

Hon. Mr. Seddon.

BANK OF NEW ZEALAND AND BANKING ACT AMENDMENT.

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A BILL INTITULED

AN ACT to make Further Provision respecting the Bank of New Zealand, and to amend the Law relating to Banks. Title.

5 WHEREAS during the present session of Parliament a Committee of the House of Representatives was appointed to make certain inquiries respecting the Bank of New Zealand and matters connected therewith: And whereas on the ninth day of October, one thousand eight hundred and ninety-six, the said Committee presented its report, and it is expedient to give effect to certain of the recommendations contained therein and to otherwise amend the law relating to banks: Preamble.

10 BE IT THEREFORE ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:—

15 1. The Short Title of this Act is "The Bank of New Zealand and Banking Act Amendment Act, 1896." Short Title.

## BANK OF NEW ZEALAND.

Board of Directors  
reconstituted.

2. On and after the thirty-first day of March, one thousand eight hundred and ninety-seven, the Board of Directors of the Bank of New Zealand (hereinafter called "the Bank") shall consist of eight persons, of whom,—

- (1.) Three shall be appointed by the Governor in Council ;
- (2.) Three shall be elected by the shareholders of the Bank ;
- (3.) One shall be elected by the members of the Legislative Council ; and
- (4.) One shall be elected by the members of the House of Representatives.

Present directors  
eligible.

3. The directors in office at the time of the coming into operation of this Act shall be eligible for appointment or election under this Act.

Provisions as to  
directors appointed  
by Governor in  
Council.

4. With respect to each of the three directors to be appointed by the Governor in Council, the following provisions shall apply :—

- (1.) He shall hold office for three years, but shall be eligible for reappointment.
- (2.) He may at any time resign by notice in writing to the Governor, and the Governor in Council may at any time remove him from office.
- (3.) He shall not be subject to the provisions of the deed of settlement of the Bank as to qualification, retirement, or removal.

- (4.) As often as his seat becomes vacant, it shall be the duty of the Board of Directors (hereinafter called "the Board") to forthwith notify the fact to the Governor ; and thereupon the Governor in Council shall fill the vacancy by appointing a successor, who shall take office from the date of his appointment, and shall hold office for the same term and subject to the same conditions as his predecessor.

As to directors to be  
elected by share-  
holders.

5. With respect to each of the three directors to be elected by the shareholders of the Bank, the following provisions shall apply :—

- (1.) He shall be elected at the half-yearly general meeting of shareholders, to be held at the head office of the Bank in Wellington, in the month of February, one thousand eight hundred and ninety-seven.
- (2.) He, as also each of his successors in office, shall possess the qualification prescribed by subsection two of section twelve of "The Bank of New Zealand Share Guarantee Act, 1894," and in all other respects shall be subject to the provisions of the deed of settlement of the Bank.

- (3.) As often as his seat becomes vacant, the vacancy shall be filled in manner provided by the deed of settlement of the Bank.

As to directors  
elected by Legis-  
lative Council and  
House of Repre-  
sentatives.

6. With respect to each of the directors to be elected by the members of the Legislative Council and the House of Representatives respectively, the following provisions shall apply :—

- (1.) He shall hold office for three years, but shall be eligible for re-election.
- (2.) He may at any time resign by notice in writing to the Speaker of the Council or the House, as the case may be

by whose members he was elected, and they may at any time remove him by resolution of the Council or House, if Parliament is in session, or if Parliament is not in session, then by warrant of the Speaker issued pursuant to the vote of a majority of the members.

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(3.) He shall not be subject to the provisions of the deed of settlement of the Bank as to qualification, retirement, or removal.

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(4.) As often as his seat becomes vacant the members of the Council or the House, as the case may be, who elected him, shall fill the vacancy by the election of a successor who shall take office from the date of his election, and shall hold office for the same term and subject to the same conditions as his predecessor.

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7. For the purposes of the election or removal, by the members of the Council or the House, of any director respectively elected by them the following provisions shall apply:—

Mode of election by Council or House.

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(1.) The first election shall be held on the \_\_\_\_\_ day of \_\_\_\_\_, one thousand eight hundred and \_\_\_\_\_, and each subsequent election shall be held as soon as conveniently may be after the vacancy occurs, being in no case more than *twenty-eight* days thereafter.

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(2.) Every candidate for election by members of the Council shall be nominated in writing by at least two members thereof, and the nomination-paper shall be lodged with the Clerk of Parliaments.

