

*Loans and Inscribed Stock.***No. 19.—1884.**

An Ordinance to declare the terms and conditions applicable to Loans authorized to be raised by the Government of Ceylon, and to provide for the creation of Ceylon Inscribed Stock.

ARTHUR GORDON.

WHEREAS it is expedient to define in one Ordinance the terms and conditions applicable to Loans hereafter authorized to be raised by the Legislature of Ceylon:

Preamble.

And whereas it is expedient to provide for the creation of Inscribed Stock, and to enable this Colony to take advantage of the provisions of an Act of the Imperial Parliament intituled "The Colonial Stock Act, 1877:"

Be it therefore enacted by the Governor of Ceylon, with the advice and consent of the Legislative Council thereof, as follows:—

1. In this Ordinance unless the context otherwise requires—
The expression "Governor" means the person for the time being administering the Government of this Colony; the expression "Crown Agents" means the persons for the time being acting as Crown Agents for the Colonies in England.

Definition clause.

2. As often as by any Ordinance passed during the present or any other Session, authority shall be given to raise any sum of money for the purposes mentioned in such Ordinance, the Governor may from time to time, as he may deem expedient, raise such sum either by debentures or by Ceylon Inscribed Stock, or partly by debentures and partly by inscribed stock.

Loans to be raised by debentures, or Ceylon Inscribed Stock.

3. The principal moneys and interest secured by the debentures or inscribed stock issued under the provisions of this Ordinance are hereby charged upon and shall be payable out of the general revenues and assets of the Government of Ceylon.

Loans to be a charge upon general revenues.

4. When the borrowing shall be upon debentures, such debentures shall be issued in London on behalf of the Government of Ceylon by the Crown Agents, upon the best and most favourable terms that can be obtained, and shall be signed by any two of them on that behalf.

Borrowing upon debentures.

5. Every debenture issued under the provisions of this Ordinance shall be for a sum of not less than one hundred pounds sterling, and shall bear interest at a rate not exceeding five per cent. per annum.

Amount of each debenture.

6. Every debenture shall, before being issued, be registered in a register book to be kept for that purpose at the office in London of the Crown Agents.

Registry of debentures.

7. There shall be attached to every debenture coupons for the dayment of the interest to become due in each half-year upon the principal secured by the debenture. The coupons shall be sufficient in number to provide for the payment of the interest, either

Interest coupons.

Loans and Inscribed Stock.

during the whole period for which the debenture has to run, or for such limited period as the Crown Agents, acting on behalf of the Government of Ceylon, may determine.

Form of debentures and coupons.

8. The debentures, and the coupons thereto, may be in such form as the Governor, or the Crown Agents acting on his behalf, may direct or approve.

Debentures and coupons transferable by delivery.

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

Mode of providing for payment of interest and principal of debentures.

10. So long as any of the debentures remain outstanding, the Governor shall in each half-year ending with the day on which the interest on the debentures falls due, appropriate out of the general revenues and assets of this Colony a sum equal to one half-year's interest on the whole of the debentures previously issued, including any which may have been redeemed, but exclusive of any which may have been at any time exchanged for inscribed stock, and shall remit that sum to the Crown Agents at such time as will enable them to pay thereout the then current half-year's interest on the day when it falls due. After the date specified in the Ordinance authorizing the loan as that on which the contributions to the Sinking Fund shall commence, the Governor shall, in each half-year ending as aforesaid, appropriate out of the said revenues and assets of this Colony an additional sum equal to ten shillings sterling per centum on the total nominal amount of all the debentures issued on or before the first day of that half-year, including any which may have been redeemed, but exclusive of any which may have been at any time exchanged for inscribed stock, and shall remit that sum to the Crown Agents with the remittance hereinbefore mentioned.

Application of moneys remitted to Crown Agents.

11. The Crown Agents shall, subject to the approval of Her Majesty's Principal Secretary of State for the Colonies for the time being, place and keep the moneys so remitted to them, or so much thereof as may not be required for immediate payments, on deposit at interest in their names with some Bank or Banks in London or Westminster, and shall hold all such moneys and the accumulations thereon in trust, to apply them, in the first place in payment of the interest for the current half-year upon the debentures for the time being outstanding, and, in the next place in the formation of a Sinking Fund.

Payment of interest.

12. The interest upon the principal secured by each debenture shall run from the day named in that behalf in the debenture, and shall be paid half-yearly on the days named in that behalf in the debenture, at the office in London of the Crown Agents.

Application of Sinking Fund.

13. The Sinking Fund shall be applied in the first place in payment of all expenses of, or incidental to, the redemption of debentures, including the charges of the notary public attending at any drawing thereof, and the costs and expenses of all notices required by this Ordinance to be given, and in the next place, and subject to the aforesaid payments, in repayment of the principal moneys for the time being secured by the debentures.

