parties to the 1938 Agreement or their successors to provide any amounts required to make good the deficiency in the proportions specified below:

|   | Per cent     |
|---|--------------|
| Federation of Malaya ... ..                             | 76.90        |
| State of Singapore ... ..                               | 22.25        |
| State of Brunei ... ..                                  | 0.75         |
| Colony of North Borneo (in respect of<br>Labuan) ... .. | 0.10         |
|   | <hr/> 100.00 |

(5) Any distribution of the assets of the Special Reserve Fund shall be made only with the unanimous agreement of the Participating Governments and shall be in the proportions specified in sub-clause (4) of this clause.

(6) (a) As from the date on which Clause 19 (5) of this Agreement is implemented the assets held in the Special Reserve Fund on that date shall be held by the Principal Agent separately for the account jointly of the governments which were parties to the 1938 Agreement or their successors for the redemption of such currency notes, and the Board shall cease to be liable for the redemption of such notes, which shall become the liability of the Governments concerned in the proportions specified in sub-clause (4) of this clause.

(b) The Governments concerned shall appoint the Principal Agent to act for them for the purpose of redeeming such notes and shall authorise the Principal Agent to pay on their joint behalf to any person presenting such notes, sterling in London, in exchange for such notes at the rate of exchange provided in Clause 6 (1) of this Agreement.

(7) The Principal Agent shall, from time to time, distribute among the Governments concerned such part of the assets held by the Principal Agent in accordance with the provisions of sub-clause (6) of this clause as the Governments concerned may jointly direct.

(8) If at any time the assets held by the Principal Agent prove insufficient to meet the redemption of such currency notes, the Governments concerned shall contribute such sums as may be required to make good the deficiency.

(9) Any distribution or contribution in accordance with the provisions of sub-clause (7) or sub-clause (8) of this clause shall be apportioned among the Governments concerned in the proportions specified in sub-clause (4) of this clause.



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Meeting of  
deficiencies  
in the Fund.

14. (1) If the assets of the Fund should at any time prove insufficient to meet legal demands upon the Board for the redemption of currency in sterling, the Participating Governments shall jointly be liable to meet any deficiency in the Fund.

(2) (a) If the value of the Fund calculated as provided in Clause 10 (7) of this Agreement shall at any time be less than the face value of the currency notes and coin then in circulation determined in accordance with the provisions of sub-clauses (4) and (5) of Clause 15, the Participating Governments shall jointly be liable to make good such deficiency.

(b) In so far as any payment to the Fund under proviso (a) to Clause 11 (3) shall prove insufficient to meet a deficiency in the Fund on the last day in any financial year, the Participating Governments shall forthwith make good such remaining deficiency.

(3) Any joint liability under sub-clauses (1) and (2) of this clause shall be apportioned between the Participating Governments according to the provisions of the Second Schedule to this Agreement for the time being in force.

(4) Should one or more of the Participating Governments make default in respect of their liability under sub-clauses (1) and (2) of this clause the other Participating Governments undertake to make good such default each in the proportion which its liability, according to the provisions of the Second Schedule to this Agreement for the time being in force bears to the total liability of such non-defaulting Governments:

Provided that in the event of a default being so made good any sums due thereafter to any defaulting Government from any of the funds held by the Board shall be paid to the Governments which have made good such default in the same proportions as those in which they contributed for the purpose of making good the default, until the total amount so contributed by them has been refunded.

Accounts and  
returns.

15. (1) The accounts of all transactions of the Board shall be audited once annually by such auditors, and in such manner as the Participating Governments shall jointly direct. For accounting purposes the exchange rate of the dollar shall be that fixed in accordance with the provisions of Clause 6 (1) of this Agreement.

(2) An abstract of such accounts shall as soon as practicable after the completion of such audit be published in the *Gazette* of each of the Participating Governments.

(3) The Board shall on the first day of each month make up and as soon as practicable publish in the *Gazette* of each of the Participating Governments an abstract showing the whole amount of currency notes and coin in circulation on that day and the average amount in circulation during the previous month.

