

COLONY OF NORTH BORNEO

I assent,

R. E. TURNBULL,
Governor

14TH OCTOBER, 1959.

No. 13 of 1959

An Ordinance to replace the General Local Loans Ordinance
(*Chapter 52 of the Revised Edition*).

Date of commencement
[14th October, 1959]

ENACTED BY the Governor of the Colony of North Borneo with the advice and consent of the Legislative Council as follows:-

Short title.

1. This Ordinance may be cited as the Local Loans Ordinance, 1959.

Interpretation.

2. In this Ordinance, unless the context otherwise requires –

“debenture” means any debenture issued under the provisions of this Ordinance;

“estate duty stock” means North Borneo stock issued under the provisions of section 20;

“loan” means a loan raised under the provisions of this Ordinance;

“the register” includes any book kept by the Accountant-General under the provisions of this Ordinance;

“stock” means North Borneo stock issued under the provisions of this Ordinance and includes any share or interest in such stock;

“stockholder” means any person holding stock, who is entered as proprietor thereof on the register;

“Scheduled Territories” means the territories specified in the First Schedule to the Exchange Control Ordinance [Cap. 168.].

Authority to raise loans.

3. (1) The Financial Secretary is hereby empowered, subject to the provisions of this Ordinance, to raise in the Colony loans of such sums of money as the Legislative Council may from time to time authorised by resolution.

(2) All moneys borrowed under the authority of this Ordinance shall be applied for such purposes as shall be specified by the resolution authorising the borrowing of such money.

Methods of raising loans.

4. Loans may be raised under the provisions of this Ordinance in either or both of the following ways:-

(a) by the creation and issue of registered stock which shall be known as North Borneo Stock;

(b) by the issue of securities in the form of debentures payable to bearer.

Issue and redemption of debentures.

5. (1) Debentures may from time to time be issued in the Colony by the Accountant-General, upon the directions of the Financial Secretary, upon the best and most favourable terms that can be obtained, and such amounts and on such conditions, subject to the provisions of this Ordinance, as the Financial Secretary may, before the issue thereof, from time to time direct.

(2) Debentures shall be of such denominations as the Financial Secretary may from time to time direct.

(3) Debentures shall be redeemable either –

(a) at par on a fixed date to be declared on the issue of the debentures:

Provided that the Financial Secretary may reserve the option to redeem the debentures prior to such date on such conditions as may be declared at the time of issue; or

(b) by annual drawings at par; or

(c) at the option of the Financial Secretary, by purchase.

(4) Each debenture shall be signed by the Financial Secretary and countersigned by the Accountant-General or such other person as the Governor may appoint:

Provided that it shall be sufficient compliance with the provisions of this subsection if the name and designation of the Financial Secretary and the Accountant-General or other person appointed are stamped on the debentures.

Interest on debentures.

6. (1) The interest upon principal represented by each debenture shall run from the date of issue named in that behalf in that debenture, and shall be paid half-yearly by the Accountant-General on dates prescribed by the Financial Secretary.

(2) There shall be attached to each debenture coupons for the payment of interest to become due in each half-year upon the principal represented by the debenture.

Debentures and coupons transferable by delivery.

7. Every debenture and coupon, and the right to receive the principal and interest represented thereby, shall be transferable by delivery.

Register of debentures.

8. Every debenture shall, before being issued, be registered by the Accountant-General in a register kept for that purpose.

Redemption and interest moneys payable only to residents and former residents of scheduled territories.

9. Redemption moneys and interest moneys payable on any debenture issued under the provisions of this Ordinance shall be payable only to a person who at the time that such moneys are payable is, or at the time when he subscribed for or purchased such debenture was, ordinarily resident in the Scheduled Territories.

Redeemed debentures to be cancelled unless redeemed by purchase when they may be applied to sinking fund.

10. (1) Upon the repayment of the principal moneys secured by any debenture the debenture shall, and on the redemption by the purchase of any debenture the debenture may, together in either case with all outstanding coupons, be delivered up to the Accountant-General for cancellation by him.

(2) Debentures redeemed by purchase which are not delivered up for cancellation shall be deemed to be securities forming part of the sinking fund and may in all respects be dealt with as such.

Stock to be issued by the Accountant-General on direction of the Financial Secretary.

11. North Borneo stock shall from time to time be issued in the Colony by the Accountant-General, upon the directions of the Financial Secretary, upon the best and most favourable terms that can be obtained, and to such amounts and on such conditions, subject to the provisions of this Ordinance, as the Financial Secretary may before the issue thereof from time to time direct.