Loans and Inscribed Stock.

14. The debentures shall, at the option of the Crown Agents, subject to the approval of Her Majesty's Principal Secretary of State for the Colonies for the time being, be redeemed either by purchase in the open market or by annual drawings, and, subject to the aforesaid payments, the sum to be applied annually to such redemption shall correspond as nearly as may be to, but not exceed, the amount for the time being standing to the credit of the Sinking Fund.

Debentures to be redeemed by purchase or by annual drawings.

15. After the date specified in the Ordinance authorizing a loan as that on which the contributions to the Sinking Fund shall commence in respect of that loan, and so long thereafter as any of the debentures remain outstanding and unsatisfied, the Crown Agents shall in every year, unless the whole of the money applicable in that year to the redemption of debentures has been applied in the purchase thereof, appoint a day in that year for the drawing by lot of the debentures to be redeemed.

Appointment of day for drawing of debentures.

16. If a day is appointed for drawing, the Crown Agents shall give, by advertisement in the London 'Times' newspaper, not less than fifteen days' previous notice, specifying the day on which, and the hour and place at which, the drawing will take place, and the nominal amount of the debentures to be redeemed at that drawing.

Notice of time and place appointed for drawing.

17. On the day and at the hour and place so specified, the Crown Agents shall hold a meeting, at which the holder of any debenture may, if he think fit, be present, and shall then in the presence of such debenture-holders (if any) as may attend, and of a notary public, draw by lot out of the whole number of debentures for the time being outstanding debentures of the specified nominal amount.

Mode of drawing.

18. The Crown Agents shall thereupon declare the distinguishing numbers of the debentures drawn for redemption, and shall as soon as may be, by advertisement in the London 'Times' newspaper, specify those numbers and appoint a day (not being later as to each debenture than the day on which the then current half-year's interest thereon is payable) on which the principal moneys secured by the debentures so distinguished will be repaid.

Notice of debentures drawn for redemption.

19. On the day so appointed, the Crown Agents shall, at their office in London, on demand, pay to the holders of the debentures drawn for repayment, the principal moneys secured by those debentures, with all interest payable thereon up to that day.

Payment of drawn debentures.

20. From and after the day appointed for the repayment of any debenture, all interest on the principal moneys secured thereby shall cease and determine, whether payment of the principal shall have been demanded or not.

Cesser of interest from day appointed for payment of principal.

21. Upon the repayment of the principal moneys secured by any debenture, the debenture with all the coupons thereunto belonging shall be delivered up to the Crown Agents, to be by them cancelled and forwarded to the Government of Ceylon. Any debenture redeemed by purchase shall likewise be so cancelled and forwarded.

Redeemed debentures to be cancelled.

Loans and Inscribed Stock.

Borrowing upon inscribed stock.

22. When borrowing shall be upon inscribed stock, such stock shall be issued in England by the Crown Agents under the provisions of the Act of the Imperial Parliament intituled "The Colonial Stock Act, 1877," upon the best and most favourable terms that can be obtained, and on such other conditions, subject to the provisions of this Ordinance, as the Governor may before the issue thereof from time to time direct, provided that the interest on such inscribed stock shall not exceed four per cent. per annum.

When the principal is to be repaid.

23. All the inscribed stock which may be created under the provisions of this Ordinance shall be redeemable at par on a date to be named in that behalf by the Crown Agents when issuing the stock, such date not being later than fifty years from the date of issue. From and after which date all interest on the principal moneys secured thereby shall cease and determine, whether payment of the principal shall have been demanded or not.

Mode of providing for payment of interest and principal of inscribed stock.

24. So long as any of the inscribed stock shall remain unredeemed, the Governor shall in each half-year ending with the day on which the interest on such inscribed stock falls due, appropriate out of the general revenues and assets of this Colony a sum equal to one half-year's interest on the whole of such inscribed stock, and shall remit that sum to the Crown Agents at such time as will enable them to pay thereout the then current half-year's interest on the day when it falls due. The Governor shall further appropriate out of the said revenues and assets in each half-year ending as foresaid, an additional sum for the formation of a Sinking Fund equal to ten shillings per centum on the total nominal amount of such inscribed stock, except in the following cases:—

(a) In the case of that portion of inscribed stock created and exchanged for debentures, which debentures were subject to repayment by annual drawings, the said further appropriation shall commence at the date at which the Sinking Fund on the debentures so exchanged would have commenced had the debentures remained outstanding.

