

1970 No. 2038

EXCHANGE CONTROL

**The Exchange Control (Deposit of Securities) (Exemption)
Order 1970**

Made - - - 23rd December 1970

Coming into Operation 15th January 1971

The Treasury, in exercise of the powers conferred upon them by sections 15(1)(b) and 36(5) of the Exchange Control Act 1947(a), hereby make the following Order :—

1.—(1) This Order may be cited as the Exchange Control (Deposit of Securities) (Exemption) Order 1970, and shall come into operation on 15th January 1971.

(2) The Interpretation Act 1889(b) shall apply for the interpretation of this Order as it applies for the interpretation of an Act of Parliament and as if this Order and the Order hereby revoked were Acts of Parliament.

2. The securities set out in the Schedule to this Order are hereby prescribed as securities to which sections 15 and 16 of the Exchange Control Act 1947 do not apply.

3. This Order shall extend to the Channel Islands, and any reference in this Order to the Exchange Control Act 1947 includes a reference to that Act as extended by the Exchange Control (Channel Islands) Order 1947(c).

4. The Exchange Control (Deposit of Securities) (Exemption) Order 1968(d) is hereby revoked.

David Howell,
V. H. Goodhew,
Two of the Lords Commissioners
of Her Majesty's Treasury.

23rd December 1970.

SCHEDULE

1. Any security, not being a security to which section 17 of the Exchange Control Act 1947 applies,—

(a) which is registered in the scheduled territories (other than the United Kingdom or the Channel Islands) otherwise than in a subsidiary register, and

(b) on which none of the dividends or interest is payable on presentment of a coupon.

2. Any renounceable letter of allotment, of acceptance or of rights, any renounceable certificate, and any scrip certificate to bearer, being in any case one that

(a) does not entitle the holder—

(i) to securities to which section 17 of the said Act applies, or

(a) 1947 c. 14.

(b) 1889 c. 63.

(c) S.R. & O. 1947/2034 (Rev. VI, p. 1001: 1947 I, p. 660).

(d) S.I. 1968/79 (1968 I, p. 262).

- (ii) to be allotted or accept or be issued with securities to which section 17 of the said Act applies ; and
 - (b) has been issued in the scheduled territories ; and
 - (c) has not been in existence for more than six months either from the date of its issue or, in a case where it has been issued in exchange, in whole or in part, for any such other letter or certificate as aforesaid, from the date of issue of that other letter or certificate.
3. Any bond, note or debenture in respect of which payment of interest or redemption has been in default for not less than 10 years.

EXPLANATORY NOTE

(This Note is not part of the Order.)

Sections 15 and 16 of the Exchange Control Act 1947 (c.14) require that certain securities shall be placed and kept in the custody of an authorised depository. This Order exempts some of those securities from that requirement. As compared with the Exchange Control (Deposit of Securities) (Exemption) Order 1968, which this Order supersedes, the exemptions are, save in one respect, narrowed.

The 1968 Order exempted—

1. any security which is registered in the scheduled territories (other than the United Kingdom or the Channel Islands) otherwise than in a subsidiary register and on which none of the dividends or interest is payable on presentment of a coupon ;
2. certain secondary securities, namely any renounceable letter of allotment, of acceptance or of rights, any renounceable certificate, and any scrip certificate to bearer, being in any case one that
 - (a) has been issued in the scheduled territories, and
 - (b) has not been in existence for more than 6 months ;
3. bonds, notes and debentures which have been in default for not less than 20 years.

The present Order narrows exemptions 1 and 2 by providing that they shall not cover foreign currency securities, i.e. securities prescribed by Treasury Order under section 17 of the Act, or secondary securities relating to foreign currency securities. (The current Order under section 17 is S.I. 1967/556 (1967 I, p. 1771) which prescribes all securities on which capital moneys, dividends or interest are payable, or optionally payable, in foreign currency.)

All foreign currency securities (except those registered in the United Kingdom or the Channel Islands otherwise than in a subsidiary register on which none of the dividends or interest is payable on presentment of a coupon), and all secondary securities relating to foreign currency securities, must henceforth be placed and kept in the custody of an authorised depository.

This Order in one respect widens the exemption from the deposit requirement. Bonds, notes and debentures in respect of which payment of interest or redemption has been in default for not less than ten years (previously twenty years) no longer have to be placed or kept in the custody of an authorised depository.

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