

Hon. Mr. Ward.

BANK OF NEW ZEALAND SHARE GUARANTEE.

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A BILL INTITULED

AN ACT to guarantee out of the Consolidated Fund a Special Issue of Shares by the Bank of New Zealand to the Amount of Two Million Pounds Sterling.

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

1. The Short Title of this Act shall be "The Bank of New Zealand Share Guarantee Act, 1894." Short Title.

10 2. In this Act, if not inconsistent with the context,—

"Bank" means the Bank of New Zealand, established under Interpretation.

"The Bank of New Zealand Act, 1861":

"Directors" means the Board of Directors of the said Bank:

15 "Guaranteed shares" mean the A shares of the Bank issued and guaranteed under this Act:

"Ordinary shares" mean all shares issued by the Bank other than guaranteed shares as herein defined.

20 3. Notwithstanding anything to the contrary contained in "The Bank of New Zealand Act, 1861," and the several amendments thereof, or in the deed of settlement of the Bank, it shall be lawful for the Directors of the Bank to increase the capital of the Bank by the issue of shares to an amount not exceeding two million pounds sterling, in shares of ten pounds each, upon which there shall be no further liability. Further extension of capital of Bank.

Issue of preferential shares secured on liability of all shareholders in Bank.

4. Such guaranteed shares shall be called A shares, and shall have a preference over all ordinary shares in respect both of capital and dividend; and the liability of the holders of ordinary shares under section twenty-one of "The New Zealand Bank Act, 1861," shall be available to secure the calling-in, payment, and cancellation, as hereinafter provided, of such guaranteed shares and the dividends thereon; and the Directors of the Bank may decline to register any transfer of shares upon which there is any liability made by a shareholder to any person of whose responsibility they may not be satisfied, and every transfer of shares, after being approved by the Directors, shall not be valid until authorised in writing by the President. 5 10

Directors to levy £500,000 of reserve capital.

5. It shall be incumbent upon the Directors, as a condition of the guarantee aforesaid, that they shall, in terms of clause one hundred and twenty-two of the deed of settlement, and they are hereby empowered to call up one-third of the sum of ten pounds per share, for which the shareholders are liable under the aforesaid section twenty-one, and collect the same within twelve months from the date at which the guarantee shall come into effect. 15

And the Directors may, subject to the approval of the Colonial Treasurer, pay interest out of the moneys of the Bank on such amounts called up and collected as aforesaid at a rate not exceeding five per centum per annum. 20

Currency for ten years only.

6. The Bank shall, at the expiration of ten years from the date of the issue of such A shares, call in and cancel the same on payment of the nominal or face value of the same, with accrued dividend. 25

Dividends.

7. The rate of dividend on such A shares shall not exceed four per centum per annum, and the Directors shall pay the same out of the moneys of the Bank.

Preferential shares with dividends guaranteed by the colony.

8. Every sum of money for which such A shares shall be issued under the authority of this Act, and the dividends thereon, shall be a charge upon, and, in the event of default in respect thereof by the Bank, shall be payable out of, the Consolidated Fund of New Zealand without further appropriation than the authority of this Act. 30

In default Colonial Treasurer may appoint a Receiver.

9. If at any time or times any money shall be payable under the guarantee hereinbefore mentioned, then and in that case all the assets and real and personal property of the Bank shall be deemed to be and shall be security for the repayment of the moneys so advanced; and if such moneys, together with interest thereon at the rate of four per centum per annum, shall not be paid by the Bank to the Colonial Treasurer, then the Colonial Treasurer may appoint a Receiver, who shall thereupon have and exercise all the powers and authorities which might be exercised by a liquidator appointed by the Supreme Court under "The Companies Act, 1882," without the necessity of applying to the said Court for such appointment or for any such powers. 35 40 45

Provided always that the right of the Crown in respect of moneys other than the payments guaranteed under this Act, and the claims of all other creditors of the Bank, shall be a first charge on the proceeds of such liquidation.

Application of proceeds of preferential shares.

10. Of the said sum of two million pounds so to be raised, one million pounds shall be at the disposal of the Bank for use in its ordinary business, and the remaining one million pounds shall be invested in such manner as the Colonial Treasurer may approve, or as may be provided in any Act or Acts of the General Assembly. 50

11. Until the said A shares shall be called in and cancelled as aforesaid the Directors shall not pay any dividend to the holders of any ordinary shares without the consent in writing of the Colonial Treasurer, who, before giving such consent, shall be satisfied that
 5 any such dividend may be paid without unduly affecting the security of the colony in respect of such guarantee as aforesaid.

During currency of shares no dividend to be paid without consent of Treasurer.

12. Within three months of the issue of the said guaranteed shares—

Head Office of Bank to be removed to Wellington.

10 (1.) The head office of the Bank shall be removed to the City of Wellington :

(2.) A general meeting of shareholders shall be called to meet at the head office, or at such other place in the City of Wellington as may be appointed, to elect a new Board of Directors, of whom the President shall be appointed
 15 by the Governor in Council. Such President need not be a shareholder in the Bank, but shall have and shall exercise all the duties, powers, and responsibilities of a Director. The qualification of such Directors shall be the holding of one hundred either of A shares or of other
 20 shares of the Bank, or partly of one class and partly of the other class.

13. In lieu of the auditors provided to be appointed under the deed of settlement of the Bank, the Governor, by an Order in Council, may appoint some fitting person, who shall be an expert in banking
 25 business, to act as auditor in respect to the business of the Bank in the Australasian Colonies, or in whatever place or places out of the United Kingdom the Bank may carry on business, and whose salary or remuneration shall be paid by the Bank, the amount thereof to be fixed by the Directors in conference with the Colonial Treasurer, and
 30 not thereafter to be liable to alteration by the Bank without the consent in writing of the Colonial Treasurer.

Special auditors.

The Agent-General of New Zealand in London shall in like manner appoint an auditor in respect of the business of the Bank within the United Kingdom, whose salary or remuneration shall also
 35 be paid by the Bank.

14. The Colonial Treasurer may from time to time make, alter, or revoke regulations defining the duties and powers of the auditor or auditors of the Bank.

Regulations as to audit.

15. If, upon the report of the auditors, or either of them, confirmed by the President of the Bank, it shall appear to the Colonial Treasurer that the affairs and business of the Bank are in any respect improperly or unsafely conducted, he shall call the attention of the Directors thereto, and it shall be imperative upon the Directors to amend the management and conduct of the said affairs and business
 45 in such manner as the Colonial Treasurer may by any writing require.

Conduct of business by Bank.

16. In valuing the shares held by the Bank in the Bank of New Zealand Estates Company (Limited), or any items which shall take the place of such shares or any of them, the Directors and auditors
 50 shall treat the same as an account in liquidation, and pending the completion of such liquidation such shares or items shall be taken at the par or book value thereof.

Value of shares in Estates Company.

Deed of settlement
of Bank amended.

17. The deed of settlement of the Bank shall be deemed to be amended in all respects so as to make the same conform to the provisions of this Act.

By Authority : SAMUEL COSTALL, Government Printer, Wellington.—1894.