

CHAPTER 64.

An Act to amend the law with respect to the application and financing of the Exchange Equalisation Account; to make postal orders and certain bank notes temporarily legal tender; and to make provision with respect to certain loans granted by the Bank of England.

[1st September 1939.]

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows :—

Provisions as to Exchange Equalisation Account. 22 & 23 Geo. 5. c. 25.

1.—(1) Notwithstanding anything in subsection (3) of section twenty-four of the Finance Act, 1932, the Treasury may cause any funds in the Exchange Equalisation Account to be invested in securities (including securities and assets in currency of any country and in whatever form held), or in the purchase of gold, in such manner as they think expedient for securing the defence of the realm and the efficient prosecution of any war in which His Majesty may be engaged; and in subsection (7) of the said section (which requires the Comptroller and Auditor General to examine the Account with a view to ascertaining whether the operations on, and the transactions in connection with, the Account have been in accordance with the provisions of Part IV of the said Act) references to the said Part IV shall be construed as including references to this subsection.

(2) There shall be no limit to the aggregate amount which may be issued to the Exchange Equalisation Account out of the Consolidated Fund of the United Kingdom or the growing produce thereof; and accordingly in subsection (4) of section twenty-four of the Finance Act, 1932, the words from "not exceeding" to "pounds," the Exchange Equalisation Account Act, 1933, and the Exchange Equalisation Account Act, 1937, shall cease to have effect.

23 & 24 Geo. 5. c. 18. 1 Edw. 8. & 1 Geo. 6. c. 41.

(3) If at any time the Treasury are of opinion that the assets in sterling of the Account are for the time being in excess of what is required for the purposes of the Account, the Treasury may direct that the excess shall be applied in such manner as the Treasury may direct in redeeming or paying off debt of such description as the Treasury think fit.

Postal orders and Scottish and Northern Irish Bank notes to be temporarily legal tender.

2.—(1) Until such date as His Majesty may by order in Council appoint, postal orders shall be current in the United Kingdom in the same manner and to the same extent as current coins, and shall be legal tender for the payment of any amount in the United Kingdom.

(2) Until such date as His Majesty may by Order in Council appoint, bank notes issued by a bank having power to issue such notes in Scotland or in Northern Ireland shall be legal tender for the payment of any amount in Scotland or in Northern Ireland, as the case may be.

Provisions as to certain loans by Bank of England.

3.—(1) The amount of the principal of, and interest on, any loan which has, in the period beginning with the twenty-eighth day of August, nineteen hundred and thirty-nine, and ending with such date as His Majesty may by Order in Council appoint, been granted by the Bank of England to any person, and is certified by the Treasury to be a loan granted by the Bank by arrangement with his Majesty's Government in the United Kingdom, shall be a floating charge on the assets of that person in priority to all other floating charges created, whether under statute or otherwise, on the assets of that person; and the provisions of section seventy-nine of the Companies Act, 1929, and section forty-three of the Bankruptcy Act, 1914, and of any other enactment in force in the United Kingdom relating to the registration of charges (including any such enactment of the Parliament of

19 & 20 Geo. 5. c. 23. 4 & 5 Geo. 5. c. 59.

Northern Ireland) shall not apply, and shall be deemed never to have applied, to any floating charge created by virtue of this section.

(2) Any document purporting to be a certificate of the Treasury given for the purposes of this section, and to be signed by two of the Commissioners of the Treasury, or signed by a person by authority of the Treasury, shall be deemed to be such a certificate until the contrary is proved.

Short title and commencement.

4.—(1) This Act may be cited as the Currency (Defence) Act, 1939.

(2) This Act shall come into operation on such date as His Majesty may by Order in Council appoint; and different dates may be appointed under this subsection in relation to different provisions of this Act.

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FOR
SIR WILLIAM RICHARD CODLING, C.B., C.V.O., C.B.E., the King's Printer of Acts of Parliament