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CHAPTER 119

GOVERNMENT LOANS AND SECURITIES

AN ACT TO MAKE BETTER PROVISION FOR THE RAISING OF LOANS AND THE ISSUE OF SECURITIES BOTH LOCALLY AND OVERSEAS BY THE GOVERNMENT OF SOLOMON ISLANDS AND FOR MATTERS CONNECTED THEREWITH AND INCIDENTAL THERETO

10 of 1979

[3rd August 1979]

PART I PRELIMINARY

1. This Act may be cited as the Government Loans and Securities Act.

Short title

2. In this Act, unless the context otherwise requires-

Interpretation

"bonds" means bonds issued by or on behalf of the Government of Solomon Islands under the provisions of this Act;

"Minister" means the Minister to whom responsibility for finance is assigned;

"register" includes any book kept by any registering authority under the provisions of this Act;

"registering authority" means the Central Bank of Solomon Islands or any other agent appointed by the Minister under the provisions of subsection (4)(b) of section 14;

"stock" means stock issued under the provisions of this Act and includes any share or interest in such stock;

"stockholder" means any person holding stock and entered as proprietor thereof in the register;

"Treasury Bill" means a bill issued by or on behalf of the Government of Solomon Islands under the provisions of this Act.

3.-(1) The Minister is hereby empowered, subject to the provisions of this Act, to raise internally or externally loans of such sums of money as Parliament may from time to time authorise by Act or resolution together with such further sums as may be required to defray the expenses of issue.

Authority to raise loans

(2) All moneys raised under the authority of this Act shall be applied for such purposes as shall be specified by the resolution authorising the raising of such moneys.

4.-(1) Loans may be raised under the provisions of this Act in any of the following ways-

Methods of raising loans

(a) by the creation and issue of registered or inscribed stock which shall be known as Solomon Islands stock;

(b) by the issue of securities in the form of bonds or savings certificates;

(c) by the issue of Treasury Bills; or

(d) in such other manner as the Minister may, in consultation with any lender, decide.

(2) The Minister in respect of any loan may direct that such loan be raised by both the issue of inscribed stock and the issue of bonds.

5. The principal moneys and interest represented by loans issued under the provisions of this Act are hereby charged upon and shall be payable out of the Consolidated Fund.

Loans to be charged on Consolidated Fund

PART II

ISSUE OF BONDS AND SAVINGS CERTIFICATES

6.-(1) Where the Minister deems it expedient to raise money by the issue of bonds or savings certificates, such bonds or savings certificates may be issued in Solomon Islands by the Central Bank of Solomon Islands or, elsewhere, by agents approved by the Minister on behalf of the Government upon the best and most favourable terms that can be obtained, and to such amounts and on such conditions, subject to the provisions of this Act as the Minister may direct.

Issue of bonds and savings certificates

(2) Bonds and savings certificates shall be of such denominations as the Minister may from time to time determine.

7. Bonds and savings certificates shall be redeemable on the terms declared at the

Redemption of bonds and savings certificates

date of issue which may be either-

(a) at par on a fixed date to be declared on the issue of the bonds or savings certificates, provided that the Minister may reserve the option to redeem bonds or savings certificates prior to such date on such conditions as may be declared at the time of issue; or

(b) at the option of the Minister by purchase; or

(c) by instalments of such amounts, and payable on such dates, as may be determined by the Minister.

8.-(1) The interest upon the principal represented by each bond shall run from the date of issue named in that behalf in the bond, and shall be paid on the dates named in that behalf in the bond.

Interest on bonds and savings certificates

(2) The interest on the principal represented by each savings certificate shall run from the date upon which the certificate is issued to the first holder thereof and shall be paid on the date of maturity of such certificate, or any earlier date that may be specified thereon.

9. Bonds and savings certificates shall be in such form as the Minister may direct.

Form of bonds and savings certificates

10. Every bond and savings certificate, and the right to receive the principal and interest represented thereby, shall be transferable in such manner as may be prescribed by the Minister.

Transfer of bonds and savings certificates

11. Every bond and savings certificate shall, before being issued, be registered in a register book to be kept for that purpose by the Central Bank of Solomon Islands or at the office of such other agents as the Minister may approve.

Register of bonds and savings certificates

12.-(1) Upon the repayment of the principal moneys secured by a bond or savings certificate, the bond or savings certificate shall, and on the redemption by purchase of any bond or savings certificates the bond or savings certificate may, be delivered up to the issuing authority for cancellation by it.

Cancellation of redeemed bonds and savings certificates

(2) Bonds redeemed by purchase which are not delivered up for cancellation shall be deemed to be securities forming part of the sinking fund and may in all respects be dealt with as such.

PART III

ISSUE OF STOCK

13. Solomon Islands stock may from time to time be issued in Solomon Islands or elsewhere, upon the directions of the Minister, upon the best and most favourable terms that can be obtained, and to such amounts and on such conditions, subject to the provisions of this Act, as the Minister may before the issue thereof from time to time direct.