The Board shall also publish at half-yearly intervals in the *Gazette* of each of the Participating Governments an abstract showing—

- (a) the amount of the liquid portion of the Fund;
- (b) the nominal value and price paid for and, where appropriate, the latest known market price, of the securities belonging to the Fund; and
- (c) the amount and value on the basis provided in Clause 10 (7) of this Agreement of the silver contained in coin the value of which is required by that clause to be included in the value of the Fund.



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(4) The amount of currency notes in circulation at a particular date shall be deemed to be the total nominal amount of currency notes issued prior to that date by the Board or the Board of Commissioners of Currency, Malaya, or the Straits Settlements Currency Commissioners including such notes as have been lawfully demonetised but excluding—

(a) the total amount of currency notes redeemed by the above-mentioned Currency Authorities before the above-mentioned particular date; and

(b) notes issued by the Board of Commissioners of Currency, Malaya, or the Straits Settlements Currency Commissioners bearing dates prior to the first day of July, 1941, and remaining unredeemed.

(5) The provisions of sub-clause (4) of this clause shall apply to the amount of coin in circulation at a particular date in the same manner as they apply to the amount of currency notes in circulation at a particular date.

16. Unissued stocks of currency notes and coin held in each of the currency offices or by agencies established in accordance with Clause 3 (4) (a) of this Agreement shall on the first business day of each year and at such other times as may be decided by the Board, be verified by a Board of Survey constituted in each of the territories under regulations made by the Board.

Board of  
Survey.

17. (1) If a Participating Government, at any time, decides to establish another authority in the place of the Board to issue currency in its territory to replace that issued by the Board, notice in writing of such decision (hereinafter referred to as a "notice of replacement") shall be lodged with the Board, at its head office eighteen months prior to the date on which the said authority intends to commence the issue of its own currency.

Establishment  
of new  
separate  
currency  
authority

(2) (a) Subject to the provisions of the next sub-clause, the receipt of a notice of replacement by the Board shall in no respect diminish the continuing obligation of the Board to issue and redeem currency in accordance with the provisions of Clause 5 of this Agreement.

(b) Neither the lodgment of a notice of replacement nor the commencement of the issue of currency by the new authority established by a Participating Government lodging the notice shall affect the right of that Government to share in any distribution of the Board's funds under Clauses 12 (3) and 13 of this Agreement, or the liability if any of that Government to make good deficiencies under Clauses 11 (3), 13 and 14.

(c) The lodgment of a notice of replacement with the Board shall in no manner affect the constitution of the Board as prescribed by Clause 3, which constitution shall remain unchanged until the liquidation of the Board has been completed.

(3) Subject to the provisions of Clause 18 of this Agreement, on a date eighteen months from that on which the first notice of replacement is lodged by a Participating Government or such earlier date within such period as may unanimously be agreed by the Participating Governments the Board shall—

(a) relinquish the right vested in it under Clause 4;

(b) cease to issue currency in accordance with Clause 5 of this Agreement; and

(c) be placed in liquidation.

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(4) (a) Upon the lodgment of a notice of replacement, the Board shall consult with the Participating Governments, individually, to arrange the procedures for the withdrawal and redemption of currency notes and coin of the Board, and all other matters incidental thereto, as from the date, or dates, on which the new currency authorities shall, severally, commence to issue their own currencies.

(b) Each Participating Government shall endeavour to ensure that the currency of the Board circulating in its territory shall, so far as practicable, be presented for redemption to the Board by the new authority established by that Government; and the Board shall close its office, or offices, and terminate any agency arrangements in such territory at the earliest practicable date after it ceases to issue currency notes and coin therein.