(b) In case of loans raised by the issue of inscribed stock after the date of this Ordinance, the said further appropriation shall commence at the date specified in the Ordinances authorizing such loans for the commencement of the Sinking Fund respectively.

Sinking Fund to be invested.

25. The amount so remitted for the formation of a Sinking Fund for the redemption of inscribed stock shall be invested in the names of trustees to be appointed by the Secretary of State for the Colonies, the trustees shall also from time to time invest the dividends, interest or produce arising from such investment, so that the same may accumulate by way of compound interest and be applied by the Crown Agents towards the final extinction of the debt.

Securities in which Sinking Fund is to be invested.

26. All sums paid to the account of such Sinking Fund and the interest thereof shall be invested in Imperial or Colonial Government securities at the discretion of the trustees.

Loans and Inscribed Stock.

27. In case the said Sinking Fund shall be insufficient to provide the necessary funds for the redemption of the inscribed stock when it shall have become due, the deficiency shall be made good out of the general revenues and assets of the Colony.

Any deficiency in Sinking Fund to be made good out of general revenues and assets.

28. All expenses of or incidental to the management of the Sinking Fund or to the repayment of the principal moneys borrowed, shall be paid out of the Sinking Fund.

Expenses to be paid out of Sinking Fund.

29. The Governor shall also have and may exercise the following powers and authorities, or any of them :—

Governor may order or authorize :
Conversion of debentures into inscribed stock.

(a) He may from time to time declare all or any of the existing debenture loans of this Colony to be convertible into inscribed stock of such denominations and on such conditions as he may before the creation thereof from time to time determine.

(b) He may authorize the creation and issue of such an amount of inscribed stock in exchange for the securities held for such loans as may be necessary.

Creation and issue of inscribed stock in exchange for other securities

(c) He may authorize the creation and sale of any such inscribed stock for the purpose of raising money, for redeeming any outstanding loans, and in paying any expenses in the creation of inscribed stock, and otherwise carrying out the provisions of this Ordinance, on such conditions as he may determine.

Creation and sale of inscribed stock to raise loans and for other purposes.

(d) Any conversion so authorized may be effected either by arrangement with the holders of existing securities, or by purchase thereof out of moneys raised by the sale of inscribed stock, or partly in one way and partly in the other.

Arrangements for conversion.

(e) Any power of this section conferred on the Governor may be exercised from time to time, and he may alter any conditions as often as occasion shall require, provided that no contract or engagement previously entered into shall be prejudicially affected thereby.

Governor may exercise powers at any time.

30. Nothing in this Ordinance contained shall authorize an increase of the capital or of the annual charge on any loan, except :

Exchange of securities for inscribed stock.

(a) When securities exchanged for inscribed stock bear a higher rate of interest than the inscribed stock, an additional amount of inscribed stock may be created and issued to make up the difference in saleable value between the securities and the inscribed stock.

(b) In the case of the conversion of securities into inscribed stock, the Crown Agents shall issue such an amount of inscribed stock as may be required to defray the stamp duties and all other expenses incidental to the conversion.

31. The Crown Agents may from time to time, at the request of the Governor, make arrangements for all or any of the following things :—

Creation, inscription, issue, conversion, and transfer of inscribed stock.

(1) For inscribing stock in their books.

- (2) For managing the creation, inscription, and issue of inscribed stock.
- (3) For effecting the conversion of loans into inscribed stock.
- (4) For paying interest on inscribed stock, and managing transfers thereof.
- (5) For issuing inscribed stock certificates to bearer, and as often as occasion shall require, re-issuing or re-inscribing stock, and re-issuing inscribed stock certificates.

Converted debentures to be cancelled.

32. The debentures issued under any of the Ordinances enumerated in the schedule to this Ordinance annexed, and exchanged or otherwise converted into inscribed stock, shall be forthwith cancelled by the Crown Agents, and transmitted to the Government of Ceylon.

Short title.

33. This Ordinance may be cited as "The General Loan and Inscribed Stock Ordinance, 1884," and shall commence and take effect from and after the passing thereof.

SCHEDULE.

Ordinance No. 1 of 1876	Harbour Works,	4½ per cent., £200,000.
" No. 1 of 1881	" "	4 " " £200,000.
" No. 8 of 1877	} Railway,	4 per cent., £1,275,000.
" No. 12 of 1877		
" No. 9 of 1878		
" No. 7 of 1879	Waterworks,	4 per cent., £291,000.

Passed in Council the Twelfth day of November, One thousand Eight hundred and Eighty-four.

R. H. SINCLAIR,
Acting Clerk to the Council.

Assented to by His Excellency the Governor the Seventeenth day of November, One thousand Eight hundred and Eighty-four.

JOHN F. DICKSON,
Acting Colonial Secretary.
