

Hon. Mr. Allen.

BANK OF NEW ZEALAND.

ANALYSIS.

| | |
|--|---|
| Title. | |
| Preamble. | |
| 1. Short Title. | 8. Such shares not to confer right for the Crown to vote. |
| 2. Interpretation. | 9. Definition of preference and ordinary shares. |
| 3. Redemption of guaranteed stock. Issue of further capital stock. | 10. Application of assets in event of Bank being dissolved. |
| 4. Redeemed stock to be cancelled. | 11. Meetings of proprietors. |
| 5. Sinking fund. | 12. Maximum holding of proprietors. |
| 6. Issue of B preference shares and new ordinary shares. | 13. Bank of New Zealand and Banking Act, 1898, amended. |
| 7. Power to purchase B preference shares for the Crown. | 14. Deed of settlement deemed amended. |

A BILL INTITULED

AN ACT to make Further Provision respecting the Bank of New Zealand. Title.

WHEREAS under the powers in that behalf conferred by the Bank Preamble.

5 of New Zealand Act, 1903, the Bank created and issued guaranteed stock to the extent of one million pounds sterling, which will mature on the nineteenth day of July, nineteen hundred and fourteen: And whereas the said stock will at maturity be redeemable at par at the London office of the Bank: And whereas the capital of the said

10 Bank consists of one million pounds of the said guaranteed stock; five hundred thousand pounds, in seventy-five thousand preference shares of six pounds thirteen shillings and fourpence each, held by His Majesty, and fully paid; one million pounds, in one hundred and fifty thousand ordinary shares of six pounds thirteen

15 shillings and fourpence each, paid up to three pounds six shillings and eightpence each, with a further liability of three pounds six shillings and eightpence each which may be called up at any time; making a total capital of two million five hundred thousand pounds: And whereas it is expedient to make provision for the

20 raising of further capital for the said Bank and to make certain other provisions relating thereto:

BE IT THEREFORE ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows.—

25 1. This Act may be cited as the Bank of New Zealand Act, 1913. Short Title.

Interpretation.

2. In this Act, if not inconsistent with the context,—

“Bank” means the Bank of New Zealand established under the New Zealand Bank Act, 1861 :

“Deed of settlement” means the deed of settlement of the Bank referred to in the New Zealand Bank Act, 1861, as such deed now stands altered and amended : 5

“Directors” means the Board of Directors of the Bank :

“Guaranteed stock” means the stock issued under section eleven of the Bank of New Zealand Act, 1903 :

“Ordinary shares” means all the now subsisting shares in the Bank other than the guaranteed stock and the preference shares issued under section nine of the Bank of New Zealand Act, 1903 : 10

“Preference shares” means the preference shares issued under section nine of the Bank of New Zealand Act, 1903. 15

Redemption of guaranteed stock.

3. The Bank shall redeem the guaranteed stock at maturity thereof; and, in order to enable such stock to be redeemed, the following provisions shall apply, notwithstanding anything in the New Zealand Bank Act, 1861, or any other Act, or in the deed of settlement :— 20

Issue of further capital stock.

(a.) The Bank is hereby empowered to create and issue further capital stock to the extent of one million pounds sterling, having a currency not exceeding twenty years, and carrying a dividend at a rate not exceeding four per centum per annum payable half-yearly. 25

(b.) Paragraphs (b) to (h) of section eleven and sections thirteen and fourteen of the Bank of New Zealand Act, 1903, and sections two to five of the Bank of New Zealand Act, 1904, shall be deemed to apply to stock issued under this section. 30

Redeemed stock to be cancelled.

4. All stock redeemed under the provisions of section *three* hereof shall be delivered by the Bank to the High Commissioner of New Zealand for cancellation.

Sinking fund.

5. (1.) As security for the redemption of the stock authorized to be issued under section *three* hereof, the Bank shall, in the month of March in each year during the currency of the said stock, set aside the sum of fifty thousand pounds, and shall invest the same in debentures or other securities of the Government of New Zealand payable both as to principal and interest in London, bearing interest at the rate of four per centum per annum, payable half-yearly, and maturing on the due date of the said stock; and the Minister of Finance is hereby empowered to create and issue such securities accordingly. 35 40

(2.) All securities issued to the Bank under this section shall be held by the High Commissioner of New Zealand in trust to secure the redemption of the said stock, provided that all interest thereon shall be payable to the Bank. 45

Issue of B preference shares and new ordinary shares.

6. Notwithstanding anything in the deed of settlement or in any Act or law to the contrary, the Directors are hereby empowered to raise new capital for the Bank to an amount not exceeding three million pounds sterling by the creation and issue of one hundred and fifty thousand shares, to be called “B preference shares,” of six 50

pounds thirteen shillings and fourpence each and three hundred thousand new ordinary shares of six pounds thirteen shillings and fourpence each, upon all of which shares there shall be no further liability in any event whatever; and the following provisions shall have effect with respect to the shares so created:—

(a.) Save as in this Act is otherwise provided, the B preference shares shall, in respect of capital, rank next after the preference shares but in priority to all other shares, and in all other respects they shall rank equally with the ordinary shares.