(5) In redeeming currency notes and coin presented to the Board by a new currency authority, the Board shall—

- (a) in the first instance transfer to that authority in lieu of sterling any dollar securities which it may hold of a Government which has established the said new authority and the authority shall accept such securities at their par value:

Provided that, in order to facilitate the transfer of such securities in amounts convenient to the Board or to meet a special need of a new currency authority, the Board may, at any time, redeem its currency, wholly or partly, in accordance with paragraphs (b) and (c) of this sub-clause;

- (b) consult with the authority with a view to arranging, where it is mutually desired, for the transfer, at their market value, of sterling securities held by the Board, in lieu of sterling;
- (c) otherwise redeem its currency notes and coin in sterling; and
- (d) notwithstanding the provisions of Clause 6 (2) (a), levy no commission for such redemptions.

(6) As soon as may be deemed expedient after the Board has ceased to issue currency notes and coin in the territory of a Participating Government, that Government shall, after consultation with the Board notify in the *Gazette* of such Government, the date, or dates, upon which notes and coin of the Board shall no longer be legal tender in that territory.

18. Notwithstanding the provisions of Clause 17 of this Agreement—

- (a) in default of the commencement of currency issue by a new currency authority, the Board shall, if requested by any Participating Government, continue the issue of currency in the territory of that Government, in accordance with the provisions of Clauses 4 and 5, up to a date (hereinafter referred to as the "date of termination") not exceeding two years from the earliest date upon which any notice of replacement under Clause 17 (1) was lodged:

Provided that—

- (i) as soon as a new authority commences to issue currency in a territory the right and obligation of the Board to issue currency under Clauses 4



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and 5 shall forthwith be abrogated in respect of the said territory; and the Board shall thereupon cease to issue currency notes and coin therein;

- (ii) for as long as the Board shall continue to issue currency in a territory under this paragraph, such currency shall remain legal tender in the said territory in accordance with the provisions of Clause 8; and thereafter, currency of the Board shall, in respect of the said territory, be demonetised in the same manner and subject to the same conditions as prescribed in Clause 17 (6);

- (b) if requested by a Participating Government, including a Government which has lodged a notice of replacement, the Board may, subject to the unanimous consent of the Participating Governments, make available to the new currency authority established by that Government coin of the Board for continued circulation in the territory of such Government as from the date prescribed in Clause 17 (3) of this Agreement or the date of termination:

Provided that—

- (i) any coin so supplied to a new authority shall be made available in the same manner and subject to the same conditions as are prescribed by Clause 5 (2) and such coin shall be treated for all purposes as if it had been issued in accordance with the provisions of that clause;
- (ii) no coin shall be made available to the new authority except at the discretion of the Board. In exercising its discretion the Board shall at all times endeavour, having regard to its other commitments, to meet all reasonable demands for coin made upon it by the said authority;
- (iii) the Board shall not make its coin available beyond a date which is within three years from the earliest date of lodgment of any notice of replacement;
- (iv) so long as the Board shall continue to make coin available under this paragraph such coin shall remain legal tender in the said territory to the extent to which it had previously been legal tender therein; and thereafter, coin of the Board shall, in respect of that territory, be demonetised in the same manner and subject to the same conditions as are prescribed in Clause 17 (6);
- (v) the detailed arrangements, terms, and conditions for making coin available in accordance with this paragraph shall be agreed between the Board and the Participating Government concerned or the new currency authority established by that Government;

- (c) the redemption of currency issued, and coin made available, by the Board, in accordance with this clause, shall be subject to the provisions of Clauses 5 and 6 except that

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currency notes and coin presented to the Board by a new currency authority, in accordance with the provisions of Clause 17 (4), shall be redeemed in accordance with the provisions of Clause 17 (5);

- (d) the Board shall not be placed in liquidation so long as it continues to issue currency notes and coin, or make coin available, in the manner provided by this clause. The Board shall be placed in liquidation as soon as it no longer exercises any such functions under this clause.

Liquidation  
of the Board.

19. (1) Upon the date when liquidation commences, the Board shall, in so far as it has not previously done so under Clauses 17 (3) and 18 in respect of any territory, relinquish the right vested in it under Clause 4 and shall cease to issue currency in accordance with Clause 5; and the Board shall close its remaining offices and terminate any agency arrangements it may have made in the territories of the Participating Governments at the earliest practicable date thereafter.

