

1974 No. 519**LOCAL GOVERNMENT, ENGLAND AND WALES**
The Local Authority (Stocks and Bonds) Regulations 1974

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| <i>Made-</i> - - - | <i>21st March 1974</i> |
| <i>Laid before Parliament</i> | <i>22nd March 1974</i> |
| <i>Coming into Operation</i> | <i>1st April 1974</i> |

The Secretary of State for the Environment, in exercise of the powers conferred upon him by paragraph 4(1) of Schedule 13 to the Local Government Act 1972^(a) and of all other powers enabling him in that behalf, with the consent of the Treasury, hereby makes the following regulations:—

Title, commencement and interpretation

1.—(1) These regulations may be cited as the Local Authority (Stocks and Bonds) Regulations 1974 and shall come into operation on 1st April 1974.

(2) The Interpretation Act 1889^(b) shall apply for the interpretation of these regulations as it applies for the interpretation of an Act of Parliament.

(3) In these regulations—

“bonds” shall not include bonds transferable by delivery;

“local authority” has the same meaning as in section 270(1) of the Local Government Act 1972;

“negotiable bonds” means any bonds in respect of which application has been or is to be made to the Council of the Stock Exchange for admission to the Official List, or any bonds which are to be issued in whole or in part to a bank, discount house, issuing house, or broker in the City of London;

“registrar”, in relation to any description of stock or bonds, means the local authority or other person appointed by the local authority to act as registrar for the purposes of these regulations in respect of that stock or those bonds; and

“stock” shall not include stock transferable by delivery.

Issue of stock and bonds

2. A local authority who propose to raise money by the issue of stock shall, in their resolution to raise money by that method, specify, or indicate the procedure by which may be determined—

(a) the amount of stock to be issued;

(b) the price at which the stock is to be issued;

(a) 1972 c.70.

(b) 1889 c.63.

- (c) the rate of interest;
- (d) the dates on which interest is payable; .
- (e) the date after which the stock may be redeemed at par at the option of the local authority; and
- (f) the date by which the stock must be redeemed.

3.—(1) Bonds issued by a local authority shall, subject to the next following paragraph—

- (a) bear interest at such rate as the local authority shall determine at the time of issue of the bonds; and
- (b) if they are negotiable bonds, be issued for periods of not less than one year.

(2) The period for which any bonds, other than negotiable bonds, are issued may be extended upon such rate of interest and for such period as the local authority and the holder agree.

Conversion of other securities

4.—(1) Where a local authority has raised money by means of any security and have the power, with the consent of the holder, or otherwise, to redeem, they may redeem that security with money raised by the issue of stock or, with the consent of the holder, substitute stock for that security.

(2) A local authority may, in money or stock or both, make a reasonable payment to the holder referred to in paragraph (1) above for his consent or for otherwise compensating him for the redemption or substitution of his security.

Register of stock and bonds

5.—(1) The registrar shall keep a register relating to each description of stock or bonds and in that register he shall enter the name and address of each person who is for the time being a holder of stock or bonds of that description and the amount of such stock or bonds which he holds.

(2) The registrar may keep any register by recording the matters in question otherwise than in legible form so long as they are capable of being reproduced in that form.

(3) Any such register or a reproduction thereof in legible form shall be *prima facie* evidence of any matters directed or authorised by these regulations to be entered in the register and of the title of the persons whose names are entered therein as holders of stock or bonds.

(4) Where two or more persons are registered as holders of any stock or bonds they shall be deemed to be joint holders with right of survivorship between them.

(5) The provisions of the Bankers' Books Evidence Act 1879(a) shall apply for the purpose of proving an entry in a register as if the registrar were a bank and a banker within the meaning of the Act, and as if such entry in a register were an entry in a banker's book.

Certificates

6.—(1) The registrar shall issue to every person whose name is entered in a register as a holder of stock or bonds a certificate representing such stock or bonds which shall include the following particulars—

- (a) the name of the local authority;
- (b) the name of the registrar, if not the local authority itself;
- (c) the name of the holder;
- (d) the statutory authority under which the stock or bonds are issued;
- (e) the amount of stock or bonds represented by the certificate;
- (f) the redemption date and, in the case of stock, the earliest redemption date after which the local authority may exercise its option (if any) to redeem;
- (g) the rate of interest;
- (h) the dates on which interest is payable; and
- (i) the serial number of the certificate.