Accountant-General to keep register of stock.

12. (1) The Accountant-General shall keep a register in which all stock issued under the provisions of this Ordinance shall be registered, and in which all transfers and all dealings in such stock under the provisions of this Ordinance shall be registered and in

which shall be entered all matters and things which by this Ordinance are required to be entered in the register.

(2) Such register shall, until the contrary is proved, be evidence of title of any person in respect of any stock which he is entered as the stockholder.

Stock Certificate.

13. The Accountant-General shall within thirty days of receipt of the final instalment payable on any stock, other than estate duty stock, send to the stockholder a certificate, which shall be known as a Stock Certificate, showing that stock to the value specified therein has been registered in the name of the stockholder. Such Stock Certificate shall, until the contrary is proved, be evidence of the title of the stockholder to the stock specified therein.

List of stockholders of unclaimed interest.

14. The Accountant-General shall keep, in a separate book, a list of stockholders on whose stock the interest has been unclaimed for two years together with their registered addresses and descriptions, and such list shall be open for inspection upon payment of the prescribed fee.

Transfer of stock.

15. Stock, other than estate duty stock, shall be transferable by an instrument of transfer to be approved by the Accountant-General, and a certificate issued by the Accountant-General in pursuance of such transfer and in respect of the stock so transferred shall, until the contrary is proved, be evidence of the title of the holder of the certificate to the stock specified therein.

Closing of Register.

16. (1) The Accountant-General may, for a period not exceeding fourteen days previously to each payment of interest on any stock registered under the provisions of this Ordinance, close the register of that stock as regards transfer upon giving not less than seven days' notice of such closing. Such notice shall be published in the *Gazette*.

(2) The persons who on the day of such closing are registered as stockholders shall, as between them and their transferees, be entitled to the interest then next payable on the stock.

Loans to be a charge upon general revenues.

17. The principal moneys and interest represented by loans are hereby charged upon and shall be payable out of the general revenues and assets of the Colony.

Interest and payment thereof.

18. Interest shall be payable on stock by warrant half-yearly by the Accountant-General on behalf of the Government of the Colony at the rate fixed by the Financial Secretary at the time of issue of such stock.

Redemption of stock.

19. (1) Stock shall be redeemable at the office of the Accountant-General at par on a date to be named in that behalf by the Financial Secretary in issuing the stock:

Provided that the Financial Secretary may reserve the option to redeem the stock in whole or in part, by drawing or otherwise, at any time prior to such date on such conditions as may be declared at the time of issue.

(2) From and after the date appointed for the redemption of the stock or any part of it, all interest on the principal moneys secured thereby shall cease and determine, whether payment of the principal shall have been demanded or not.

Estate duty stock.

20. (1) Of the moneys which the Financial Secretary is authorised by and pursuant to this Ordinance to borrow, he may borrow such amount as he thinks fit by the issue of estate duty stock.

(2) The administrator of the estate of any deceased person, or other person by whom estate duties may be payable in respect of that estate, may pay the whole or any part of the estate duties payable by him in respect of that estate by means of estate duty stock issued to the deceased, and the Commissioner of Estate Duties shall accept any such stock accordingly in satisfaction in whole or in part, as the case may be, of the

amount of estate duties payable as aforesaid and shall notify the Accountant-General of such acceptance.

(3) If provision in that behalf has been made in the prospectus or terms of issue of the stock, the Financial Secretary may issue estate duty stock that is available for the payment of tax, as well as estate duties. In any such case the administrator of the estate of any deceased person may pay the whole or part of the tax payable in respect of income derived by the deceased before his death by means of any such estate duty stock issued to the deceased and the Commissioner of Inland Revenue shall accept any such stock accordingly in satisfaction in whole or in part, as the case may be, of the amount of tax payable as aforesaid and shall notify the Accountant-General of such acceptance.

(4) All estate duty stock transferred to the Commissioner of Estate Duties or the Commissioner of Inland Revenue under this section shall be deemed to mature for payment, and to be accepted by such Commissioner in satisfaction of estate duties or tax, as aforesaid, on the date of execution of the memorandum of transfer by the transferor; and all such stock shall, for the purposes of this section, be deemed to be of the nominal value thereof and shall carry interest till that date.

(5) No transfer of any estate duty stock shall be registered, and no stock certificate shall be issued in respect of any estate duty stock, during the lifetime of the registered holder, but estate duty stock may, if it has been so provided in the prospectus or terms of issue, be surrendered in exchange for North Borneo stock, other than estate duty stock, in accordance with the terms therein provided for such exchange.

