

(2) All debentures issued in respect of the loan and held by such Commissioners as an investment of the sinking fund, shall be transferred to the local authority to be cancelled. Such cancellation shall be effected by the local authority in the presence of the Commissioners or a person appointed by them for the purpose, and under the supervision of an officer appointed by the Audit Office to exercise such supervision at the expense of the local authority. On the cancellation of such debentures the liability of the local authority and of the Commissioners in respect of the debentures and of the moneys secured thereby shall forthwith cease.

(3) So much of such existing sinking fund as is not represented by the debentures referred to in the last preceding subclause shall, so far as it will extend, be applied 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 in respect of which such sinking fund is held;
- (b) Secondly, in payment, in accordance with the directions of the local authority, of any cash payments required by this Order to be made in respect of premiums to which any holder is entitled on the conversion of any existing securities to which this Order applies; and
- (c) Thirdly, in transferring the balance to the Commissioners of the sinking fund hereinbefore required to be created for the new securities, to be held as part of that sinking fund.

#### SECURITIES HELD BY TRUSTEES.

24. The provisions of sections twenty-two, twenty-three, and twenty-four of the New Zealand Debt Conversion Act, 1932-33 (relating to the adjustment of premiums as between capital and income and to the powers of trustees and other persons in relation thereto), shall apply with respect to existing securities converted into new securities in accordance with this Order in the same way as they apply with respect to securities converted under that Act, save that the references in the said section twenty-two to the first day of April, one thousand nine hundred and thirty-three, shall be construed as references to the day following the date of conversion.

#### BROKERAGE.

25. The local authority shall not, in respect of the conversion into new securities of any existing securities to which this Order applies, enter into any contract for the payment of brokerage at a rate exceeding one-quarter per centum of the amount of such existing securities.

#### FIRST SCHEDULE.

##### LOAN TO BE CONVERTED.

| Name.  | Amount.  | Rate of Interest. |              | Date of Maturity. |
|--|----------|-------------------|--------------|-------------------|
|  |          | Original.         | Existing.    |                   |
| Drainage and Sewerage Redemption Loan, 1931, of £90,000 (part) | £ 74,700 | Per Cent. 5½      | Per Cent. 4½ | 30th June, 1946.  |

N.B.—Of the debentures issued in respect of the above loan this Order applies only to those to which the Local Authorities Interest Reduction and Loans Conversion Act, 1932-33 applies. So far as the local authority is aware that Act and this Order apply to the debentures bearing the serial numbers Y154 to Y900 (both numbers inclusive).

#### SECOND SCHEDULE.

##### FORMS.

##### (1) Notice.

[Name of local authority.]

CONVERSION under the Local Authorities Interest Reduction and Loans Conversion Act, 1932-33, and the Loans Conversion Order, 19 , of debentures or other securities issued in respect of the following loan [Particulars of loan].

Notice is hereby given to the holders of debentures or other securities issued in respect of the above-mentioned loan that the [Name of local authority] intends to convert all such debentures or other securities (except those in respect of which dissent is duly signified) into new debentures having new maturity dates and bearing interest at 4½ per cent. per annum.

The conversion will take effect from [Date of conversion].