(2) Where the names of two or more persons are entered in a register as joint holders of any stock or bonds it shall be sufficient for the registrar to issue one certificate in respect thereof to one of the joint holders.

(3) A certificate issued under this regulation shall be *prima facie* evidence of the title of the person named therein as holder of the stock or bonds specified therein.

(4) If a certificate is defaced, lost or destroyed the registrar may, on receipt of such evidence and indemnity as he may require, and on the surrender of the certificate in a case where it is defaced, issue a replacement.

(5) Where the holder of any stock or bonds transfers part of his holding he shall be entitled to a certificate representing the part he retains.

Transfer and transmission

7. Stock or bonds shall be transferable by instrument in writing in accordance with the Stock Transfer Act 1963(a) delivered to the registrar who may retain any such instrument.

8. The registrar may decline to give effect to a transfer of any stock or bonds unless—

- (a) there is furnished to him such evidence as he may require of the right of the transferor to make the transfer; and
- (b) the transfer is accompanied by a certificate showing that the transferor is the holder of that stock or those bonds; or
- (c) there is furnished to him such evidence as he may require that a certificate showing that the transferor is the holder of that stock or those bonds has been lost or destroyed and such indemnity in respect thereof as he may require; or

(d) the transfer is accompanied by a certificate showing that the transferor is the holder of part of that stock or those bonds and as to the residue thereof there is furnished to him such evidence and indemnity as he may require under paragraph (c) above.

9.—(1) Any stock or bonds entered in a register in the name of a deceased person shall be transferable by his personal representative.

(2) The registrar may decline to give effect to a transfer of any stock or bonds entered in a register in the name of a deceased person who has two or more personal representatives unless the transfer is executed by all of them.

(3) The production to the registrar of any document which is by law sufficient evidence of probate of the will, or letters of administration of the estate, of a deceased person having been granted to some person, shall be accepted by the registrar as sufficient evidence of the grant.

10.—(1) A person becoming entitled to any stock or bonds by any lawful means other than—

(i) by transfer by instrument in writing in accordance with regulation 7 above; or

(ii) upon the death of the stock or bond holder;
shall, on production of such evidence as the registrar may require, either be registered as holder of that stock or those bonds or be able to make such transfer of that stock or those bonds as the previous holder could have made.

(2) Until such evidence is furnished the registrar may decline to give effect to the transmission of that stock or those bonds.

11. The certification by the registrar of a transfer of any stock or bonds shall be taken as a representation by him to any person acting on the faith of the certification that there has been furnished to the registrar evidence to show a *prima facie* title to that stock or those bonds in the transferor named in the transfer, but not as a representation that the transferor has any title thereto.

12. Where a person executes an instrument relating to stock or bonds otherwise than by signature, the registrar may decline to recognise that instrument unless there is furnished to him such evidence as he may require that the effect of the instrument was understood by that person.

13.—(1) The transferor of any stock or bonds shall remain the holder thereof until the registrar has given effect to the transfer.

(2) The registrar shall not be required to give effect to a transfer until the expiration of fifteen clear days after the first day on which he has in his possession the transfer and such other evidence as he may require under these regulations.

(3) The registrar shall give effect to a transfer or transmission by entering in the register such particulars as are necessary to show the effect thereof.

Trustees and persons holding offices

14.—(1) The registrar may enter in the register such designation of the holder of any stock or bonds as that holder may specify and, in particular, the holder may be described as trustee of a specified trust or as trustee without specifying a trust or in any other manner indicating the capacity in which he holds the stock or bonds.

(2) Where the holder of any stock or bonds occupies an office or official position, his official description may be entered in the register instead of his name and thereupon any transfer shall be treated as properly executed if executed by the person for the time being occupying that office or official position and any payment of interest or redemption money to that person in accordance with regulation 18 below shall be a sufficient discharge to the local authority and the registrar for that interest or redemption money.

(3) Except as provided in the preceding provisions of this regulation no notice of any trust shall be entered in any register or certificate or be receivable by the registrar and, notwithstanding that the holder of any stock or bonds is described as mentioned in those provisions, the registrar shall not be affected with notice of any trust and it shall not be necessary for him to enquire concerning the propriety of anything done in relation to that stock or those bonds or any part thereof.