(6) If on the death of the registered holder of any estate duty stock the whole or any part of that stock is not used for the payment of estate duties of the estate of the deceased or in the payment of tax payable by the deceased, the stock so remaining unused shall cease to be estate duty stock, whereupon the provisions of this section shall cease to apply thereto.

(7) In this section the words "estate duty" shall have the same meaning as in the Estate Duty Ordinance [*Cap. 42.*] and "tax" shall have the same meaning as in the Income Tax Ordinance, 1956 [*Ord. No. 29 of 1956.*].

Appropriation out of general revenue of sums to meet interest when due.

21. So long as any portion of any loan remains outstanding the Financial Secretary shall in each half-year ending with the day on which the interest on that loan falls due

appropriate out of the general revenues and assets of the Colony a sum equal to one half-year's interest on the whole of that loan outstanding, and shall authorise the Accountant-General to pay out of such sum the then current half-year's interest on the date on which it falls due.

Sinking fund for redemption of stock.

22. (1) The Financial Secretary shall also in each half-year ending with the day on which the interest on any loan falls due appropriate out of the general revenues and assets of the Colony for the formation of a sinking fund for repayment of that loan at par an additional sum equal to one half of the annual contribution specified in the prospectus, or in the case of a loan not issued publicly, in the terms of issue relating to the loan, and shall remit such sum, or the balance of such sum as provided in subsection (4), to the Crown Agents.

(2) The Crown Agents shall invest the money remitted to them under the provisions of this section in the purchase of such securities as may be approved by the Financial Secretary as a sinking fund for the final extinction of the debt, and the Crown Agents shall also invest the dividends, interest or produce of such investment in the purchase of like securities and may from time to time with the approval of the Financial Secretary, change any such investments and shall hold such funds in trust for payment of the principal moneys for the time being represented by any such loan.

(3) In case the sinking fund provided for by this section shall be insufficient for the payment of all principal moneys borrowed under the authority of this Ordinance in respect of any particular loan at the time the same shall have become due the Financial Secretary shall make good the deficiency out of the general revenues and assets of the Colony, or by a loan authorised under section 3.

(4) The Financial Secretary may at any time or times authorise the utilisation of the appropriation for contribution to the sinking fund prescribed by subsection (1) for the redemption of debentures or North Borneo stock by purchase and in such case the contribution remitted to the Crown Agents shall be the balance, if any, of such appropriation not utilised for purposes aforesaid together with a certificate as to the amount redeemed and the Financial Secretary shall forward to the Crown Agents a certificate as to the value of debentures or North Borneo stock redeemed.

No notice of trust to be received or registered.

23. No notice of any trust, expressed, implied or constructive, in respect of any stock shall be entered on the register, or be receivable by the Accountant-General or the Government of the Colony.

Exemption from Stamp Duty.

24. Notwithstanding the provisions of the Stamp Duties Ordinance [*Cap. 137.*] no stamp duty shall be payable on the transfer of any debenture or stock.

Authorised investment for Trust Funds.

25. North Borneo stock issued under this Ordinance shall be deemed to be an authorised investment for trust funds, and the relevant provisions of Part II of the Trustees Ordinance [*Cap. 147.*] shall apply in respect of such stock accordingly.

Power to make regulations.

26. The Financial Secretary may make regulations generally for carrying out the provisions of this Ordinance and, in particular, such regulations may provide for :-

- (a) registering debentures or stock in registers;
- (b) the persons who may be registered as stock-holders or debenture holders;
- (c) the method by which any payment in respect of stock or debentures shall be made;
- (d) the method by which stock may be transferred;
- (e) the method by which debentures or stock may be redeemed by purchase in the market, by conversion or otherwise or debentures may be redeemed by annual drawing;
- (f) the registration, payment of interest, repayment of principal, and transfer of stock or debentures in the case of persons who are under legal disability;
- (g) the replacement of lost certificates;
- (h) the circumstances in which alterations may be made in registers;

- (i) the disposal of unclaimed interest;
- (j) the conditions subject to which stock or debentures may be exchanged, consolidated or subdivided;
- (k) the fees to be paid in respect of anything to be issued or done under the provisions of this Ordinance.

Repeal.

27. The General Local Loans Ordinance [*Cap. 52.*] is hereby repealed.

Passed this 24th day of September, 1959.

E. P. DALLIMORE,
Clerk of Legislative Council.

THIS PRINTED IMPRESSION has been carefully compared by me with the Bill which has passed the Legislative Council and found by me to be a true and correct copy of the said Bill.

E. P. DALLIMORE,
Clerk of Legislative Council.