



Finance (No. 2) Act 1931

1931 CHAPTER 49

PART III

PROVISIONS AS TO FIVE PER CENT. WAR LOAN, 1929-1947

11 Right of stockholders to continue holdings in five per cent. War Loan; requirement of application for cash repayments, and c

- (1) If notice is given in accordance with the prospectus dated the eleventh day of January, nineteen hundred and seventeen, of the intention of His Majesty's Government to redeem the five per cent. War Loan 1929-1947 (in this Part of this Act referred to as "the Loan") and the notice includes a declaration that this Part of this Act is to come into operation, the following provisions shall have effect :—
- (a) The holders of any stock or bonds of the Loan (in this Part of this Act referred to as "stockholders") shall, on making an application in that behalf (in this Part of this Act referred to as "a continuance application") in accordance with the provisions of this Part of this Act, be entitled—
 - (i) to have their holdings in the Loan continued therein after the date fixed by the notice for the redemption thereof (in this Part of this Act referred to as "the redemption date"), but subject to such immediate or gradual reduction in the rate of interest, and such modifications in the name and terms of repayment, and in the other conditions and incidents, of the Loan as may be specified in the notice; and
 - (ii) to have issued to them such bonus stock or bonus bonds, if any, to form part of the Loan as continued under this section, as may be specified in the notice;
 - (b) Stockholders desiring to receive on the redemption date repayment in cash in respect of their holdings must make an application in that behalf (in this Part of this Act referred to as "a repayment application") in accordance with the provisions of this Part of this Act;
 - (c) If, in the case of any holding (not being the holding of the National Debt Commissioners corresponding to the holdings held on the Post Office Register) neither a continuance application nor a repayment application is in

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force at the expiration of the period of three months next following the day on which the notice was published, the provisions of this Part of this Act shall have effect as if a continuance application had been made in respect of the holding on the last day of the said period.

- (2) A repayment application in respect of a holding shall, unless the Treasury in any particular case otherwise direct, be treated as revoked—
- (a) by the making of a continuance application in respect of the holding at any time before the redemption date;
 - (b) by changing the form of the holding or part thereof from stock to bonds or bonds to stock, or by any transfer of the holding or part thereof from any books or register to any other books or register, not being merely a transfer to or from the books of the Bank from or to the transfer by deed register;
 - (c) except in the case of a bearer bond, by the completion of any transfer of the holding, so however, that where part only of the holding is transferred, the revocation shall only operate as respects that part.
- (3) Save as provided by the last preceding subsection, continuance applications and repayment applications shall be irrevocable and shall bind the stockholders and their successors in title.
- (4) The Treasury may, if they think it desirable, undertake to pay cash bonuses to stockholders by whom continuance applications are duly made within such period as may be specified in the undertaking or within such extended period as the Treasury may in any special case allow.

12 Power to make regulations

- (1) The Treasury may make regulations for carrying this Part of this Act into effect and in particular and without prejudice to the generality of the foregoing power—
- (a) for prescribing the manner in which and the persons to whom continuance applications or repayment applications are to be made and for specifying the evidence which may be accepted by those persons as to matters on which the validity of such applications may depend;
 - (b) for specifying the persons by whom any such applications may be made in cases where any stockholder has died, or is outside the United Kingdom, or is of unsound mind, or is an infant, or is otherwise under disability, or where a notice in lieu of distringas is in force with respect to the holding;
 - (c) for enabling continuance applications to be made by a majority of the stockholders in cases where the holding is held jointly by more than two persons (including cases where the stockholders are trustees or are otherwise acting in a fiduciary character) and for authorising in any case payment of any cash bonus in accordance with the instructions of the persons making the application by reason of which the bonus is payable;
 - (d) for prescribing the manner in which certificates, bonds and other documents with respect to holdings in the Loan are to be dealt with and for determining how far such certificates, bonds and documents are to be valid after the redemption date;
 - (e) for enabling the books and the transfer by deed register of the Bank and the Post Office Register to be closed for a period immediately preceding the redemption date.

