



CHAPTER vii.

An Act for regulating the capital and altering the constitution of the Governments Stock and other Securities Investment Company Limited and repealing the Governments Stock and other Securities Investment Company Limited Acts 1887 and 1900 and for other purposes.

A.D. 1928.

[10th May 1928.]

WHEREAS the Governments Stock and other Securities Investment Company Limited (in this Act called "the Company") is a company limited by shares and was originally incorporated under the name of the Government Stock Investment Company Limited on the eighth day of September one thousand eight hundred and seventy-one under the Companies Act 1862 :

And whereas the original capital of the Company was one million pounds divided into fifty thousand shares of twenty pounds each :

And whereas at the date of the passing of the Governments Stock Investment Company Limited Act 1887 (in this Act called "the Act of 1887") twenty-five thousand of the said shares had been issued and fully paid up and it had been resolved by special resolutions of the Company confirmed on the second day of August one thousand eight hundred and eighty-one that the paid up share capital of the Company should be converted into stock transferable in amounts of ten pounds or multiples

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of ten pounds but not otherwise and that each of the twenty-five thousand then existing unissued shares of twenty pounds should be subdivided into two shares of ten pounds each (making fifty thousand shares of ten pounds each) and that when any such shares should be issued and have been fully paid up the directors might convert the same into stock to be held on the same terms as authorised with respect to the stock representing shares then already issued :

And whereas by the Act of 1887 it was provided that the then existing stock should be called ordinary stock and the directors were empowered to agree with any member holding any part thereof for division and conversion of one-half thereof into preferred ordinary stock and the other half into deferred ordinary stock and it was directed that the members holding preferred ordinary stock and deferred ordinary stock should remain together entitled subject as thereafter mentioned to the same proportion of the net profits in each year available for dividends for that year as the members holding the ordinary stock so divided and converted would have been together entitled to receive by way of dividend for that year if no such division and conversion had been made :

And whereas it was directed by the Act of 1887 that the net profits available in each year for dividends on the preferred ordinary stock and deferred ordinary stock should be applied in the first place in payment of non-cumulative dividends for that year to the members holding preferred ordinary stock *pari passu* in priority to any payment to the holders of deferred ordinary stock but so that the dividends in any year on the preferred ordinary stock should not exceed four pounds ten shillings per centum and any surplus should be applied in payment of dividends for the same year to the members holding deferred ordinary stock *pari passu* at such rate as such surplus should suffice to pay and it was provided that save as aforesaid the rights privileges qualifications and liabilities of members holding preferred ordinary stock and deferred ordinary stock should as between them and the members holding ordinary stock and as between themselves remain the same as if the preferred ordinary stock and the deferred ordinary stock had remained part of the ordinary stock and the ordinary stock which should

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for the time being remain unconverted on the one hand and the preferred ordinary stock and deferred ordinary stock on the other hand should as between the two classes of stock rank equally in all respects :

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And whereas the Act of 1887 further provided that the fifty thousand shares of ten pounds each then unissued should be called ordinary shares and the directors might issue any number not exceeding one-half thereof with the preferential right to dividend thereafter mentioned but so that for every ordinary share issued with a preferential right to dividend one ordinary share should be issued with the qualified right to dividend thereafter mentioned and the directors were empowered by agreement with the holders of any such shares which might be issued without the said rights being attached to divide any even number thereof into two equal moieties and to attach the said preferential right to one moiety and the said qualified right to the other moiety :

And whereas the Act of 1887 also provided that the members holding ordinary shares with the said rights attached should in proportion to the amount paid up thereon respectively be together entitled to the same proportion of net profits in each year available for dividend for that year as they would have been entitled to receive by way of dividend for that year if such shares had been issued simply as ordinary shares and it was further directed by the said Act that the net profits available in each year for dividend on the ordinary shares with the said rights attached should be applied in the first place in payment *pari passu* to the holders of shares with preferential rights of such cumulative or non-cumulative preferential dividends and at such maximum rate not exceeding four and a half per centum as the directors might decide in priority to the holders of ordinary shares with qualified rights attached and any surplus should be applied in payment of dividends to the latter holders *pari passu* in proportion to the amount paid up on their shares at such rate as such surplus should suffice to pay and it was also provided that after any ordinary shares whether having or not having the said rights attached should have been fully paid up the directors might convert them into stock of the same description and having the same rights as the shares so

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A.D. 1928. — converted but the provisions hereinbefore mentioned were not to authorise the Company to issue any ordinary shares so as to give any preference over the ordinary stock :