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(3.) Every candidate for election by members of the House shall be nominated in writing by at least two members thereof, and the nomination-paper shall be lodged with the Clerk of the House of Representatives.

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(4.) Every nomination shall be lodged as aforesaid, not less than ten days before the day of the election.

(5.) Except in cases where the Council or the House acts by resolution, the votes of members shall be given by sealed voting-papers.

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(6.) Subject to the foregoing provisions of this section, the Council and the House shall respectively prescribe the mode of conducting elections and taking the members' votes:

Provided that until such prescription is made, the Governor in Council may make regulations in that behalf.

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(7.) The question of the removal of a director shall be referred to the votes of the members of the Council or the House, as the case may be, whenever the shareholders of the Bank by resolution in ordinary or special general meeting so desire, or not less than twenty members by requisition to the Speaker so request.

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(8.) Whenever a vacancy occurs which is to be filled by the Council or the House, it shall be the duty of the Board of Directors to forthwith notify the fact to the Speaker thereof, who thereupon, but subject to the aforesaid prescription or regulations in that behalf, shall direct the fresh election to be held.

When directors to take office.	8. The directors first appointed and elected under this Act shall take office on the thirty-first day of March, one thousand eight hundred and ninety-seven, and thereupon the following events shall forthwith ensue:—	5
Effect thereof.	(1.) The directors then previously in office shall cease to hold office. (2.) The President's office shall be deemed to be abolished. (3.) The directors shall take steps to select and appoint a General Manager at a salary not exceeding <i>one thousand two hundred and fifty pounds</i> per annum.	10
Provisions as to chairman, quorum, and remuneration.	9. With respect to the Board as constituted under this Act, and the members thereof, the following provisions shall apply:— (1.) The Governor in Council shall appoint one of the directors to be the Chairman of the Board, and the Chairman so appointed shall have the power of veto heretofore possessed by the President. (2.) At all meetings of the Board the quorum shall be an absolute majority of all the directors who are for the time being in office. (3.) The remuneration of the directors whilst they hold office shall be at the rates following, that is to say,— (a.) The Chairman, <i>one thousand pounds</i> per annum: (b.) Each of the other directors, such sum not exceeding <i>two hundred and fifty pounds</i> per annum as is fixed by the Board: Provided that in every case where a director of the Bank is also an attorney of the Bank of New Zealand Estates Company (Limited), then, irrespective of his remuneration as director of the Bank, he may also receive from that company such remuneration, at the rate of not more than <i>one hundred pounds</i> per annum, as is fixed by the Board.	15 20 25
Repeal. No overdraft to officer of Bank or to company of which director or officer is a director.	10. The first proviso to section fifty-five of "The Bank of New Zealand and Banking Act, 1895," is hereby repealed, and it is hereby declared that after the <i>first</i> day of <i>July</i> , one thousand eight hundred and ninety-seven, no overdraft on any account whatever shall be allowed by the Bank to any officer of the Bank or to any company of which any director or officer of the Bank is a director.	35
Contract as to salary of President, &c., Auditor, and officers declared void.	11. All contracts and agreements as to salary, tenure of office, or otherwise howsoever, made between the Bank or the directors thereof on the one part, and the President, the Auditor, or any of the officers thereof on the other part, at any time subsequent to the coming into operation of "The Bank of New Zealand Share Guarantee Act, 1894," are hereby declared to be void for all purposes; and no party to any such contract or agreement shall have any claim to compensation or otherwise by reason of the voiding thereof:	40
Proviso as to Auditor.	Provided that, in the event of the present Auditor ceasing to hold that office, and not going into the Bank's service within one year after the coming into operation of this Act, then, for the purposes of determining his claim on the Pension Fund of the Bank, he shall be deemed to have been in the service of the Bank during the whole period of his service as Auditor:	45
Compensation to President.	Provided further that in the event of the person now holding	50

the office of President not continuing in the bank's service in any capacity after the abolition of the office of President, then he shall be entitled by way of compensation for loss of office to such sum not exceeding one year's salary as the Board thinks fit to grant.

5 12. Notwithstanding anything to the contrary contained in "The Bank of New Zealand and Banking Act, 1895," it is hereby declared that the annual dividends on the preferred shares issued to Her Majesty under section seven thereof shall be paid by the Bank to the Agent-General of the colony in London by half-yearly instalments on the first day of June and the first day of December in each year, and the consent or authority of the shareholders shall not be necessary.