Payment of interest and redemption

15.—(1) A local authority who issue stock or bonds shall make a scheme in accordance with paragraph 15 of Schedule 13 to the Local Government Act 1972 to establish and operate a loans fund for the purpose of defraying expenditure which they are authorised to meet out of money borrowed by them and for the redemption of such stock or bonds.

(2) Where the local authority issue stock or bonds at a discount, the difference between the issue price and nominal value shall form part of the loan.

(3) The expenses of the local authority incurred in the issue of stock or bonds may be charged to capital and may be deemed money raiseable under a statutory borrowing power and may, if the issue was at a premium, be wholly or partly defrayed out of the monies received by way of premium.

16.—(1) The registrar, with the approval of the local authority where the registrar is not the local authority, may close a register relating to stock or bonds of any description during the whole or any part of the period of one month preceding the day on which the interest or redemption money is payable.

(2) Instead of closing a register in the manner aforesaid the registrar may strike the balance for interest on stock or bonds of any description on any day not being more than 37 days before the day on which the interest on such stock or bonds is payable.

(3) Any person who, on the date on which a register is closed or the balance is struck as aforesaid, is entered in that register as the holder of any stock or bonds shall, as between himself and any transferee of such stock or bonds, be entitled to the then current interest thereon.

17. Subject to the provisions of regulation 3(2) above stock and bonds shall be redeemed by payment of any amount equal to the denomination thereof at the redemption date specified in the certificate issued in respect of them; but

- (a) bonds, other than negotiable bonds, may be so redeemed at any time before the date so specified where the local authority and the holder so agree; and
- (b) stock may be so redeemed at the option of the local authority at any time after the earliest redemption date specified in the certificate issued in respect thereof.

18.—(1) Unless the holder of any stock or bonds otherwise requests in writing the local authority or, where the local authority is not the registrar, the local authority by the registrar shall pay interest and any redemption money due on any stock or bonds by sending a cheque or warrant to the holder by post to his registered address and the posting of that cheque or warrant in a pre-paid letter directed to his address shall be a sufficient discharge to the local authority and the registrar for that interest or redemption money.

(2) Before sending any cheque or warrant in payment of redemption money the registrar may, if he thinks fit, require the holder of any stock or bonds upon which redemption money is to be paid to specify in writing the person to whom the redemption money is to be paid and the address to which the cheque or warrant is to be sent and upon receipt of that specification the registrar shall make the payment of redemption money in accordance therewith.

(3) Before making any payment the registrar may, if he thinks fit, require evidence of the title of any person claiming a right to receive such payment and in particular may require the surrender of the certificate representing the stock or bonds upon which redemption money is to be paid or such indemnity as he may require if the certificate is lost or destroyed.

(4) If any cheque or warrant has not been encashed and has become defaced, lost or destroyed the registrar shall, on receipt of such evidence and indemnity as he may require, and on the surrender of the cheque or warrant where it is defaced, pay the money due.

(5) Every warrant so sent by post shall be deemed to be a cheque and the local authority and the registrar shall, in relation thereto, be deemed a banker within the Bills of Exchange Act 1882(a).

(6) For the purpose of this regulation the holder means the person whose name is recorded as the holder of the stock or bonds at the date on which the interest or redemption money is payable, or if the register was closed or a balance struck under regulation 16 above, at the date on which the register was closed or the balance struck, and in the case of joint holders the registrar may treat as holder that one of them who is first named in the register or such other of them as they all may in writing direct, but any request or specification in writing given under paragraphs (1) or (2) above must be given by all of the joint holders.

(7) Where the person who would otherwise be the holder of any stock or bonds is deceased his personal representative or personal representatives shall, for the purposes of this regulation, be deemed to be the holder or joint holders of that stock or those bonds.

(8) Where two or more joint holders of any stock or bonds have given a request as to the payment of interest thereon and one of them becomes of unsound mind, such request shall not thereby become void.

(9) Nothing in the preceding provisions of this regulation shall prevent the registrar and any banker from making special arrangements for the payment of any interest or redemption money payable to the holder of any stock or bonds which is receivable by that banker, either on his own behalf, or as nominee of the holder, or otherwise.

19. Any stock or bonds redeemed by the registrar shall thereupon be cancelled and together with all interest thereon which has not become payable shall be extinguished.

