



National Loans Act 1939

1939 CHAPTER 117

An Act to confer on the Treasury powers to raise money and exchange securities, and for purposes connected therewith. [16th November 1939.]

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:—

1 Power of Treasury to raise money

- (1) Any money required—
 - (a) for raising any supply granted to His Majesty for the service of the year ending the thirty-first day of March nineteen hundred and forty, and, in addition, a sum not exceeding two hundred and fifty million pounds; or
 - (b) for the repayment of any maturing securities issued under the War Loan Acts, 1914 to 1919, or of any Treasury Bills or Ways and Means advances;may be raised in such manner as the Treasury think fit.
- (2) For the purpose of raising money under this section, the Treasury may create and issue such securities as they think fit.
- (3) For the avoidance of doubt it is hereby declared—
 - (a) that the power to raise money under this section extends to raising money either within or outside the United Kingdom and either in sterling or in any other currency; and
 - (b) that the reference in this section to securities issued under the War Loan Acts, 1914 to 1919, includes a reference to any securities which, by virtue of any Act, are to be deemed to have been created and issued under those Acts or any of the provisions thereof.
- (4) The power to raise money under this section shall be in addition to and not in derogation of any other power to borrow exercisable by the Treasury; and notwithstanding anything in section fifty-nine of the Finance Act, 1920 (which relates

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to national savings certificates), any money borrowed under that section after the commencement of this Act, and before such date as His Majesty may by Order in Council appoint, may be applied for any purpose for which money may be raised under this section.

- (5) The power of the Treasury under section five of the War Loan (Supplemental Provisions) Act, 1915, to make regulations as respects money raised through the Post Office shall extend to money so raised under this section.
- (6) The enactments set out in the First Schedule to this Act (which authorise the Treasury to borrow for the purposes of those enactments in any manner in which the Treasury are authorised to raise money under and for the purposes of subsection (1) of section one of the War Loan Act, 1919), shall have effect as if they authorised the Treasury to borrow for the said purposes in any manner in which the Treasury may raise money under this Act; and any securities created and issued under any such enactment as amended by this subsection shall be deemed for all purposes to have been created and issued under this Act.

2 Exchange of securities

- (1) The Treasury may, for the purpose of carrying out any arrangement made by them for the exchange (whether on or before maturity, and whether with or without any further payment) of any securities of His Majesty's Government in the United Kingdom, create and issue such other securities as the Treasury think fit.
- (2) The Treasury may make rules with respect to the exchange of securities in pursuance of any such arrangement, and may by those rules provide, with the necessary modifications, for any of the matters for which provision could be made under section twenty-nine of the National Debt (Conversion) Act, 1888, and may also by those rules apply, with the necessary modifications, any of the provisions of Part IV of that Act (whether repealed or not) which they think it expedient to apply.
- (3) The Treasury may cancel any securities surrendered to them in pursuance of any such arrangement, and may also undertake to make payments, upon such terms and conditions as they think fit, to holders of securities so surrendered.
- (4) A warrant given by the Bank of England or the Bank of Ireland for making any such payment shall be deemed to be a cheque within the meaning of the Bills of Exchange Act, 1882, and shall be exempt from stamp duty.
- (5) The Treasury may issue out of the Consolidated Fund of the United Kingdom or the growing produce thereof (hereafter in this Act referred to as " the Consolidated Fund ") any money required by them for the purpose of carrying out any such arrangement, and any money received by the Treasury in pursuance of any such arrangement shall be paid into the Exchequer.

3 General provisions as to securities

- (1) Securities issued under this Act shall bear such rate of interest, and be subject to such conditions as to repayment, redemption and other matters (including provision for a sinking fund), as the Treasury may determine.
- (2) The money which may be raised under section one of this Act shall include any money required for the repayment of any maturing securities issued under this Act.

- (3) The principal of and interest on any securities issued under this Act, and any sums required to be set aside for the purpose of any sinking fund established under this Act, and any expenses incurred in connection with the raising of money or the issue or redemption of securities under this Act, shall be charged on and issued out of the Consolidated Fund.
- (4) The interest on any securities issued under this Act shall be paid out of the permanent annual charge for the National Debt.
- (5) There shall be paid to the Banks of England and Ireland respectively, out of the Consolidated Fund, such sums in respect of the management in any financial year of any securities issued under this Act as may be agreed upon between the Treasury and those Banks respectively.
- (6) The provisions of the Second Schedule to this Act shall have effect with respect to any securities issued under this Act.

4 Power of trustees, and c, to invest in securities

- (1) A trustee shall not be liable for any loss resulting from any subscription to, or investment in, any securities issued under this Act, or from the sale of any securities for the purpose of any such subscription or investment, or from the exercise of any option to convert any securities into securities so issued; and trustees are hereby expressly authorised to exercise such powers of subscription, investment, sale or conversion notwithstanding anything to the contrary in any instrument creating the trust, and without the consent of any other person, notwithstanding that such consent is required by the instrument creating the trust.
- (2) In the foregoing subsection the expression " trustee" means any person acting in a fiduciary capacity, whether pursuant to a deed or other instrument or by virtue of the duties incident to the holding by that person of any office (including the office of personal representative), but does not include a person so acting under an implied or constructive trust, not being a resulting trust arising from the failure or determination of an express trust.
- (3) Any limitation on the powers of any company or body of persons, or of the persons responsible for the direction or management of any company or body of persons, to lend money to the Government or to invest in or hold or purchase securities issued under this Act, whether imposed by statute or by their constitution or by any memorandum or articles of association or regulations affecting the company or body of persons or otherwise, shall not have effect; and the persons responsible for the direction or management of the company or body are hereby authorised to invest in, hold or purchase any such securities without regard to any such limitation.

