

[AS REPORTED FROM THE COMMITTEE OF THE WHOLE]

*House of Representatives, 19 October 1955*

Words struck out by the Committee are shown in italics within bold brackets; words inserted are shown in black.

*Hon. Mr Watts*

## LOCAL BODIES' LOANS AMENDMENT

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### A BILL INTITULED

AN ACT to amend the Local Bodies' Loans Act 1926. Title.

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

- Short Title. 1. This Act may be cited as the Local Bodies' Loans Amendment Act 1955, and shall be read together with and deemed part of the Local Bodies' Loans Act 1926 (hereinafter referred to as the principal Act).
- See Reprint of Statutes, Vol. V, p. 360
- Local authorities may raise loans by issue of stock. 2. Notwithstanding anything to the contrary in the principal Act or in any other Act, where a local authority is authorized to raise a special loan under Part I of the principal Act, the local authority may, if it thinks fit, raise that loan or any part thereof by the issue of stock under the provisions of this Act instead of by the issue of debentures.
- Stock to be issued only in respect of loans raised in New Zealand. 3. The authority conferred by section *two* of this Act shall not extend to the raising of any loan outside New Zealand.
- Registrar of Stock. 4. The Reserve Bank of New Zealand shall be the Registrar of Stock under this Act (hereinafter called the Registrar).
- Register of stock. 5. The Registrar shall keep a register of stock, and shall cause to be entered therein, with respect to every holder of stock under this Act, the following particulars:
  - (a) The name and address of the holder;
  - (b) The amount of stock held by him;
  - (c) The rate of interest payable in respect of the stock;
  - (d) The date or dates in each year on which the interest is payable;
  - (e) The due date of repayment of the principal; and
  - (f) Such other particulars as the Registrar may from time to time consider necessary.
- Trusts not to be entered on register. 6. No notice of any trust in respect of any stock, or in respect of any certificate of title to stock, shall be entered in the register or be receivable by the Registrar; and no liability shall attach to the local authority or to the Registrar by reason of any express, implied, or constructive notice of any trust affecting any such stock or certificate as aforesaid.
- Evidence of contents of register. 7. Any extract from the register, certified as correct by an officer of the Reserve Bank of New Zealand purporting to act in the course of his duties as such, shall, for all purposes and in all Courts, be conclusive evidence of the entry in the register to which the extract relates as on the date when the extract was so certified.

8. Any infant of the age of ten years or upwards may be registered as the holder of any stock under this Act, and may apply for the issue of certificates of title in relation to stock, or may execute a memorandum of transfer  
5 of any stock, as effectually in all respects as if he were of the age of twenty-one years.

Infants may be registered as holders of stock.

9. Every person whose name is for the time being on the register as the holder of any stock shall be deemed to be the holder of that stock for the amount standing  
10 to his credit in the register, with the right, subject to the provisions of this Act, to receive the interest thereon.

Registered holder of stock.

10. (1) The Registrar shall, on application in writing by the registered holder of any stock under this Act, issue to him a certificate of title certifying that the  
15 applicant is the registered holder of the stock referred to therein (being the whole or any part of the amount of stock of which he is the registered holder).

Certificates of title to stock.

(2) Any such certificate of title shall be conclusive evidence of the ownership of the stock to which it relates  
20 by the person named therein as the holder.

(3) The transfer, whether by delivery or otherwise, of any such certificate of title shall not operate as a transfer of the legal or equitable interest of the holder in the stock to which it relates. No dealings with any stock to which  
25 any such certificate of title relates shall be recorded by the Registrar unless and until the certificate of title has been produced to and cancelled by the Registrar.

11. (1) The Registrar may from time to time issue warrants for the payment of interest on any stock registered under this Act.  
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Payment of interest on stock.

(2) Every such warrant shall be in the name of the registered holder of the stock to which it relates, or in the case of stock held jointly or otherwise by two or more persons may be in the name of the stockholder first named  
35 in the register.

(3) Every such warrant shall be transferable as if it were a cheque payable to order within the meaning of the Bills of Exchange Act 1908, and the provisions of sections seventy-six to eighty-two of that Act shall apply  
40 to every such warrant as if it were a cheque.

See Reprint of Statutes, Vol. I, p. 583

(4) Nothing in this section shall preclude the Registrar from paying interest otherwise than by interest warrant if he thinks fit, or from accepting a direction from a stockholder or stockholders, as the case may be, for payment to be made to an agent.

Transfer  
of stock.

12. (1) The registered holder of any stock under this Act may, by memorandum of transfer, transfer to any other person the whole of the stock or any part thereof, being an amount of ten pounds or a multiple of ten pounds or such other amount as the Registrar may in any particular case agree to.

(2) On application in that behalf to the Registrar, either by the registered holder or by the transferee, and on production to him of a duly executed memorandum of transfer, the Registrar shall enter in the register the name of the transferee as the registered holder of the stock to which the memorandum of transfer relates.

(3) Every such entry shall operate as a transfer of the stock to which it relates, and shall vest that stock in the transferee.

(4) No transfer of stock shall be made under this section while any certificate of title is outstanding in respect of the stock, unless the amount of the stock proposed to be transferred is not more than the amount standing on the register and unaffected by the outstanding certificate or certificates.

Acquisition  
of stock by  
operation  
of law.

13. When the right to any stock under this Act is acquired by any person on the death or bankruptcy of the registered holder, or under a writ of execution, or in any manner other than by way of a transfer under section *twelve* of this Act, the Registrar on application by or on behalf of the person entitled, and on being satisfied that he is legally entitled to be registered as the holder of the stock, shall enter his name in the register as the holder of the stock accordingly.

