

New Zealand.



ANALYSIS.

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1913, No. 29.

AN ACT to make Further Provision respecting the Bank of New Zealand. Title.
[27th November, 1913.]

WHEREAS under the powers in that behalf conferred by the Bank of New Zealand Act, 1903, the Bank created and issued guaranteed stock to the extent of one million pounds sterling, which will mature on the nineteenth day of July, nineteen hundred and fourteen: And whereas the said stock will at maturity be redeemable at par at the London office of the Bank: And whereas the capital of the said Bank consists of one million pounds of the said guaranteed stock; five hundred thousand pounds, in seventy-five thousand preference shares of six pounds thirteen shillings and fourpence each, held by His Majesty, and fully paid; one million pounds, in one hundred and fifty thousand ordinary shares of six pounds thirteen shillings and fourpence each, paid up to three pounds six shillings and eightpence each, with a further liability of three pounds six shillings and eightpence each, which may be called up at any time; making a total capital of two million five hundred thousand pounds: And whereas it is expedient to make provision for the raising of further capital for the said Bank and to make certain other provisions relating thereto: Preamble.

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

1. This Act may be cited as the Bank of New Zealand Act, 1913. Short Title.

Interpretation.

2. In this Act, if not inconsistent with the context,—
- “Bank” means the Bank of New Zealand established under the New Zealand Bank Act, 1861 :
- “Deed of settlement” means the deed of settlement of the Bank referred to in the New Zealand Bank Act, 1861, as such deed now stands altered and amended :
- “Directors” means the Board of Directors of the Bank :
- “Guaranteed stock” means the stock issued under section eleven of the Bank of New Zealand Act, 1903 :
- “Ordinary shares” means all the now subsisting shares in the Bank other than the guaranteed stock and the preference shares issued under section nine of the Bank of New Zealand Act, 1903 :
- “Preference shares” means the preference shares issued under section nine of the Bank of New Zealand Act, 1903.

Redemption of guaranteed stock.

3. The Bank shall redeem the guaranteed stock at maturity thereof; and in order to enable such stock to be redeemed the following provisions shall apply, notwithstanding anything in the New Zealand Bank Act, 1861, or any other Act, or in the deed of settlement :—

Issue of further capital stock.

- (a.) The Bank is hereby empowered to create and issue further capital stock to the extent of one million pounds sterling, having a currency not exceeding twenty years, and carrying a dividend at a rate not exceeding four per centum per annum, payable half-yearly.
- (b.) Such stock may be issued either—
- (i.) In the form of or so as to be represented by stock certificates or warrants to bearer, of such amounts as the Directors may determine, with dividend coupons attached, and to be negotiable and transferable by delivery of the certificates or warrants ; or
- (ii.) As registered stock for which certificates may be issued, and which shall be transferable by deed or otherwise as the Directors may determine, in such amounts and subject to such regulations as the Directors may prescribe.
- (c.) Such certificates or warrants shall be countersigned by the Controller and Auditor-General, or by an Audit officer appointed for the purpose by the Controller and Auditor-General, and the Controller and Auditor-General or other person so appointed is hereby empowered to countersign accordingly, provided that the fact that any Audit officer countersigns shall be conclusive evidence of his authority so to do.
- (d.) Subject to such regulations as the Directors may prescribe, the holders of certificates or warrants to bearer shall have the option of exchanging the same for registered stock.
- (e.) There shall be no limit to the amount of such stock which any person may subscribe for or hold, provided that the total face value of all stock issued under this section shall not exceed one million pounds sterling.