How annual dividends on preferred shares to be paid.

15 13. (1.) The provisions of paragraph two of section forty-two of "The Bank of New Zealand and Banking Act, 1895," shall extend and apply to every Power of Attorney, Letter of Attorney, or Authority given by any person to the General Manager of the Colonial Bank of New Zealand, or to any of the managers or officers of the Colonial Bank of New Zealand, authorising the said General Manager or the said managers or officers to do any act or thing for and on behalf of or in the name of the grantor thereof, and which was in force at the time of the transfer of the business of the Colonial Bank of New Zealand to the Bank of New Zealand.

Powers of Attorney &c., in favour of Colonial Bank to be exercisable by Bank of New Zealand.

25 (2.) The General Manager of the Bank of New Zealand shall be deemed to have and to have had vested in him from the time of the said transfer of the said business all the powers and authorities granted respectively by any such Power of Attorney, Letter of Attorney, or Authority to the persons therein named.

30 (3.) The words "The General Manager of the Bank of New Zealand" in this section shall extend to and include any person for the time being acting as General Manager of the Bank of New Zealand.

35 14. With respect to the accounts in the list marked "B" in the contract of sale and purchase between the Bank of New Zealand and the Colonial Bank of New Zealand, referred to in "The Bank of New Zealand and Banking Act Amendment Act, 1895," it is hereby declared that the directors of the Bank of New Zealand and the liquidators of the Colonial Bank of New Zealand may lawfully enter into and carry out agreements for the absolute taking over by the Bank of New Zealand of all or any of the accounts in that list by way of purchase, at such price as the said directors and liquidators agree upon, anything in the said contract or any Act to the contrary notwithstanding :

Power to enter into agreements for taking over accounts in list "B."

Provided that nothing in this section contained shall apply to any of the accounts in the lists marked C or D in the said contract.

45 15. The balance-sheet and statement of accounts of the Assets Realisation Board shall be made up annually to the thirty-first day of March in each year, instead of half-yearly as provided by section fifty-two of "The Bank of New Zealand and Banking Act, 1895," and that section is hereby modified accordingly.

Assets Board Balance-sheet to be yearly instead of half-yearly.

50 16. (1.) In addition to the Auditor (hereinafter called the "Chief Auditor") appointed under section thirteen of "The Bank of New Zealand Share Guarantee Act, 1894," to act in respect of the

Assistant Auditor to be appointed.

business of the Bank in the Australasian Colonies and elsewhere outside the United Kingdom, the Governor in Council may appoint a fit person, being an expert in banking, to act as Assistant Auditor in respect of such business.

(2.) The salary or remuneration of the Assistant Auditor, being a sum not exceeding one thousand pounds per annum, shall be fixed and paid, and be subject to alteration, in manner prescribed by the aforesaid section thirteen in the case of the Chief Auditor. 5

(3.) The Colonial Treasurer may from time to time make regulations defining the duties and powers of the Assistant Auditor. 10

GENERAL.

Governor in Council may prescribe forms of returns to be made by banks, also of balance-sheets.

17. The Governor in Council may from time to time, by notice in the *Gazette*, prescribe with respect to every bank within the meaning of "The Banks and Bankers Act, 1880," which carries on business in the colony, the form of the returns referred to in section six of that Act, and also of such Bank's annual balance-sheet, and the items and particulars that shall be set forth in such returns and balance-sheet respectively; and for the purposes of this section he may, by *Gazette* notice, alter the First Schedule to that Act in such manner as he thinks fit. 15

Every Bank to keep assets in colony equal to liabilities.

18. (1.) From and after the first day of January, one thousand eight hundred and ninety-seven, it shall be the duty of every such Bank as aforesaid to at all times keep in the colony *bona fide* assets to an extent equal to, or greater than, its total liabilities in the colony. 20

(2.) If default is made in compliance with the foregoing provisions of this section every director and attorney of the defaulting bank is liable to a penalty of not less than *ten* nor more than *one hundred* pounds for every day during which such default continues. 25

Deed of Settlement and Acts modified.

19. The deed of settlement of the Bank, "The Bank of New Zealand Share Guarantee Act, 1894," "The Bank of New Zealand and Banking Act, 1895," and every other Act which is in any way in conflict with this Act, are hereby respectively modified in so far as such conflict exists, but not further or otherwise. 30