(b.) The new ordinary shares shall rank equally in all respects with the ordinary shares.

(c.) The B preference shares and the new ordinary shares shall be issued at such times, in such amounts, and on such terms and conditions as the Directors, with the approval of the Minister of Finance, may prescribe, subject to the following conditions:—

(i.) Each issue shall be made in the proportion of one B preference share to two new ordinary shares, to be simultaneously offered for subscription.

(ii.) The terms of issue and dates for payment of calls shall be the same for both B preference shares and new ordinary shares.

(iii.) The whole of the capital of each issue shall be called up forthwith after the issue is made, provided that such capital may be made payable by instalments.

(iv.) On any such issue of shares His Majesty shall be given the first option of purchasing the whole of the B preference shares comprised in such issue; and, subject to such prior option, the whole of the shares comprised in such issue are to be offered to the holders of the ordinary shares and the new ordinary shares in proportion, as near as may be, to the number of shares held by them respectively.

(v.) Subject as aforesaid, the said shares may be sold to the general public of New Zealand or elsewhere.

7. The Minister of Finance is hereby empowered to purchase on behalf of His Majesty any B preference shares from time to time offered to His Majesty as aforesaid at a price not greater than one hundred per centum above the nominal value of such shares, and any shares so purchased shall be issued to His Majesty as the property of the Dominion in exchange for and to be paid for by debentures, inscribed stock, or other securities of the Government of the Dominion, payable in London, bearing interest at the rate of four per centum per annum, payable half-yearly, of a face value equivalent to the issue-price of the shares to be purchased, and so that such debentures, inscribed stock, or other securities shall be quotable on the London Stock Exchange; and the Minister of Finance is hereby empowered to create and issue debentures, inscribed stock, or other securities accordingly.

Power to purchase B preference shares for the Crown.

8. Such of the B preference shares as are held by His Majesty shall, while they are so held, confer no right to convene, vote at, or otherwise take part in any meeting of the proprietors of the Bank.

Such shares not to confer right for the Crown to vote.

Definition of preference and ordinary shares.

9. The preference shares shall hereafter be called "A preference shares." The B preference shares created by section *six* hereof shall be called "B preference shares," and the ordinary shares, together with the new ordinary shares, shall be called "ordinary shares."

Application of assets in event of Bank being dissolved.

10. In the event of the winding-up or the dissolution of the Bank, the assets thereof shall, after payment thereof of all the liabilities of the Bank, including its capital stock, be applied—first, in repaying the capital paid up on the A preference shares, next in repaying the price paid for the B preference shares (including any premium paid to the Bank before the issue thereof), and the balance shall belong to the holders of the ordinary shares in proportion to the capital paid up thereon. 5

Meetings of proprietors.

11. The following provisions shall have effect with respect to all meetings of proprietors of the Bank:—

(a.) Each of the Directors shall be entitled to attend such meetings and take part in the deliberations thereof to the same extent as if he were a proprietor, save that if he is not a proprietor he shall not be entitled to vote thereat. 15

(b.) The Chief Auditor and the Assistant-Auditor shall be entitled to attend such meetings, but not to take part in the deliberations thereof. 20

(c.) The Chief Auditor may, by memorandum recorded in the minute-book containing the record of the proceedings of any meeting, either at such meeting or thereafter, suspend the operation of any act or proceeding of such meeting until after the expiration of twenty-eight days from the date of such meeting, and may, by a like memorandum, remove any such suspension. 25

(d.) The Chairman of the Board of Directors, or in his absence such other Director as is nominated either generally or specially for the purpose by such Board, shall preside at such meetings, or if at any meeting such Chairman or nominee is not present within fifteen minutes after the time appointed for holding such meeting, the proprietors present shall choose a Director or proprietor present to be chairman. 30 35

(e.) Notice of such meetings shall be given to each of the Directors and to the Chief Auditor and Assistant Auditor in the same manner as notice is required to be given to proprietors. 40

Maximum holding of proprietors.

12. The number of shares in the capital of the Bank that may be held by one proprietor is hereby increased from three thousand to six thousand.

Bank of New Zealand and Banking Act, 1898, amended.

13. (1.) Section twelve of the Bank of New Zealand and Banking Act, 1898, is hereby amended by omitting the words "two thousand," and substituting the words "four thousand"; and the said section as amended shall be deemed to have been in operation as from the thirty-first day of March, nineteen hundred and thirteen. 45

(2.) Subsection two of section fourteen of the last-mentioned Act is hereby amended by omitting the words "two hundred and fifty," and substituting the words "two thousand." 50

Deed of settlement deemed amended.

14. The deed of settlement of the Bank, as such deed now stands, shall be deemed to be amended in all respects so as to make the same conform to the provisions of this Act.