And whereas the Act of 1887 contained also a saving clause for preserving the operation of the memorandum and articles of association of the Company so far as they were not inconsistent with that Act and for preserving the powers given by the Companies Acts for altering such memorandum and articles :

And whereas by virtue of a special resolution and with the sanction of an order of the Chancery Division of the High Court of Justice made on the eighteenth day of July one thousand nine hundred the issued and paid up capital of the Company (which then consisted of three hundred and seventy-four thousand five hundred pounds preferred ordinary stock three hundred and seventy-four thousand five hundred pounds deferred ordinary stock and one thousand pounds unconverted stock) was reduced by seventy-five thousand pounds which had been lost and the nominal amounts of the said stocks were thus reduced respectively to three hundred and thirty-seven thousand and fifty pounds three hundred and thirty-seven thousand and fifty pounds and nine hundred pounds and the total capital of the Company was correspondingly reduced from one million pounds to nine hundred and twenty-five thousand pounds :

And whereas by the Governments Stock and other Securities Investment Company Limited Act 1900 (in this Act called "the Act of 1900") which received the Royal Assent on the twenty-fifth day of June one thousand nine hundred it was provided that so soon as an order of the court confirming the said resolution for reduction of capital should have been made the net profits thereafter applied in payment of dividend upon the reduced preferred ordinary stock and the reduced deferred ordinary stock should in every year be appropriated in the first place in or towards payment of a non-cumulative dividend of five per centum for that year to the members holding the said preferred ordinary stock *pari passu* in priority to any payment to the holders of the said deferred ordinary stock and any surplus should be applied in payment of dividends for the same year to

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the members holding the said deferred ordinary stock pari passu at such rate as such surplus should suffice to pay and the provisions of the Act of 1887 hereinbefore referred to were amended by substituting "five per centum" in place of "four pounds ten shillings per centum":

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And whereas prior to the third day of January one thousand nine hundred and twenty-seven the whole of the reduced capital of the Company had been issued and converted into preferred ordinary stock and deferred ordinary stock in equal moieties:

And whereas by special resolutions confirmed on the third day of January one thousand nine hundred and twenty-seven the capital of the Company was increased from nine hundred and twenty-five thousand pounds to one million one hundred thousand pounds by the creation of eighty-seven thousand five hundred new ordinary shares of two pounds each and the articles of association of the Company were altered so as to provide (inter alia) that any undivided profits not required for payment of any fixed preferential dividend might by resolution of the Company in general meeting be capitalised and appropriated as capital to the holders of the deferred ordinary stock by being applied in paying up in full any unissued shares of the Company which should then be distributed among the holders of the deferred ordinary stock credited as fully paid:

And whereas at a general meeting of the Company held on the twenty-seventh day of January one thousand nine hundred and twenty-seven a resolution was duly passed to the effect that the sum of forty-six thousand two hundred and fifty pounds part of the undivided profits of the Company should be capitalised and appropriated as capital to the holders of the deferred ordinary stock in proportion to their respective holdings and applied in paying up in full twenty-three thousand one hundred and twenty-five ordinary shares of the Company of two pounds each to be distributed among the said holders in the like proportions and by the same resolution it was further resolved that so soon as such twenty-three thousand one hundred and twenty-five new shares should have been allotted the same should forthwith be converted into equal portions of preferred

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And whereas the said resolution passed on the twenty-seventh day of January one thousand nine hundred and twenty-seven has been carried into effect and subject to the defect due to the passing thereof as an ordinary resolution the issued capital of the Company now consists of—

four hundred and eighty-five thousand six hundred and twenty-five pounds preferred ordinary stock
and four hundred and eighty-five thousand six hundred and twenty-five pounds deferred ordinary stock ;

and the unissued capital of the Company now consists of—

sixty-four thousand three hundred and seventy-five ordinary shares of two pounds each :

And whereas it is unnecessary and useless and prejudicial to the general interests of the Company that dealings with the capital of the Company should continue to be hampered by the unusual restrictions imposed by the provisions of the Acts of 1887 and 1900 hereinbefore referred to whereby the various holdings of equal blocks of preferred and deferred ordinary stock have to be treated as together representing blocks of ordinary shares and the issue of additional stock necessitates the double process of issue of new ordinary shares and conversion thereof when fully paid into equal moieties of preferred and deferred ordinary stock and it is accordingly expedient that the Acts of 1887 and 1900 should be repealed and that simultaneously with such repeal the said resolution of the twenty-seventh day of January one thousand nine hundred and twenty-seven should be validated and the rights and interests of the holders of the existing capital should be defined in the articles of association of the Company and the creation of additional capital and the issue of unissued shares in the existing capital should be regulated by the said

