

## 1986 No. 77

## LOCAL GOVERNMENT

District Council (Stocks and Bonds) Regulations  
(Northern Ireland) 1986

Made . . . . . 24th March 1986

Coming into operation . . . . . 1st May 1986

The Department of the Environment in exercise of the powers conferred by section 70 of the Local Government Act (Northern Ireland) 1972(a) and now vested in it(b) and of every other power enabling it in that behalf hereby makes the following regulations:—

*Citation, commencement and interpretation*

1.—(1) These regulations may be cited as the District Council (Stocks and Bonds) Regulations (Northern Ireland) 1986 and shall come into operation on 1st May 1986.

(2) In these regulations—

“bonds” shall not include bonds transferable by delivery;

“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” means the council or other person appointed by the council to act as registrar for the purpose of these regulations; and

“stock” shall not include stock transferable by delivery.

*Revocation*

2. The Local Authority Bonds Regulations (Northern Ireland) 1967(c) are hereby revoked.

*Issue of Stock*

3. A council which proposes to raise money by the issue of stock shall, in its 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;

(c) the rate of interest whether fixed or variable;

(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 council; and

(f) the date by which the stock must be redeemed.

(a) 1972 c. 9 (N.I.) as amended by S.I. 1985/1208 (N.I. 15) Article 27

(b) S.R. & O. (N.I.) 1973 No. 504 Article 7(1); S.I. 1976/424 (N.I. 6)

(c) S.R. & O. (N.I.) 1967 No. 166

*Applications and tenders for stock*

4.—(1) An application or tender for stock made in pursuance of a prospectus issued by or on behalf of a council shall not be revocable between—

- (a) in the case of an application, the time specified in the prospectus for the opening of the application lists for the stock; or
- (b) in the case of a tender, the time specified in the prospectus as the latest time by which tenders for the stock must be lodged,

and 10 a.m. on the day following the second clear day thereafter.

(2) In reckoning any period for the purposes of paragraph (1), any day which is a Saturday or Sunday or which is a bank holiday in any part of Northern Ireland shall be disregarded.

*Issue of bonds*

5.—(1) Bonds issued by a council shall, subject to paragraph (2)—

- (a) bear interest at such rate (whether fixed or variable) as the council shall determine at the time of issue of the bonds; and
- (b) if they are negotiable bonds, be issued for periods 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 (whether fixed or variable) and for such period as the council and the holder agree.

*Conversion of other securities*

6.—(1) Where a council has raised money by means of any security and has the power, with the consent of the holder, or otherwise, to redeem, it 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 council may, in money or stock or both, make a reasonable payment to the holder referred to in paragraph (1) for his consent or for otherwise compensating him for the redemption or substitution of his security.

*Register of stock and bonds*

7.—(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; but he shall not be required to enter the names and addresses of more than four persons as joint holders of any stock or bonds.

(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*

8.—(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 council;
- (b) the name of the registrar, if not the council 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 council may exercise its option (if any) to redeem;
- (g) the rate of interest or, in the case of stock or bonds bearing interest at a variable rate, the procedure by which the current interest rate is determined; and
- (h) the dates on which interest is payable or, in the case of stock or bonds bearing interest at a variable rate, the procedure by which the dates for payment are determined;
- (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*

9. Stock or bonds shall be transferable by instrument in writing in accordance with the Stock Transfer Act (Northern Ireland) 1963(a) delivered to the registrar who may retain any such instrument; and any instrument which the registrar shall retain in accordance with that power may be destroyed at any time following the expiration of thirty years after the date of entry in the register of such particulars as are necessary to show the effect of the instrument.

10. 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

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(a) 1963 c. 24 (N.I.) amended by S.R. 1974 No. 266 and S.R. 1979 No. 66. There are other amendments not relevant to these regulations

furnished to him such evidence and indemnity as he may require under paragraph (c).

**11.**—(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.

**12.**—(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 9; 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.

**13.** 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.

**14.** 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.

**15.**—(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*

**16.**—(1) The registrar may enter in the register such designation of the holder if 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 20 shall be a sufficient discharge to the council and the registrar for that interest or redemption money.

(3) Except as provided in paragraphs (1) and (2) 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 paragraphs, 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*

**17.**—(1) A council which issues stock or bonds shall make a scheme in accordance with section 72 of the Local Government Act (Northern Ireland) 1972 to establish and operate a consolidated loans fund for the purpose of defraying expenditure which it is authorised to meet out of money borrowed by it and for the redemption of such stock or bonds.

(2) Where the council issues 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 council incurred in the issue of stock or bonds may be charged to capital and may be deemed 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.

**18.**—(1) The registrar, with the approval of the council where the registrar is not the council, 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.