Stock to be issued on
direction of Minister

14.-(1) A register shall be kept in which-

Register of stock to be
kept

(a) all stock issues under the provisions of this Act shall be registered, or, in the case of inscribed stock inscribed;

(b) all transfers, transmissions and other dealings in such stock under the provisions of this Act shall be registered; and

(c) all other matters and things which by this Act are required to be entered therein shall be entered.

(2) Issues of inscribed stock shall be inscribed in the register by entering therein the name of the stockholder, the amount of such stock and such other particulars as may be prescribed.

(3) The register shall be prima facie evidence of title of any person in respect of any stock of which he is entered as the stockholder.

(4) The register shall be kept-

(a) in the case of stock issued in Solomon Islands, by the Central Bank of Solomon Islands; and

(b) in the case of stock issued elsewhere, by such agents as the Minister may appoint.

15.-(1) The registering authority shall within thirty days of receipt of the final instalment payable on any stock send to the stockholder a certificate which shall be known as a stock certificate showing that stock to the value specified therein has been

Stock certificates

registered or inscribed in the name of the stockholder:

Provided that in the case of inscribed stock a stock certificate shall only be issued where demanded by the stockholder.

(2) Such stock certificate shall be prima facie evidence of the title of the stockholder to the stock specified therein:

Provided that in the case of inscribed stock the want of such certificate shall not prevent the owner of any stock from disposing of it.

16.-(1) Stock shall be transferable by an instrument of transfer to be approved by the Minister, and a certificate issued at the request of the transferee, by the registering authority in pursuance of such transfer and in respect of the stock so transferred shall be prima facie evidence of the title of the holder of the certificate to the stock specified.

Transfer and
transmission

(2) Any person to whom any stock is transmitted may apply in such form as may be approved by the Minister to the registering authority by which the register in which such stock is registered or inscribed to be registered as the proprietor of such stock.

(3) Every transmission application shall be verified by statutory declaration or in such other manner as may be approved by the Minister and shall be supported by the production to the registering authority of the original or certified true copies of all documents under which the applicant claims to be entitled to be registered as the proprietor of the stock.

(4) If the registering authority is satisfied that a person applying under the provisions of subsection (2) to be registered as the proprietor of any stock is entitled so to be registered, it shall register such transmission by entering the name of such person in the register as the proprietor of such stock.

(5) No person shall have any claim against the Government, the Central Bank of Solomon Islands or the Minister in respect of any transmission registered in pursuance of the last preceding subsection but nothing in this subsection shall relieve the person to whom the stock is transmitted from any liability to account for or deal with the stock in accordance with law.

17. The registering authority shall keep, in a separate book, a list of the stockholders on whose stock the interest has been unclaimed for five years, together with their registered addresses, and such list shall be open for inspection without payment of a fee.

List of stockholders of
unclaimed interest

18.-(1) The registering authority may, for a period not exceeding fourteen days prior to each payment of interest on any stock registered or inscribed under the provisions of this Act, close the register of that stock as regards transfers upon giving not less than seven days' notice of such closing. Such notice shall be published in the Gazette in the case of stock issued in Solomon Islands and in a newspaper circulating in the country concerned in the case of other stock.

Closing of register

(2) The persons who on the day of such closing are registered as stockholders shall, as between them and their transferees, be entitled to the interest then next payable on the stock.

19. Interest shall be payable on stock by the registering authority, at the rate and at the times fixed by the Minister at the time of the issue of such stock.

Interest and payment thereof

20.-(1) Stock shall be redeemable at par on a date to be named in that behalf by the Minister or the registering authority when issuing the stock:

Redemption of stock

Provided that the Minister or the registering authority may reserve the option to redeem the stock in whole or in part, by drawings or otherwise at any time prior to such date on such conditions as may be declared at the date of issue.

(2) From and after the date appointed for the redemption of the stock or any part of it all the interest on the principal moneys secured thereby shall cease and determine, whether payment of the principal shall have been demanded or not.

21. No notice of any trust, expressed, implied or constructive in respect of any stock shall be entered on the register, or be received by the registering authority, the Minister or the Government.

No notice of trust to be received or registered

PART IV

PAYMENT OF INTEREST AND CREATION OF SINKING FUND

22. So long as any portion of any loan remains outstanding the Minister shall at such times as the payment of interest on that loan falls due withdraw from the Consolidated Fund a sum equal to the interest then due on the whole of that loan outstanding, and shall authorise the payment out of such sum of the then current interest on the date on which it falls due.

Withdrawal from Consolidated Fund of sums to meet interest when due

23.-(1) The Minister may in each half year ending with the day on which the interest on any loan falls due withdraw from the Consolidated Fund for the formation of a sinking fund for repayment of that loan at par a sum equal to one half of the annual contribution specified in the prospectus, or in the case of a loan not issued publicly, in the terms of issue relating to the loan:

Provided that the said contribution shall in respect of any money raised under this Act commence not later than three years after the date from which the interest on such money shall commence to run.