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articles as in this Act provided and that the provisions of the said articles with respect to dealings with the capital of the Company should be varied in certain respects so as to bring them more into line with modern practice and the Company should be allowed a freedom in dealing with its capital and altering from time to time the arrangements with respect thereto similar to the freedom commonly enjoyed by other limited companies :

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And whereas the purposes of this Act cannot be effected without the authority of Parliament :

May it therefore please Your Majesty that it may be enacted and be it enacted by the King's most Excellent Majesty by and with the advice and consent of the Lords Spiritual and Temporal and Commons in this present Parliament assembled and by the authority of the same as follows (that is to say) :—

1. This Act may be cited as the *Governments Stock and other Securities Investment Company Limited Act 1928.* Short title.

2. In this Act unless the subject or context otherwise requires— Interpretation.

“ the Company ” means the *Governments Stock and other Securities Investment Company Limited* ;

“ the Act of 1887 ” means the *Governments Stock Investment Company Limited Act 1887* ;

“ the Act of 1900 ” means the *Governments Stock and other Securities Investment Company Limited Act 1900.*

3. The Act of 1887 and the Act of 1900 are hereby repealed but without prejudice to anything done or suffered thereunder. Repeal.

4. The articles of association of the Company are hereby altered— Alteration of articles of association.

(a) by omitting therefrom the articles numbered from 40 to 45 inclusive and substituting in place thereof the articles set forth in Part I. of the schedule to this Act ; and

(b) by inserting therein after article 97 the new article set forth in Part II. of the said schedule.

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Saving for
power of
Company to
alter memo-
randum and
articles of
association.

5. Nothing in the passing of this Act or the passing or operation of the Act of 1887 and the Act of 1900 or the repeal of those Acts by this Act shall prevent the Company from altering their memorandum and articles of association (including any of the articles set forth in the schedule to this Act) in any manner and to any extent allowed by the general law in the case of companies registered under the Companies Act 1862 or deprive the Company of any right or privilege exercisable by a company registered under that Act.

Validation
of resolution
of 27th Jan-
uary 1927.

6. The following resolution which was passed at an ordinary general meeting of the Company held on the twenty-seventh day of January one thousand nine hundred and twenty-seven (namely):—

“That the sum of forty-six thousand two hundred and fifty pounds part of the undivided profits of the Company be capitalised and be appropriated as capital to the holders of the deferred ordinary stock in proportion to the deferred ordinary stock held by them respectively and be applied on their behalf in paying up in full twenty-three thousand one hundred and twenty-five unissued ordinary shares in the Company of two pounds each and that the directors be and they are hereby authorised and directed to distribute amongst them the said ordinary shares so fully paid up as aforesaid in the like proportions;

“And that so soon as such twenty-three thousand one hundred and twenty-five new shares shall have been allotted the same shall forthwith be converted into equal portions of preferred ordinary and deferred ordinary stock as provided by article 46 of the articles of association of the Company”

shall operate and shall be deemed as from the passing thereof to have operated as if it had been duly passed and confirmed as a special resolution in accordance with section 69 of the Companies (Consolidation) Act 1908.

Act to be
registered
&c.

7.—(1) The Company shall forward to the Registrar of Joint Stock Companies a printed copy of this Act

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and it shall be recorded by him and if such copy is not forwarded within three months from the passing of this Act the Company shall incur a penalty not exceeding two pounds for every day after the expiration of those three months during which the copy is omitted to be forwarded and every director and manager of the Company who knowingly and wilfully authorises or permits such default shall incur the like penalty. A.D. 1928.
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(2) There shall be paid to the registrar by the Company on such copy being registered the like fee as is for the time being payable under the Companies (Consolidation) Act 1908 on registration of any document other than a memorandum of association or the abstract required to be filed with the registrar by a receiver or manager or the statement required to be sent to the registrar by the liquidator in a winding up in England.

(3) Every penalty under this Act shall be recoverable summarily.

8. Every copy of the memorandum and articles of association of the Company issued by the Company after the passing of this Act shall have printed or written thereon notice of this Act. Notice of Act to be given on certain documents issued by Company.

9. The costs charges and expenses preliminary to and of and incidental to the preparing obtaining and passing of this Act shall be paid by the Company. Costs of Act.

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The SCHEDULE referred to in the
foregoing Act.