- (f.) Such stock shall have priority both as to capital and dividend as against the assets of the Bank over all shares in the Bank.
- (g.) The holder of any such stock shall not as such holder be entitled to take part in or vote in respect thereof at any meetings of the proprietors of the Bank.
- (h.) The holder of any such stock or certificates or warrants shall not be concerned to see or inquire whether or to what extent the powers conferred by this Act have been previously exercised, or are intended to be exercised; and all stock, or certificates, or warrants created or issued under this Act, or purporting so to be, shall, so far as concerns the holder and his security, be deemed to have been lawfully created and issued within the powers conferred by this Act.
- (i.) For the purpose of guaranteeing the full and due payment of the principal and dividends of such stock the same shall be a charge upon, and in the event of default in payment by the Bank shall be payable out of, the Consolidated Fund of the Dominion of New Zealand without further appropriation than this Act.
- (j.) All moneys paid out of the Consolidated Fund under the aforesaid guarantee shall be deemed to be moneys advanced by the Crown to the Bank.
- (k.) All the assets and real and personal property of the Bank shall be deemed to be and shall be security for the repayment of all such advances, together with interest thereon at the rate of four pounds per centum per annum.
- (l.) If default is made by the Bank in the payment to the Crown of any such advances or interest, the Minister of Finance may at any time thereafter appoint a Receiver, who shall thereupon have and exercise all the powers and authorities which might be exercised by a liquidator appointed by the Supreme Court under the Companies Act, 1908, without the necessity of applying to the said Court for such appointment or for any such powers:
- Provided always that the proceeds of such liquidation shall be applied by such Receiver,—
- First in payment of moneys due to the Crown in respect of liabilities or payments other than payments made under the aforesaid guarantee;
- Next in payment or satisfaction of the claims of all other creditors of the Bank; and
- Thereafter in repayment of all moneys paid by the Crown under the aforesaid guarantee, with interest thereon as aforesaid.
- (m.) Fresh certificates or warrants may be issued upon the subdivision of stock, or in exchange or substitution for certificates or warrants surrendered upon transfer or otherwise, or for certificates or warrants lost or destroyed, and the issue of any such fresh certificates or warrants shall not be deemed to be an issue of stock in excess of the sum of one million pounds sterling within the meaning of paragraph (a) hereof.

(n.) Before countersigning any certificates or warrants to be issued in exchange or substitution for surrendered, lost, or destroyed certificates or warrants, the officer countersigning shall satisfy himself as to such surrender, loss, or destruction, and he may, if he thinks fit, in the case of a lost or destroyed certificate require such indemnity to be taken by the Bank as to him seems proper.

Redeemed stock to be cancelled.

4. All stock redeemed under the provisions of section three hereof shall be delivered by the Bank to the High Commissioner of New Zealand for cancellation.

Issue of B preference shares and new ordinary shares.

5. (1.) Notwithstanding anything in the deed of settlement or in any Act or law to the contrary, the Directors are hereby empowered to raise, with the consent of the Minister of Finance, new capital for the Bank, to an amount not exceeding three million pounds sterling, by the creation and issue of one hundred and fifty thousand shares, to be called "B preference shares," of six pounds thirteen shillings and fourpence each, and three hundred thousand new ordinary shares of six pounds thirteen shillings and fourpence each, upon all of which shares there shall be no further liability in any event whatever.

(2.) Such shares may be created either at one and the same time or at different times, but in no case shall any number of B preference shares be created without the simultaneous creation of twice that number of new ordinary shares, nor shall any number of new ordinary shares be created without the simultaneous creation of half that number of B preference shares.

(3.) The following provisions shall have effect with respect to the shares so created:—

(a.) Save as in this Act is otherwise provided, the B preference shares shall in respect of capital rank next after the preference shares but in priority to all other shares, and in all other respects they shall rank equally with the ordinary shares:

(b.) The new ordinary shares shall rank equally in all respects with the ordinary shares:

(c.) The B preference shares and the new ordinary shares shall be offered for subscription at such times, in such amounts, on such terms and conditions, and at such premiums, if any, as the Directors with the approval of the Minister of Finance may prescribe, and not otherwise, subject, however, to the following conditions:—

(i.) B preference shares and new ordinary shares shall be offered for subscription simultaneously in the proportion of one B preference share to two new ordinary shares.

(ii.) The terms of issue, premiums, and dates for payment of calls shall be the same for all B preference shares and new ordinary shares which are so simultaneously offered for subscription. The whole amount of every share so created, including any premium payable in respect thereof, shall be called up forthwith after the issue thereof, but may be made payable by instalments.

(4.) When any shares have been so simultaneously offered for subscription, His Majesty shall have the first option of purchasing the

whole or any of the B preference shares so offered, and this option may be exercised by the Minister of Finance on behalf of His Majesty at any time within the period prescribed in that behalf by the Directors with the approval of the Minister of Finance as aforesaid.

(5.) Subject to the option so conferred upon His Majesty in respect of the B preference shares, the whole of the shares so simultaneously offered for subscription, whether B preference shares or new ordinary shares, shall be offered to the holders, other than His Majesty, of any shares in the Bank, in proportion as near as may be to the number of shares held by them, and any such holder shall be entitled to purchase the whole or any of the shares so offered to him at any time within the period prescribed in that behalf by the Directors with the approval of the Minister of Finance as aforesaid.

(6.) Subject as aforesaid the shares so offered for subscription may be sold to the general public of New Zealand or elsewhere.

