

to the amount of the outstanding existing securities to which the Act does not apply. The first part of such sinking fund shall be applied by the Commissioners thereof in accordance with the provisions of clause twenty-six hereof as if those existing securities issued in respect of the loan to which the Act applies were a separate loan to which that clause applies, and such first part of the sinking fund were the sinking fund of such separate loan, and the second part of such sinking fund shall be retained by the Commissioners as a sinking fund for those existing securities issued in respect of the loan to which the Act does not apply.

24. For the purposes of the next two succeeding clauses the sinking fund of every loan set out in the First Schedule hereto, of which the Public Trustee is holder of some only of the existing securities issued in respect thereof, shall be divided into two parts, the first of which shall bear to the second the same proportion which the amount of the existing securities so held by the Public Trustee bears to the amount of the existing securities held by persons other than the Public Trustee. The said parts shall be applied as follows:—

- (a) The first part of such sinking fund shall be applied by the Commissioner thereof in accordance with the provisions of clause twenty-five hereof as if the existing securities issued in respect of the loan and held by the Public Trustee were a separate loan within the meaning of that clause, and such first part of the sinking fund were the sinking fund of such separate loan.
- (b) The second part of such sinking fund shall be applied by the Commissioner thereof in accordance with the provisions of clause twenty-six hereof as if the existing securities issued in respect of the loan and held by persons other than the Public Trustee were a separate loan within the meaning of that clause and such second part of the sinking fund were the sinking fund of such separate loan.

25. (1) The existing sinking fund of every loan in the First Schedule hereto the existing securities issued in respect of which are held by the Public Trustee shall be applied by the Public Trustee as Commissioner thereof in or towards making the following payments, in the following order of priority, namely:—

- (a) First, in transferring to the Commissioners of the sinking fund hereinbefore required to be created for the unconverted securities issued in respect of such loan a sum which bears the same proportion to the amount of such existing sinking fund at the date of conversion as the aggregate amount of principal secured by such unconverted securities bears to the aggregate amount of principal secured by all the existing securities issued in respect of such loan;
 - (b) Secondly, in payment, in accordance with the directions of the local authority, of any cash premium payments required by this Order to be made in respect of the conversion of existing securities issued in respect of such loan or of any other loan to which this clause applies;
 - (c) Thirdly, in so far as the funds are represented by moneys in the Common Fund of the Public Trust Office, in repayment to the extent directed by the local authority and being an amount the multiple of one hundred pounds of the principal secured by existing securities issued in respect of such loan and held by the Public Trustee; and
 - (d) Fourthly, in transferring the balance including any part of the fund not invested in the Common Fund of the Public Trust Office to the Commissioners of the consolidated sinking fund hereinbefore required to be created for the new securities, to be held as part of that sinking fund.
- (2) Interest up to the date of conversion on any existing securities so repaid in accordance with paragraph (c) of the last preceding subclause shall be paid by the local authority out of the local fund.

26. The existing sinking fund of every loan referred to in the First Schedule (other than the loans referred to in the preceding clauses twenty-two and twenty-five hereof) shall be applied by the Commissioners thereof, so far as it will extend, in or towards making the following payments, in the following order of priority, namely:—

- (a) First, in transferring to the Commissioners of the sinking fund hereinbefore required to be created for the unconverted securities issued in respect of such loan a sum which bears the same proportion to the amount of such existing sinking fund at the date of conversion as the aggregate amount of principal secured by such unconverted securities bears to the aggregate amount of principal secured by all the existing securities issued in respect of such loan;
- (b) Secondly, in payment in accordance with the directions of the local authority of any cash premium payments required by this Order to be made in respect of the conversion of existing securities whether issued in respect of such loan or of any other loan to which the clause applies;
- (c) Thirdly, in payment in accordance with the directions of the local authority of the costs and charges of and incidental to the conversion of any existing securities to which this Order applies (whether issued in respect of the said loan or of any other loan referred to in the First Schedule hereto): Provided, however, that the aggregate amount so paid out of all the existing sinking funds to which this clause applies shall in no case exceed £2,000; and
- (d) Fourthly, in transferring the balance to the Commissioners of the consolidated sinking fund hereinbefore required to be created for the new securities, to be held as part of that sinking fund.

CONSOLIDATED SPECIAL RATE.

27. (1) As a security for the new securities and the unconverted securities the local authority shall forthwith, by resolution gazetted (in the form numbered (4) in the Second Schedule hereto), make and levy a special rate over the whole of the district of the local authority to provide for the payment of interest, sinking fund, and other charges in respect of such securities.

(2) Subject to the provisions of this Order, the provisions of the Local Bodies' Loans Act, 1926, and of any other Act shall, so far as applicable and with all necessary modifications, apply with respect to such special rate, and with respect to the interest and other charges in respect of such securities, as if such special rate were made and levied in respect of a special loan raised under Part I of the said Local Bodies' Loans Act, 1926.

(3) Upon the making of such special rate every special rate theretofore made in respect of any existing securities to which this Order applies shall cease to be a security for such existing securities.