**19.** Subject to the provisions of regulation 5(2) stock and bonds shall be redeemed by payment of an 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 council and the holder so agree; and
- (b) stock may be so redeemed at the option of the council at any time after the earliest redemption date specified in the certificate issued in respect thereof.

**20.**—(1) Unless the holder of any stock or bonds otherwise requests in writing the council or, where the council is not the registrar, the council 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 council 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 council 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 18 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 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 paragraph (1) or (2) 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 paragraphs (1) to (8) 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.

21. 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*

22.—(1) Subject to paragraph (2) 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 council) 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 council 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 council as the council 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 council or one of its officers the periods of one year and three years in paragraph 1 may be reduced to such shorter periods as the registrar and the council may agree.

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(a) 1882 c. 61

(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) 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 21, be deemed to have been redeemed by the registrar.

*Determination of questions affecting title and rectification of the register*

23.—(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 market value of the stock or the sum secured by the bond 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 the register and generally any question which it may be necessary or expedient to decide for the purpose of the rectification of the register.

Sealed with the Official Seal of the Department of the Environment on 24th March 1986.

(L.S.)

*N. Hamilton*

Assistant Secretary

## EXPLANATORY NOTE

*(This note is not part of the Regulations.)*

These regulations provide for the terms upon which stock or bonds may be issued and dealt with for the purpose of borrowing by a district council.

The issue of stock shall be authorised by a resolution of the council and the resolution shall indicate procedures for determining the amount, price, interest rates, whether fixed or variable, and redemption dates (regulation 3).

An application or tender for stock shall be irrevocable between the opening of the application lists or the latest time for lodging tenders, as the case may be, and 10.00 a.m. on the third working day after that date (regulation 4).

Bonds shall bear interest, whether fixed or variable, at the rate determined at the time of issue; negotiable bonds shall be issued for a period of not less than one year and the period for which other bonds are issued may be extended at such rates of interest as the council and the holder agree (regulation 5).

Where a council has power to redeem any security on which it has borrowed money, the council may issue stock to raise the redemption money or with the consent of the holder substitute stock for the security and reasonable compensation may be paid for the holder's consent to the redemption or substitution (regulation 6).

A register shall be kept for each description of stock or bonds with the names and addresses of the holders but the number of persons who may be registered as joint holders of any stock or bonds is limited to four; provided the register can be reproduced in legible form it may be kept in any form, for example, by computer and the register shall be prima facie evidence of matters entered under these regulations and of title to the securities (regulation 7). The registrar must give any person registered as a holder a certificate with particulars of the stock and bonds it represents and the certificate shall be evidence of the holder's title (regulation 8).

Stock or bonds may be transferred and instruments of transfer may be destroyed by the registrar after the expiration of thirty years after the date when particulars of the transfer are entered in the register (regulation 9). The registrar may refuse to transfer stock or bonds without proper authorisation (regulation 10).

Stock or bonds shall be transferable by the personal representative of a deceased holder on production of evidence of his authority (regulation 11). Any other person with legal title may be registered as the holder or may make a transfer (regulation 12). Certification by the registrar shall not be taken as an indication of title (regulation 13). Where an instrument is not executed by signature, evidence that its effect is understood may be required (regulation 14). A transfer shall become effective on being entered in the register and until then the transferor retains ownership; the entry must be made in the register by the expiry of 15 clear days from the date of receipt of the transfer and the necessary evidence (regulation 15).

The holder may be entered in the register as a trustee or as the occupier of an office or official position and the occupant for the time being may transfer the securities or be paid interest or redemption money; no other notice of any trust shall be entered in the register (regulation 16).

A council which issues stock or bonds shall operate a loans pool under section 72 of the Local Government Act (Northern Ireland) 1972; discount on the issue of stock



or bonds shall form part of the loan and monies received by way of premium may be used to pay expenses incurred in the issue of the securities (regulation 17).

The register may be closed for up to one month before interest on redemption money is due or the balance for the interest may be struck not more than 37 days before that date; the registered holder at the date of closure or the date the balance is struck shall be entitled to any interest due (regulation 18). Stock or bonds shall be redeemed at face value at the certified redemption date but non-negotiable bonds may be redeemed earlier if the council and the holder both agree and the council may redeem stock at any time after the earliest certified redemption date (regulation 19). Interest and redemption money may be paid by cheque sent by post and the registrar may require evidence of title before payment (regulation 20). No interest shall accrue after redemption (regulation 21).

Where redemption money or interest have not been claimed for specified periods, provision is made for equivalent amounts to be credited to a council account and in the case of redemption money the securities will be regarded as redeemed; no interest is payable on sums due as interest or redemption (regulation 22).

On application the courts may determine questions of title and make orders for the rectification of registers (regulation 23).