

Volume II

The Heyday of the Gold Standard, 1820-1930

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Paper issued by the Statistical Section of the Bank of England and entitled 'Terms on which the Bank of England buys bar gold'. This paper, drafted just over a year before Britain abandoned the gold standard, spells out the minimum terms under which the Bank of England would supply gold in exchange for currency. Note that an individual needed to present over £1500 in currency to receive the minimum 400 ounces of bar gold.

The "Gold Standard Act 1925" released the Bank from the obligation to redeem its own Notes or Currency Notes in specie. It also reserved to the Bank alone the right to present Gold Bars to the Mint for converting into Gold Coin, though this was already the practice. The Bank, on the other hand, was obliged by this Statute to sell (at its Head Office) against "any legal tender" Gold Bars each "containing approximately 400 ounces troy" at the price of £3:17:10½ per ounce standard.

The Bank has, however, continued to supply sovereigns for export, when required, though not obliged to do so by the Act.

It may be added that under the Currency & Bank Notes Act 1928 anyone owning Gold in excess of £10,000 is bound, on request from the Bank, to furnish particulars of the Gold owned, and shall, if so required, sell to the Bank all that Gold which is not being held for immediate export or for industrial purposes. No Gold, however, has so far been dealt with under this provision.

Source: BoE Archives, C52/15, 3324/3, no. 8.