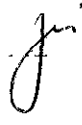


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SENATE
S.B. No. 2452

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Introduced by Senator Sergio Osmeña III

***AN ACT PENALIZING THE HOARDING OF LEGAL TENDER COINS OF THE
PHILIPPINE CURRENCY***

EXPLANATORY NOTE

The Bangko Sentral ng Pilipinas (BSP) has documented cases of unscrupulous hoarding and exportation of coins by syndicates, which smelt and convert coins for their metallic value for use as raw materials for mobile phones, computers or other industrial applications.

All current coins in circulation are made from various alloys of copper, brass, nickel, aluminum or steel. The skyrocketing of prices for these metals has led to "seigniorage" or the debasement of the currency, when the intrinsic value of the metal in coins exceeds their face value. It would cost the Government a substantial outlay of funds to replace the coins in circulation.

An investigation by the BSP also revealed an increasing demand for one peso coins due to "Automatic Tubig Machines", vending machines and video karera machines. The increased number of amusement machines like video or coin games, "Piso-piso internet", and the Filipinos' habit of storing coins in their piggy banks, drawers, wallets or jars instead of using them as payment, " also contribute to the inefficient coin recirculation and the shortage of coins.

As early as 2004, the BSP launched the Revised Reward System giving financial rewards to informers of counterfeiting activities leading to the arrest of suspects, seizure/confiscation of counterfeit currencies and paraphernalia and the filing of appropriate charges in court to counterfeiters. This Reward System was further

expanded in February 12, 2009 by virtue of Memorandum Circular No. 266 to include the reward to informers on cases of hoarding and mutilation/destruction of Philippine coins.

The BSP also conducted information and awareness campaigns to stress the importance of coins, encourage their use as payment for goods and services and in giving exact change. It also launched the coin-recirculation program to promote regular use of coins and to raise funds to benefit public elementary schools through "*Tulong Barya para sa Eskuwela*" campaign and the "*Tulong Barya Para sa Gawad Kalinga*" for the shelter needs of the less fortunate.

Despite these BSP measures, the coin shortage continues, which if unabated, may result in a wider-reaching negative impact on the economy. To curb the hoarding of Philippine legal tender coins, this bill proposes to criminalize coin hoarding or the keeping or possession of coins of any denomination beyond the aggregate value, number of pieces and weight to be determined by the BSP committed by any person, corporation, partnership, association or any other form of juridical personality.

Exempted from the bill's coverage are charitable institutions, private banks, banking and financial institutions of the government, and government agencies and instrumentalities when they hold or keep such coins in connection with their business functions or official duties. Persons engaged in retail business may also be exempted by the BSP, provided that said persons must not keep or hold such coins beyond the reasonable needs of the business based on its average utility gross sales.


The BSP is given the power to review and change, if needed, the aggregate amounts every three (3) years based on the prevailing value, supply of and demand for legal tender coins.

In order to achieve the BSP's objective to promote and maintain price stability of the Philippine currency, the approval of this bill penalizing coin hoarding is earnestly sought.


SERGIO OSMEÑA III
Senator

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SENATE
S.B. No. 2452

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Introduced by Senator Sergio Osmeña III

**AN ACT PENALIZING THE HOARDING OF LEGAL TENDER COINS OF THE
PHILIPPINE CURRENCY**

*Be it enacted by the Senate and the House of Representatives of the Philippines in
Congress assembled:*

1 **SECTION 1. Short Title.** - This Act shall be known as the "*Anti-Hoarding of*
2 *Philippine Legal Tender Coins Act*".

3 **SEC. 2. Declaration of Policy.** - It is the policy of the State to protect and
4 maintain the integrity of the Philippine currency. The State is committed to prevent coin
5 shortage and economic sabotage in order to maintain the stability of the country's
6 currency.

7 **SEC. 3. Definition of Terms.** -

8 (a) *Hoarding of coins* refers to the keeping or possession by any person not
9 engaged in business of legal tender coins of the Philippine currency beyond the
10 aggregate value, number of pieces and weight to be determined by the Bangko Sentral
11 ng Pilipinas (BSP), or the keeping or possession by any person engaged in the
12 business of such coins beyond the aggregate value, number of pieces and weight to be
13 determined by the BSP;

14 (b) *Person* refers to either natural or juridical persons and shall include
15 organizations, corporations or partnerships;

1 (c) *Aggregate value* refers to the total aggregate amount in Philippine pesos of
2 the coins kept or possessed by a person;

3 (d) *Aggregate number of pieces* refers to the physical count of the total number
4 of pieces of coins kept or possessed by a person; and

5 (e) *Aggregate weight* refers to the total weight in kilograms of the coins kept or
6 possessed by a person.

7 **SEC. 4. Hoarding of Legal Tender Coins.** - The penalty of eight (8) years of
8 imprisonment and a fine of not less than the face value or intrinsic value of the coins,
9 whichever is higher, but not exceeding three hundred thousand pesos (P300,000.00)
10 shall be imposed on any person who shall hoard coins of the Philippine currency.
11 If the offender is a corporation, partnership, association or any juridical person, the
12 penalty shall be imposed upon its responsible officers, as the case may be, who
13 participated in, or allowed by their gross negligence, the commission of the crime. If the
14 offender is a juridical person, the court may suspend or revoke its license.

15 **SEC. 5. Exceptions.** This Act shall not apply to charitable institutions, private
16 banks, banking and financial institutions of the government and government agencies
17 and instrumentalities when they hold or keep such coins in connection with their official
18 duties. The BSP may also exempt persons engaged in retail business: *Provided,* That
19 persons engaged in retail business must not keep or hold such coins beyond the
20 reasonable needs of the business based on its average daily gross sales.

21 **SEC. 6. Determination of Aggregate Amounts and Issuance of**
22 ***Implementing Rules and Regulations.*** - To implement the provisions of this Act, the
23 BSP shall have the authority to formulate the implementing rules and regulations and
24 shall determine the aggregate value, number of pieces and weight which would
25 constitute as hoarding of legal tender coins. Separate sets of aggregate amounts shall
26 be determined for persons engaged in a business and for persons not engaged in a
27 business. The BSP is empowered to review and change, if needed, the aggregate
28 amounts every three (3) years on the prevailing value, supply and demand of legal
29 tender coins.

30 **SEC. 7. Separability Clause.** - If any provision or part hereof is held invalid, or
31 unconstitutional, the remainder of the law or the provisions not otherwise affected shall
32 remain valid and subsisting.

1 **SEC. 8. Repealing Clause.** - Any law, presidential decree or issuance, executive
2 order, letter of instruction, administrative order, rule or regulation contrary to or
3 inconsistent with the provisions of this Act is hereby repealed, modified or amended
4 accordingly.

5 **SEC. 9. Effectivity.** - This Act shall take effect fifteen (15) days following its
6 publication in the *Official Gazette* or in a newspaper of general circulation.

7 Approved,