(2) As from the date on which liquidation commences, currency notes and coin presented by the new currency authorities to the Board shall be redeemed, or, where an authority has already commenced to issue its own currency in accordance with Clause 17, continue to be redeemed, in accordance with the provisions of Clause 17 (5).

(3) Following the commencement of the liquidation of the Board each Participating Government shall, after consultation with the Board and in so far as it has not previously done so in accordance with the provisions of Clause 17 (6), notify in its *Gazette* the date or dates on which notes and/or coin of the Board shall no longer be legal tender in its respective territory.

(4) (a) When, by unanimous decision of the Participating Governments, the Board shall be considered to have met all its liabilities save in respect of a residual amount of currency notes and coin which is unlikely to be presented for redemption shortly, the Board shall establish the amount of any surplus or deficiency in its total assets after making full provision to meet the said residual liability in accordance with the succeeding sub-clause. Any surplus so established shall be distributed among the Participating Governments in the same proportions as the Participating Governments are entitled to share in the Currency Surplus Fund in accordance with Clause 12 (3) for the financial year immediately preceding that in which the first notice of replacement was lodged under Clause 17 (1); and any deficiency shall be made good in like proportions by the said Governments.

(b) Any payment due under this sub-clause shall be made in sterling: Provided that by mutual consent of the Board and a Participating Government, payment by the Board may be effected, wholly or partially, by the transfer, at their market value, of sterling securities held by it.

(5) On the date on which the financial position of the Board is calculated in accordance with the preceding sub-clause, the Board shall forthwith transfer to the Principal Agent in sterling, or sterling securities, for account of the Participating Governments jointly, an amount equivalent to the nominal value of the currency notes and coin constituting the aforementioned residual liability of the Board. Thereafter the Board shall cease to be liable for the redemption of currency notes and coin and such currency notes and coin shall become a liability of the Participating Governments in the proportions determined in accordance with paragraph (a) of sub-clause (4) of this



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clause. The Participating Governments shall appoint the Principal Agent to act for them for this purpose, and shall authorise the Principal Agent to pay on their joint behalf, to any person presenting currency notes or coin issued, or deemed in accordance with proviso (i) to Clause 4 to have been issued, by the Board, or coin made available by the Board in accordance with Clause 18, sterling in London in exchange for such notes or coin at the rate of exchange provided in Clause 6 (1) of this Agreement.

20. (1) The Principal Agent shall from time to time distribute among the Participating Governments such part of the assets held by him in accordance with the provisions of Clause 19 (5) of this Agreement as the Participating Governments may jointly direct.

Distributions by the Principal Agent and the meeting of deficiencies in assets.

(2) If at any time the assets held by the Principal Agent prove insufficient to meet the redemption of notes and coin, the Participating Governments shall provide such sums as may be required to make good the deficiency.

(3) Any distributions or claims in accordance with the provisions of sub-clauses (1) and (2) of this clause shall be apportioned among the Participating Governments in the proportions agreed for the purposes of Clause 19 (4) (a) of this Agreement.

21. (1) No person shall be entitled to recover from the Board the value of any mutilated or imperfect note or coin or any coin which has been illegally dealt with.

Imperfect notes or coin.

(2) The circumstances in which, and the conditions and limitations subject to which the value of mutilated or imperfect notes or coins or coins which have been illegally dealt with may be refunded as an act of grace shall be within the absolute discretion of the Board.

22. The Board may, subject to the unanimous agreement of the Participating Governments, make regulations—

Regulations.

(a) prescribing anything which in accordance with this Agreement is to be prescribed; and

(b) generally for carrying into effect the provisions of this Agreement.

23. The Participating Governments hereby undertake to give legal effect, by the enactment of appropriate legislation in their respective territories, to the provisions of this Agreement in so far as may be necessary for effectively carrying out the purposes of this Agreement and providing for any matters ancillary thereto.