(2) The amounts withdrawn from the Consolidated Fund under the preceding subsection, less any amounts utilised in accordance with subsection (5), shall be invested in investments approved by the Minister and, if invested in Solomon Islands, shall be invested in any one or more of the following-

(a) on deposit with the Central Bank of Solomon Islands;

(b) in debentures or other securities charged on the funds or property of any Provincial Assembly;

(c) on fixed deposit in any bank licensed under the provisions of the Banking Act;

Cap. 48

(d) on deposit in any Savings Bank licensed under the provisions of the Banking Act; and

(e) in any security issued by the Government of Solomon Islands or by any statutory organisation in Solomon Islands.

(3) All investments made under the last preceding subsection shall be retained as a sinking fund for the final extinction of any loan for which the sinking fund has been formed and any dividends, interest or produce of or arising out of or in consequence of any such investments may be invested in any similar manner to that authorised by the last preceding subsection and any such investment may at any time with the approval of the Minister be changed to any other investment authorised by the last preceding subsection.

(4) In case the sinking fund provided for by this section shall be insufficient for the payment of all the principal moneys borrowed under the authority of this Act in respect of any particular loan at the time the same shall have become due the Minister shall make good the deficiency out of the Consolidated Fund or by a loan authorised by section 3.

(5) The Minister may at any time authorise the utilisation of any amount withdrawn from the Consolidated Fund for contribution to the sinking fund prescribed by subsection (1) of this section for the purchase of debentures or stock for which the sinking fund has been established.

(6) The Minister may at any time authorise the utilisation of the whole or any part of the sinking fund for the repayment in part or in whole of any loan for which the sinking fund has been established, whether or not such loan has become due for repayment.

PART V

ISSUE OF TREASURY BILLS

24.-(1) Notwithstanding the provisions of any other written law, every Treasury Bill issued under this Act shall be for a sum of ten thousand dollars or a multiple of ten thousand dollars and shall be payable at par at such time or times as the Minister shall, before the issue of such Treasury Bills, fix and determine, but not later than one year from the date of issue.

Issue of Treasury Bills

(2) The Central Bank of Solomon Islands is hereby appointed as agent for the Solomon Islands Government for all matters relating to the issue of Treasury Bills.

25. The principal moneys represented by the Treasury Bills issued under this Act shall be repaid by the Central Bank of Solomon Islands on behalf of Government and upon such repayment the Treasury Bills shall be cancelled by the Central Bank of Solomon Islands.

Repayment of Treasury Bills

PART VI

MISCELLANEOUS PROVISIONS

26.-(1) Notwithstanding the provisions of the Stamp Duties Act no stamp duty shall be payable on the transfer of any bond, savings certificate, stock or Treasury Bill issued under this Act.

Exemption from stamp duty
Cap. 126

(2) The Minister may by Order made in accordance with the provisions of the Income Tax Act provide that interest payable in respect of any bond, savings certificate, stock or Treasury Bill issued under this Act shall be exempt from tax to the extent specified in such Order.

Cap. 123

27. Solomon Islands bonds and stock issued under this Act shall be deemed to be authorised investments for trust funds.

Authorised investment for trust funds

28. The Minister may make regulations for all or any of the following purposes-

Power to make regulations

(a) registering bonds or saving certificates or registering or inscribing stock in registers;

(b) prescribing the persons who may be registered as holders of bonds or savings certificates or registered or inscribed as stockholders;

(c) prescribing the method by which any payment in respect of bonds, savings certificates or stock shall be made;

(d) prescribing the method by which stock may be transferred or transmitted;

(e) prescribing the manner in which bonds or savings certificates and the right to receive the principal and interest represented thereby shall be transferable;

(f) providing for the methods by which bonds, savings certificates or stock may be redeemed by purchase in the market, by annual drawings, by conversion or otherwise;

(g) providing for the registration, payment of interest, repayment of principal, and transfer of bonds, savings certificates or stock including provision for the case of persons who are under legal disability;

(h) providing for the issue of documents referred to in this Act and the replacement of lost documents;

(i) providing for the circumstances in which alterations may be made in registers;

(j) providing for the disposal of unclaimed interest;

(k) prescribing the conditions subject to which bonds, savings certificates, stock or Treasury Bills may be exchanged, consolidated or subdivided;

(l) prescribing the maximum and minimum amount of bonds, savings certificates, stock or Treasury Bills that may be taken up at any issue, and for the refund of over-subscriptions;

(m) prescribing the form in which, the method by which and the terms upon which Treasury Bills shall be issued and transferred;

(n) the discounting of Treasury Bills and any other matters necessary for the management of loans raised through the issue of Treasury Bills;

(o) prescribing the fees to be paid in respect of anything to be issued or done under the provisions of this Act;

(p) generally for the better carrying out of the provisions of this Act.

(No Subsidiary Legislation.)