5 Short title, construction, extent and repeals

- (1) This Act may be cited as the National Loans Act, 1939.
- (2) Any reference in this Act to any other enactment shall be construed, unless the context otherwise requires, as a reference to that enactment as amended by any subsequent enactment.
- (3) It is hereby declared that this Act extends to Northern Ireland.

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- (4) The enactments mentioned in the first and second columns of the Third Schedule to this Act are hereby repealed to the extent specified in the third column of that Schedule.

SCHEDULES

FIRST SCHEDULE

Section 1.

ENACTMENTS AUTHORISING TREASURY TO BORROW AS UNDER WAR LOAN ACTS

Section twenty-four of the [Finance Act, 1932](#) (22 & 23 Geo. 5. c. 25).

Section one of the [North Atlantic Shipping Act, 1934](#) (24 & 25 Geo. 5. c. 10).

Section four of the [British Shipping \(Assistance\) Act, 1935](#) (25 & 26 Geo. 5. c. 7).

Section thirty of the [Finance Act, 1935](#) (25 & 26 Geo. 5. c. 24).

Section twenty-six of the [Tithe Act, 1936](#) (26 Geo. 5. & 1 Edw. 8. c. 43).

Section one of the [Defence Loans Act, 1937](#) (1 Edw. 8. & 1 Geo. 6. c. 13).

Section two of the [Anglo-Turkish \(Armaments Credit\) Agreement Act, 1938](#) (1 & 2 Geo. 6. c. 60).

Section thirty-two of the [Finance Act, 1939](#) (2 & 3 Geo. 6. c. 41).

Section four of the [Overseas Trade Guarantees Act, 1939](#) (2 & 3 Geo. 6. c. 47).

Section seventeen of the [War Risks Insurance Act, 1939](#) (2 & 3 Geo. 6. c. 57).

SECOND SCHEDULE

Section 3.

APPLICATION OF CERTAIN ENACTMENTS TO SECURITIES ISSUED UNDER THIS ACT

- 1 Stock or registered bonds issued under this Act shall be transferable in like manner as other stock to which the National Debt Act, 1870, applies, and shall be subject to the provisions of that Act so far as is consistent with the tenor of this Act, and the expression " stock " in section seventeen of the Finance Act, 1911 (which relates to transfers by deed), shall include registered bonds issued under this Act.
- 2 Part VII of the National Debt Act, 1870 (which relates to unclaimed dividends), shall have effect as if capital sums secured on bearer bonds issued under this Act were stock within the meaning of the said Part VII and as if the bonds and coupons attached thereto were respectively stock certificates and coupons issued under the National Debt Act, 1870.

For the purposes of this paragraph a bond shall be deemed to have been issued if it has been made out and paid for, notwithstanding that it has not been taken up by the person entitled thereto.
- 3 Section five of the Sinking Fund Act, 1875 (which relates to the application of the old sinking fund), shall apply to any securities issued under this Act as it applies to annuities charged on the Consolidated Fund.
- 4 Subsection (2) of section forty-nine of the Income Tax Act, 1918 (which relates to the payment of interest on certain securities without deduction of income tax), shall have effect as if the securities therein mentioned included securities issued under this Act.
- 5 The definitions of " Government stock " in the following enactments, namely—

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(a) subsection (2) of section five of the Savings Bank Act, 1893;
 (b) section fifty-one of the Finance Act, 1921; and
 (c) subsection (3) of section two of the Government Annuities Act, 1929;
 shall be amended so as to include securities issued under this Act; and such securities shall also be included among the Government securities mentioned in subsection (2) of section fifty-four of the last mentioned Act (which relates to the application and investment of sums paid for annuities or insurances).

THIRD SCHEDULE

Section 5.

ENACTMENTS REPEALED

Session and Chapter.	Short Title.	Extent of Repeal
5 & 6 Geo. 5. c. 55.	The War Loan Act, 1915.	In section one, in subsection (1), the words from " or for the raising " to the words " powers of this Act."
6 & 7 Geo. 5. c. 24.	The Finance Act, 1916.	Section sixty.
6 & 7 Geo. 5. c. 67.	The War Loan Act, 1916.	In section one, in subsection (1), the words from " or for the raising " to the words " powers of this Act."
7 & 8 Geo. 5. c. 41.	The War Loan Act, 1917.	In section one, in subsection (1), the words from " or for the raising" to the words " powers of this Act."
8 & 9 Geo. 5. c. 25.	The War Loan Act, 1918.	In section one, in subsection (1), the words from " or for the raising " to the words " powers of this Act."
9 & 10 Geo. 5. c. 37.	The War Loan Act, 1919.	In section one, in subsection (1), the words from " or for the repayment" to the words " any Ways and Means advances."
11 & 12 Geo. 5. c. 32.	The Finance Act, 1921.	Section forty-seven.