PART I.

SUBSTITUTED ARTICLES.

Conversion of Shares into Stock.

40. The directors may from time to time with the sanction of the Company previously given in general meeting convert any paid up shares into stock and may with the like sanction re-convert any stock into paid up shares of any denomination.

41. The several holders of any stock may transfer their respective interests therein or any part of such interests in the same manner and subject to the same regulations as and subject to which any paid up share may be transferred or as near thereto as circumstances will admit.

42. The several holders of any stock shall be entitled to participate in the dividends and profits of the Company according to the amount of their respective interests in such stock and such interests shall in proportion to the amount thereof confer on the holders thereof respectively the same rights in respect of dividend and the same privileges and advantages for the purpose of voting at meetings of the Company and for other purposes as would have been conferred by shares of equal amount of the corresponding class but so that none of such rights privileges or advantages except the participation in the dividends and profits of the Company shall be conferred by any such aliquot part of stock as would not if existing in such shares as aforesaid have conferred such privileges or advantages.

43. Save as aforesaid all the provisions herein contained relating to fully paid up shares shall so far as circumstances will admit apply to stock and in all such provisions the words "share" and "shareholder" shall include "stock" and "stockholder."

Increase and Issue of Capital.

44. The Company may from time to time by extraordinary resolution whether all the shares for the time being authorised have been issued or all the shares for the time being issued have been fully called up or not increase its capital by the creation of new shares such aggregate increase to be of such amount and

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to be divided into shares of such respective amounts as the Company by the extraordinary resolution authorising the increase directs. A.D. 1928.

45. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall by extraordinary resolution direct and if no direction be given as the directors shall determine and any unissued shares forming part of the capital of the Company already in existence on the 31st day of December 1927 and for the time being remaining unissued may be issued upon such terms and conditions and with such rights and privileges annexed thereto as the directors shall determine and in particular any such shares as aforesaid may be issued with a preferential or qualified right to dividends and in the distribution of the assets of the Company and with a special or without any right of voting Provided always that the rights and privileges attached to any shares for the time being issued shall not be prejudiced or interfered with except with such sanction as is provided for by Article 45B Provided nevertheless and it is hereby declared that the rights and privileges of any preference stock or shares or preferred ordinary stock or shares for the time being existing shall not be deemed to be prejudiced or interfered with by the issue of further shares ranking *pari passu* therewith as regards dividend so long as the rate of the fixed preferential dividend payable on such further shares does not exceed the rate of the fixed preferential dividend payable on such existing stock or shares and so long as ordinary or deferred ordinary shares to an aggregate nominal value at least equal to the aggregate nominal value of the further preference or preferred ordinary shares so issued and ranking after such preference or preferred ordinary shares as regards dividend are issued before the issue thereof or simultaneously therewith.

45A. Except so far as otherwise provided by the conditions of issue or by these presents any new shares issued by way of increase of capital and any of the said unissued shares when issued shall be deemed to be deferred ordinary shares and shall be subject to the provisions herein contained with reference to the payment of calls and instalments transfer transmission forfeiture lien and otherwise.

Modification of Rights.

45B. If and whenever the capital is divided into different classes all or any of the rights and privileges attached to each class may be modified abrogated or dealt with in any manner with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the stock or shares

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A.D. 1928. — or stock and shares of that class and all the provisions hereinafter contained as to general meetings shall mutatis mutandis apply to every such meeting except that the quorum thereof shall be members holding or representing by proxy one-third of the nominal amount of the issued stock or shares or stock and shares of the class. This clause is not by implication to curtail any power of modification which the Company would have if the clause were omitted.

PART II.

NEW ARTICLE.

97A. Subject to any rights which may be attached in accordance with these articles to new shares issued by way of increase of capital or to any of the unissued shares (forming part of the capital of the Company already in existence on the thirty-first day of December 1927) when issued the members holding the capital of the Company shall be entitled to share in the distribution of any profits applied in payment of dividend in respect of any year as follows :—

- (a) Such profits shall be applied in the first place *pari passu* in or towards payment to the members holding preferred ordinary stock of a non-cumulative dividend of five per centum for that year on the respective amounts of such stock such dividends taking priority over any payments to the holders of deferred ordinary stock and deferred ordinary shares.
- (b) Any surplus of such profits shall be applied *pari passu* in payment of dividends for the same year to the members holding deferred ordinary stock on their respective amounts of such stock and to the members holding deferred ordinary shares on the amounts paid up on their respective shares at such rate as such surplus shall suffice to pay.

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