Unclaimed redemption money and interest

20.—(1) Subject to paragraph (2) below if—

(a) at the end of a period of one year from the date of redemption of any stock or bonds (including redemption at the option of the local authority) the registrar for any reason is unable to make payment of any redemption money or any cheque or warrant issued for that payment has not been encashed; or

(b) at the end of a period of three years from the date for payment of any interest due on any stock or bonds the registrar for any reason is unable to make that payment or any cheque or warrant issued for that payment has not been encashed;

the registrar, if a local authority or one of its officers may, and if some other person shall, carry, transfer, or pay, an amount equivalent to that payment to the credit of a consolidated loans fund, mortgage pool, or such other account standing in the name of the local authority as the local authority may think fit and in such manner as it may direct but without prejudice to the rights and entitlement of any person at any time to be paid and to recover the same.

(2) Where the registrar is not the local authority or one of its officers the periods of one year and three years in sub-paragraphs (a) and (b) above may be reduced to such shorter periods as the registrar and the local authority may agree.

(3) No interest shall be payable on any sum due in respect of interest on stock or bonds or the redemption of stock or bonds after the date on which the interest or redemption money became payable.

(4) Where an account has been credited in accordance with paragraph (1) above with an amount equivalent to payment of redemption money in respect of any stock or bonds that stock or those bonds shall, for the purpose of regulation 19 above, be deemed to have been redeemed by the registrar.

Rectification of the register

21.—(1) If the name of any person is without sufficient cause entered in or omitted from a register or default is made or unnecessary delay takes place in making any entry required to be made therein, the High Court or, where the sum involved does not exceed five thousand pounds, the County Court may, on application by the person aggrieved or by the registrar, make an order for the rectification of the register.

(2) On any proceedings under this regulation the court may decide any question relating to the title of any party thereto to have his name entered in or omitted from a register and generally any question which it may be necessary or expedient to decide for the purpose of the rectification of a register.

Appointment of Receiver

22.—(1) Except as provided in paragraph (2) below, if at any time any money due in respect of any stock or bonds issued by a local authority remains unpaid for a period of two months after demand in writing, the person entitled thereto may, without prejudice to any other remedy, apply to the High Court for the appointment of a Receiver, and the Court may, if they think fit, appoint a Receiver on such terms and with such powers as the Court think fit.

(2) No such application shall be entertained unless the money due to the applicant, or in the case of a joint application by two or more persons the aggregate monies due to them, amount to not less than five hundred pounds.

(3) The Court may confer upon the Receiver any such powers of collecting, receiving and recovering the revenues of the local authority, and of making, collecting and recovering rates, and of issuing and enforcing precepts, as are possessed by the local authority or their officers.

Revocation

23.—(1) The regulations specified in the Schedule hereto are hereby revoked.

(2) Nothing in these regulations shall affect the continued operation of the London County Council Stock Order 1965(a) with respect to stock to which that order relates.

SCHEDULE

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|---|---|
| The Local Authorities (Stock) Regulations 1934 | S.R. & O. 1934/619 (Rev XII, p.482: 1934 I, p.980) |
| The Local and Other Authorities (Transfer of Stock) Regulations 1949 | S.I. 1949/1562 (1949 I, p.2482) |
| The Transfer of Stock (Exemption) Order 1949 | S.I. 1949/2413 (1949 I, p.2489) |
| The Local Authorities (Stock) Regulations 1956 | S.I. 1956/327 (1956 I, p.1171) |
| The Local and Other Authorities (Transfer of Stock) Regulations 1956 | S.I. 1956/328 (1956 I, p.1172) |
| The Local Authority Bonds Regulations 1964 | S.I. 1964/983 (1964 II, p.2221) |
| The London County Council Stock Order 1965 | S.I. 1965/655 (1965 I, p.2093) |

Anthony Crosland,

19th March 1974.

Secretary of State for the Environment.

We consent to these regulations.

James Hamilton,

T. Pendry,

21st March 1974.

Two of the Lords Commissioners of
Her Majesty's Treasury.

(a) S.I. 1965/655 (1965 I, p. 2093).

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These Regulations provide for the manner in which stock or bonds shall be issued by a local authority, including the terms on which they are to be issued. They regulate the manner of transfer, dealing with and redeeming any stock or bonds issued (other than stock or bonds transferable by delivery).

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