Vesting stock  
of deceased  
holder without  
requiring  
probate or  
letters of  
administration.

14. (1) Where the registered holder of any stock under this Act has died and the total nominal amount of the stock does not exceed two hundred pounds, the Registrar may in his discretion, and without requiring the production of probate or letters of administration, register as the holder of the stock any person who proves to the satisfaction of the Registrar—

- (a) That he is entitled to the stock under the will or on the intestacy of the deceased stockholder; or
- (b) That he is entitled to obtain probate of the will of the deceased stockholder, or letters of administration of his estate; and
- (c) That in neither case has any grant been made of any such probate or letters of administration.

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10 (2) Notice of any exercise of the powers conferred by this section shall within fourteen days thereafter be given by the Registrar to the Commissioner of Inland Revenue.

15 15. (1) Any person may, by power of attorney in a form prescribed by the Minister, appoint any other person to be his attorney for any purpose in relation to stock under this Act.

Powers of attorney.

15 (2) Every power of attorney under this section shall be deposited in the office of the Registrar.

20 (3) Every such power of attorney that is so deposited shall be valid and effectual for all the purposes therein mentioned until notice in writing of its revocation, or of the death, disability, bankruptcy, winding up, or dissolution of the principal has been received in the office of the Registrar.

(4) Every power of attorney under this section shall be exempt from stamp duty.

25 30 35 16. (1) The Supreme Court, on the application of any interested person made either *ex parte* or on notice to any other person as the Court may direct, may make an order prohibiting, for the time and subject to the conditions specified in the order, any dealings with any stock specified in the order, and may discharge any such order, with or without costs, and generally act in the premises in such manner as in the opinion of the Court the justice of the case requires.

Supreme Court may prohibit dealings with stock.

35 (2) The Registrar of Stock, without being made a party to the proceedings, shall, on being served with any such order, obey it, and make an entry of the order in the register.

40 (3) No liability shall attach to the local authority or to the Registrar for any entry made or thing done by the Registrar pursuant to an order under this section.

Replacing  
of lost or  
destroyed  
certificates of  
title to stock.

17. (1) Where any certificate of title to stock issued under this Act has been lost or destroyed, the Registrar, on receiving evidence to its satisfaction of the loss or destruction, may, on such terms and subject to such conditions as the Minister prescribes, issue a substitute certificate of title with the word "Substituted" stamped or written thereon, and shall record the issue thereof in the register accordingly. 5

(2) Every such substituted certificate of title shall have the same effect to all intents and purposes as the original certificate of title for which it is substituted. 10

Surrender of  
debentures in  
exchange for  
stock.

18. (1) With the consent of the local authority, the Registrar may, on application in that behalf by the holder of any debentures issued under Part I of the principal Act, accept the surrender of and cancel those debentures and register the name of the debenture holder as the holder of stock issued under this Act for the total amount represented by the debentures so surrendered. 15

(2) Stock issued under this section shall relate to the same loan, shall be payable on the same date, shall bear interest at the same rate, and shall otherwise be subject to the same terms and conditions as the surrendered debentures. 20

(3) Stock issued under this section shall be secured in the same manner in all respects as the debentures in place of which it is issued. 25

Principal and  
interest of stock  
to constitute a  
debt due by  
local authority.

19. (1) All principal and interest payable in respect of any stock issued under this Act shall constitute a debt due to the registered holder by the local authority on whose behalf the stock was issued by the Registrar. 30

(2) The Reserve Bank of New Zealand shall be under no liability to the registered holder of any stock in respect of any default in payment of the principal or interest payable in respect of the stock.

Statements by  
Registrar to  
local authority.

20. The Registrar shall from time to time furnish to the local authority certified statements as to the amount of stock registered under this Act, with such other particulars relating thereto as the local authority may require, and the Audit Office may for all purposes accept any such certified statements as correct. 35 40

21. (1) Any local authority may from time to time enter into agreements with the Registrar for the purpose of giving full effect to the provisions of this Act. **[in relation to any loan raised by the local authority by the issue of stock.]**

Agreements by local authority with Registrar.

(2) Without limiting the generality of the provisions of subsection *one* of this section, agreements under that subsection may relate to the remuneration payable to the Registrar in regard to the issue and management of the stock and the giving of indemnities to the Registrar.

22. (1) The provisions of sections thirty-eight to sixty-one, and sections one hundred and sixteen, one hundred and seventeen, and one hundred and twenty-one of the principal Act, and of sections forty-nine and fifty of the Finance Act (No. 2) 1948 (as amended by section eighteen of the Finance Act (No. 2) 1952), shall, as far as they are applicable and with the necessary modifications, apply with respect to stock issued under this Act, as if references in those sections to debentures and to the debenture holder were references to stock and to the registered holder of the stock, respectively.

Application of provisions of other enactments to stock, 1948, No. 78 1952, No. 81

(2) Where under the provisions of any enactment or of any order of any Court or of any trust instrument any person is authorized to invest any funds in debentures of a local authority issued under Part I of the principal Act, that person shall be deemed to be authorized to invest the funds in stock issued under this Act.

23. The following enactments are hereby repealed, namely:

Repeals.

- (a) Section forty-two of the Finance Act 1933 (No. 2) : 1933, No. 41
- (b) Sections ten and twenty-two of the Finance Act (No. 3) 1934. 1934, No. 81