Appropriate legislation by Participating Governments.

24. This Agreement may be cited as the Malaya British Borneo Currency Agreement, 1960.

Citation.

## FIRST SCHEDULE

## COINS WHICH ARE LEGAL TENDER

| Proportion of Dollar for which Tender | Coin                                       | Metal                     | STANDARD WEIGHT |         | REMEDY ALLOWANCE  |         |
|---------------------------------------|--|---------------------------|-----------------|---------|---|---------|
|                                       |  |                           | Grains          | Grammes | Weight Per Piece  |         |
|                                       |  |                           |                 |         | Grains  | Grammes |
| .05                                   | Straits Settlements Five-cent Piece        | (Nickel-bronze or Nickel) | 61.73           | 4.000   | (A weight not exceeding the standard weight of one piece in every forty pieces) |         |
| .01                                   | Straits Settlements One-cent Piece (Round) | Copper or mixed Metal     | 144.00          | 9.331   |   |         |

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| Proportion of Dollar for which Tender | Coin  | Metal                 | STANDARD WEIGHT |          | REMEDY ALLOWANCE  |                |
|---------------------------------------|---|-----------------------|-----------------|----------|---|----------------|
|                                       |   |                       | Grains          | Grammes  | Weight Per Piece  | Grains Grammes |
| .01                                   | Straits Settlements One-cent Piece (Square)               | Copper or mixed Metal | 90.00           | 5.832    | —   | —              |
| .005                                  | Straits Settlements Half-cent Piece (Round)               | "                     | 72.00           | 4.665    | —   | —              |
| .005                                  | Straits Settlements Half-cent Piece (Square)              | "                     | 45.00           | 2.916    | —   | —              |
| .0025                                 | Straits Settlements Quarter-cent Piece (Round)            | "                     | 36.00           | 2.333    | —   | —              |
| .01                                   | Commissioners of Currency Malaya One-cent Piece (Square)  | Bronze                | 90.00           | 5.832    | (A weight not exceeding the standard weight of one piece in forty pieces) |                |
| .005                                  | Commissioners of Currency Malaya Half-cent Piece (Square) | "                     | 45.00           | 2.916    | "   | "              |
| .01                                   | Commissioners of Currency Malaya One-cent Piece (Square)  | "                     | 65.00           | 4.212    | ± 1 in 50   |                |
| .20                                   | Commissioners of Currency Malaya Twenty-cent Piece        | Cupro-nickel          | 87.27           | 5.65518  | .578  | .0375          |
| .10                                   | Commissioners of Currency Malaya Ten-cent Piece           | "                     | 43.63           | 2.82759  | .346  | .0224          |
| .05                                   | Commissioners of Currency Malaya Five-cent Piece          | "                     | 21.81           | 1.413795 | .212  | .0138          |
| .50                                   | Malaya and British Borneo Fifty-cent Piece                | "                     | 144             | 9.3325   | 1   | .0648          |
| .20                                   | Malaya and British Borneo Twenty-cent Piece               | "                     | 87.27           | 5.65518  | .578  | .0375          |
| .10                                   | Malaya and British Borneo Ten-cent Piece                  | "                     | 43.63           | 2.82759  | .346  | .0224          |
| .05                                   | Malaya and British Borneo Five-cent Piece                 | "                     | 21.81           | 1.413795 | .212  | .0138          |
| .01                                   | Malaya and British Borneo One-cent Piece (Square)         | Bronze                | 65.00           | 4.212    | ± 1 in 50   |                |

## SECOND SCHEDULE

For the purpose of Clauses 11 (3), 12 (3), 14 (3), 14 (4) and 19 (4) (a) of this Agreement the rights and obligations of the Participating Governments shall be calculated as follows—

(i) (a) In respect of the Governments of Brunei, North Borneo and Sarawak jointly a proportion equal to the proportion which the Board's currency in circulation in those territories bears to the total circulation.