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- (2) The Treasury shall forthwith publish in the London Gazette any regulations made under this section.

13 Indemnity to trustees and others and to the Bank, and c

- (1) Persons who are by virtue of this Part of this Act authorised to make a continuance application shall not be liable for any loss resulting from their making such an application or their not making a repayment application, and trustees and other persons acting in a fiduciary character are hereby expressly authorised to make continuance applications.
- (2) The provisions of this Part of this Act shall be a full and sufficient indemnity and discharge to the Bank and the officers of the Bank, the Postmaster-General and the trustees and officers of Trustee Savings Banks for all things done by them respectively in pursuance of this Act or of any regulations made thereunder.

14 Provisions as to instruments with respect to War Loan

- (1) A power or direction to invest in the Loan shall not cease to be operative by reason only of changes in the name, conditions or incidents thereof effected under this Part of this Act.
- (2) A power of attorney authorising the transfer of a holding shall be taken as authorising the making of a continuance or repayment application with respect to that holding, but a requirement in any instrument creating or regulating a trust that the trustees shall obtain the consent of any person before varying the investment of the trust funds, shall not be taken as requiring the trustees to obtain the consent of that person before making a continuance or repayment application.

15 Provision as to cash bonus

- (1) A warrant given by the Bank for the payment of any cash bonus payable under this Part of this Act shall be deemed to be a cheque within the meaning of the Bills of Exchange Act, 1882, and shall be exempt from stamp duty.
- (2) As between persons having any beneficial interest in a holding, any cash bonus payable in respect of the holding shall belong to the persons entitled to the income of the holding on the day when the bonus is payable.

16 Provisions as to income tax in certain cases

Where a holding in the Loan which is continued under this Part of this Act beyond the redemption date is in the beneficial ownership of a person who is carrying on a trade which consists wholly or partly in dealing in securities, that person shall, if he gives notice in writing to the surveyor not later than the end of the year of assessment next following the year of assessment in which the redemption date falls, that he desires to be so treated, be treated for the purposes of the Income Tax Acts as having changed his investment on the redemption date, but if he gives no such notice he shall, except with respect to the tax on the interest on the holding, be for those purposes treated, both then and thereafter, as not having changed his investment, and in that case the produce of any subsequent realization of the whole or any part of the continued holding (which holding shall, for the purpose of this provision be deemed to include any bonus

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stock or bonus bonds issued in respect of the continuance of the holding) together with any additional consideration, or the appropriate part of any additional consideration, received by him in connection with the continuance, shall be treated as the produce of the realization of the whole or the appropriate part of the original holding.

17 Provision for incidental expenses

- (1) Any expenses incurred in carrying this Part of this Act into effect (including sums paid on account of any cash bonus payable under this Part of this Act, or on account of any interest on the Loan which becomes payable in the financial year in which the redemption date falls instead of in the next following financial year) may, if the Treasury so direct, be defrayed out of the Consolidated Fund or the growing produce thereof, instead of being defrayed out of the permanent annual charge for the National Debt as part of the annual charges in respect of interest and management.
- (2) For the purpose of providing for the issue of any sum directed to be defrayed out of the Consolidated Fund under this section, or for the repayment to that fund of all or any part of any sum so issued, the Treasury may raise money in any manner in which they are authorised to raise money under and for the purposes of subsection (1) of section one of the War Loan Act, 1919, and any securities created and issued to raise money under this subsection shall be deemed to have been created and issued under that subsection.

18 Saving for statutory powers with respect to National Debt, including powers of Treasury as to arrangements with non-residents

The provisions of this Part of this Act shall be in addition to and not in substitution for the provisions of any other Act conferring powers with respect to the National Debt, and in particular the coming into operation of this Part of this Act shall not prevent the Treasury from making and carrying out arrangements under section sixty of the Finance Act, 1916, with persons who are for the time being not ordinarily resident in the United Kingdom for the surrender of stock or bonds of the Loan and the issue in lieu thereof of other securities.

19 Interpretation

In this Part of this Act the expression " the Bank " means the Bank of England or the Bank of Ireland, as the case may require.