(7.) If any share so offered for subscription as aforesaid is not subscribed for in accordance with any of the foregoing provisions within the period prescribed in that behalf by the Directors with the approval of the Minister of Finance as aforesaid, the offer thereof shall lapse, and the shares shall become available for subsequent issue in accordance with this Act in the same manner as if no such offer had previously been made.

6. The Minister of Finance is hereby empowered to purchase on behalf of His Majesty all or any of the B preference shares from time to time offered to His Majesty as aforesaid, at a price not greater than one hundred per centum above the nominal value of such shares, and any shares so purchased shall be issued to His Majesty as the property of the Dominion in exchange for and to be paid for by debentures, inscribed stock, or other securities of the Government of the Dominion, payable in London, bearing interest at the rate of four per centum per annum, payable half-yearly, of a face value equivalent to the issue-price of the shares to be purchased, and so that such debentures, inscribed stock, or other securities shall be quotable on the London Stock Exchange; and the Minister of Finance is hereby empowered to create and issue debentures, inscribed stock, or other securities accordingly, and all such securities shall be subject to the provisions of the New Zealand Loans Act, 1908, as if issued in pursuance of that Act.

Power to purchase B preference shares for the Crown.

7. Such of the B preference shares as are held by His Majesty shall, while they are so held, confer no right to convene, vote at, or otherwise take part in any meeting of the proprietors of the Bank.

Such shares not to confer right for the Crown to vote.

8. In section ten of the Bank of New Zealand Act, 1903 (relating to the preference shares authorized by that Act), the term "ordinary shares" shall hereafter be deemed to include B preference shares and new ordinary shares issued in pursuance of this Act.

"Ordinary shares" deemed to include B preference shares.

9. The preference shares shall hereafter be called "A preference shares." The B preference shares created by section five hereof shall be called "B preference shares," and the ordinary shares, together with the new ordinary shares, shall be called "ordinary shares."

Definition of preference and ordinary shares.

10. All premiums received by the Bank in respect of the sale of shares pursuant to section five hereof shall, after payment thereof of the expenses of any such sale, be paid into the Reserve Fund of the Bank and form part thereof.

Certain premiums to be paid to Reserve Fund.

Reserve Fund not to be used for payment of dividend without consent of Minister.

New shares not to be issued to increase capital.

Meetings of proprietors.

Maximum holding of proprietors.

Bank of New Zealand and Banking Act, 1898, amended.

Deed of settlement deemed amended

11. No part of the Reserve Fund of the Bank shall be used for the purpose of paying dividends without the consent of the Minister of Finance.

12. Notwithstanding anything in any other Act or in the deed of settlement to the contrary, it shall not be lawful for the Directors or the proprietors of the Bank to increase the capital of the Bank by the creation and issue of new shares therein, save in the manner and to the extent provided by this Act or by any Act to be hereafter passed in that behalf.

13. The following provisions shall have effect with respect to all meetings of proprietors of the Bank:—

- (a.) Each of the Directors shall be entitled to attend such meetings and take part in the deliberations thereof to the same extent as if he were a proprietor, save that if he is not a proprietor he shall not be entitled to vote thereat.
- (b.) The Chief Auditor and the Assistant Auditor shall be entitled to attend such meetings, but not to take part in the deliberations thereof.
- (c.) The Chief Auditor may, by memorandum recorded in the minute-book containing the record of the proceedings of any meeting, either at such meeting or thereafter, suspend the operation of any act or proceeding of such meeting until after the expiration of twenty-eight days from the date of such meeting, and may, by a like memorandum, remove any such suspension.
- (d.) The Chairman of the Board of Directors, or in his absence such other Director as is nominated either generally or specially for the purpose by such Board, shall preside at such meetings, or if at any meeting such Chairman or nominee is not present within fifteen minutes after the time appointed for holding such meeting, the proprietors present shall choose a Director or proprietor present to be chairman.
- (e.) Notice of such meetings shall be given to each of the Directors and to the Chief Auditor and Assistant Auditor in the same manner as notice is required to be given to proprietors.

14. The number of shares in the capital of the Bank that may be held by one proprietor is hereby increased from three thousand to six thousand.

15. (1.) Section twelve of the Bank of New Zealand and Banking Act, 1898, is hereby amended by omitting the words "two thousand," and substituting the words "three thousand"; and the said section as amended shall be deemed to have been in operation as from the thirty-first day of March, nineteen hundred and thirteen.

(2.) Subsection two of section fourteen of the last-mentioned Act is hereby amended by omitting the words "two hundred and fifty," and substituting the words "one thousand."

16. The deed of settlement of the Bank, as such deed now stands, shall be deemed to be amended in all respects so as to make the same conform to the provisions of this Act.