(b) The proportion in respect of the said Governments calculated in accordance with the immediately preceding paragraph shall be apportioned between the said Governments individually in the proportions which



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the Board's currency in circulation in each of the territories bears to the total circulation in those territories:

Provided that the said Governments may agree among themselves and notify to the Board some other method of apportioning the proportion determined under sub-paragraph (a).

- (c) The currency in circulation for the purpose of the preceding paragraphs shall be the average monthly circulation during the year in respect of which the apportionment is being made.
- (ii) After deduction of the proportion calculated in accordance with the preceding paragraph the balance shall be apportioned between the Governments of the Federation of Malaya and Singapore in the proportion obtained by calculating the ratio between the currency in circulation in the two territories and adding to the proportion so obtained for Singapore ten per cent of that proportion, and reducing the proportion for the Federation of Malaya accordingly. The currency in circulation for the purposes of this paragraph shall be, in the case of each territory, the currency held by the banks plus that proportion of the remaining currency which is equal to that territory's proportion of the total population of the two territories. The currency held by the banks shall be the average monthly holdings during the year in respect of which the apportionment is being made.
- (iii) The proportions specified in paragraphs (i) (a) and (ii) may, from time to time, be varied by agreement between the Governments concerned with the unanimous approval of the Participating Governments and such variations shall apply to such of the clauses specified in this Schedule as the Participating Governments may unanimously direct:

Provided that, on the request of any Participating Government concerned, the Participating Governments shall, before making any decision under this paragraph, consider the advice of any independent person they may jointly appoint.

## THIRD SCHEDULE

Unless otherwise unanimously agreed by the Participating Governments the proportion referred to in proviso (a) (v) to Clause 10 (4) in respect of each Participating Government shall be determined as follows:

- (a) In the first twelve months from the appointed day the proportion shall be the proportion which that Government's share in the Currency Surplus Fund for the last financial year immediately preceding the appointed day bore to the aggregate of the shares of all the Participating Governments.
- (b) In the second twelve months from the appointed day the proportion shall be determined as in paragraph (a) but on the basis of shares in the Currency Surplus Fund for the financial year immediately succeeding that mentioned in paragraph (a).

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- (c) Thereafter the proportion shall be determined as in paragraphs (a) and (b) but on the basis of shares in the Currency Surplus Fund for the financial year immediately succeeding that mentioned in paragraph (b).

### EXPLANATORY STATEMENT

The object of this Bill is to implement an Agreement made between the Governments of the Federation of Malaya, the States of Singapore and Brunei and the Colonies of Sarawak and North Borneo for the establishment of a Currency Commission in order to have a single form of currency in all their territories. The Agreement is similar to former Agreements made in 1938 (as amended in 1946) and in 1950 but is necessitated by the changed status of the Federation of Malaya and the States of Singapore and Brunei. A copy of the new Agreement is set out in the Schedule to this Bill.

2. The Agreement provides that the Board of Commissioners of Currency, Malaya and British Borneo, reconstituted thereunder, will have the sole right of issuing currency notes and coins. Such notes and coins will be legal tender in the territories of the Participating Governments. The Bill retains essential provisions of the Currency Ordinance, 1951, but avoids the redundancy caused by re-enacting provisions contained in the Agreement, as in the former Ordinance, by providing in *Clause 3* of the Bill that the Agreement is to have the force of law in the Federation.

3. *Clause 4* charges on the Consolidated Fund any deficiency which the Federation Government is liable under the Agreement to make good; *Clause 5* provides, according to former precedents, that no bills of exchange payable to bearer on demand, except cheques or drafts drawn on bankers by customers, shall be dealt in, as otherwise the Board's monopoly of issue would be infringed; *Clause 8* provides that the acts of the Board done outside the Federation shall not be invalid solely because they were not done within its territory; and *Clause 11* authorises the Minister of Finance to lodge a notice of replacement on behalf of Government provided prior approval, signified by resolution of the Dewan Ra'ayat, has been given to such lodgement.