CHAPTER 161

LOCAL LOANS (REGISTERED STOCK AND SECURITIES) ORDINANCE

To repeal and re-enact the law declaring the terms and conditions applicable to local loans authorized to be raised by the Government of Malta and to make provision in this connection for the creation and issue of registered stock in addition to the issue of securities in the form of debentures.

4th December, 1959

Enacted by ORDINANCE XVIII of 1959, as amended by Acts: X of 1963, XXVII of 1971, XXXIV of 1972, XVIII of 1991, XVI of 1997, IV of 1999, XII and XLII of 2014, XXI of 2015 and XXIII of 2016.

ARRANGEMENT OF ORDINANCE

		Articles
Part I.	Preliminary	1-3
Part II.	Power to Raise Loans	4-7
Part III.	Registered Stock	8-16
Part IV.	Debentures	17-20
Part V.	Payment of Interest on Stock and Securities	21-24
Part VI.	Sinking Funds	25-30
Part VII.	Conversion of Loans	31-32
Part VIII.	Issue of Duplicates and Renewals of Stock Certificates and Securities and Exchange and Consolidation	33-39
Part IX.	Miscellaneous	40-44

PART I

PRELIMINARY

Short title.

1. The title of this Ordinance is Local Loans (Registered Stock and Securities) Ordinance.

Interpretation.
Amended by: XXXIV.1972.2; XII. 2014.29; XLII. 2014.2; XXI. 2015.25.

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

"Accountant General" means the Accountant General of the Government of Malta;

Cap. 330.

"competent authority" means the Malta Financial Services Authority established by the Malta Financial Services Authority Act;

"debenture" means any debenture issued under the provisions of this Ordinance;

"Malta" has the same meaning as is assigned to it by article 124 of the Constitution of Malta;

"the register" means the register of stock kept by the Accountant General for the purpose of this Ordinance;

"registered stock" or "stock" means Malta stock issued under the provisions of this Ordinance;

Cap. 330.

"Resolution Committee" means the Committee established within the Malta Financial Services Authority through the Malta Financial Services Authority Act and which is responsible for the resolution of credit institutions and investment firms;

"security" means any debenture issued under the provisions of this Ordinance;

"sinking fund" means a sinking fund established in terms of article 25;

"special sinking fund" means a special sinking fund established in terms of article 26(2);

"stockholder" means a person holding registered stock who is entered as the owner thereof in the register.

Scope.

3. This Ordinance shall be applicable only to loans raised locally in Malta.

PART II

POWER TO RAISE LOANS

Issue of registered stock and debentures for the purpose of raising authorized loans.
Amended by: X. 1963.2; XXVII. 1971.2; XLII. 2014.3.

4. (1) Whenever under this Ordinance or by any enactment authority is given to the Minister responsible for finance to raise any sum of money by way of loan for any purpose mentioned in this Ordinance or in that enactment, or whenever it is necessary or convenient to raise any sum of money for the purpose of repaying any loan raised by the Government under this Ordinance or any other enactment, the Minister responsible for finance may, from time to time, raise such sum or any part thereof under the

provisions of this Ordinance in either of the following modes:

(*a*) by the creation and issue of registered stock;

(*b*) by the issue of securities in the form of debentures.

(2) Each issue of registered stock or securities under this Ordinance for the purpose of raising any specified sum of money shall be deemed to be stock or securities issued in respect of a separate loan notwithstanding that the sum of money so raised is part only of a sum of money authorized by any other enactment to be raised by way of loan.

The raising of money by way of loan. *Added by: XLII. 2014.4. Amended by: XXI. 2015.26.* Cap. 330.

4A. (1) The Minister responsible for finance may, in pursuance of the Recovery and Resolution Regulations made under the Malta Financial Services Authority Act:

(*a*) further to a recommendation by the competent authority in consultation with the Resolution Committee, raise a sum of money by way of loan for the purpose of providing precautionary recapitalisation measures in favour of credit institutions in view of preserving financial stability; or

(*b*) further to a resolution action taken by the Resolution Committee in consultation with the competent authority, raise a sum of money by way of loan for the purpose of providing public backstop measures; or

(*c*) in close cooperation with the Resolution Committee, raise a sum of money by way of loan for the purpose of providing extraordinary public financial support through financial stabilisation tools.

(2) For the purpose of sub-article (1), the Minister is hereby authorised to borrow sums of money on such terms and subject to such conditions as the said Minister may approve under the provisions of this Ordinance for such amount not exceeding any amount which the House of Representatives may from time to time by resolution authorise.

Raising and lending of money in terms of the Loan Facility Agreement with the Single Resolution Board. *Added by: XXIII.2016.2.*

4B. (1) The Minister responsible for finance may represent the Republic of Malta when entering into the Loan Facility Agreement with the Single Resolution Board in pursuance of Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No. 1093/2010.

(2) The Minister responsible for finance may, in terms of the Loan Facility Agreement between the Republic of Malta and the Single Resolution Board referred to in sub-article (1), raise a sum of money by way of loan for the purpose of lending to the Single Resolution Board an unsecured loan facility of up to sixty-six million Euro (€66,000,000).

(3) For the purposes of sub-articles (1) and (2) the Minister responsible for finance is hereby authorised to borrow sums of

money on such terms and subject to such conditions as the said Minister may approve under the provisions of this Ordinance for an amount which in total does not exceed sixty-six million Euro (€66,000,000).

Loans to be charged upon revenue.

5. The principal moneys and interest represented or secured by any registered stock or securities issued under this Ordinance are hereby charged upon and shall be payable out of the general revenue and assets of the Government of Malta.

Minister to direct mode of raising loans and other particulars. *Amended by: X. 1963.2; IV.1999.2.*

6. (1) The Minister responsible for finance shall, in respect of each loan to be raised under this Ordinance, specify by direction published in the Government Gazette -

(*a*) the sum of money to be raised by that loan;

(*b*) the mode or modes of raising the loan;

(*c*) the rate of interest payable on the loan;

(*d*) the dates in each year on which the half-yearly interest of the loan shall be payable;

(*e*) the rate, if any, at which a half-yearly appropriation out of the general revenue and assets of the Government of Malta shall be made as a contribution to the sinking fund established for the purpose of redeeming that loan and the period within which such contribution shall commence;

(*f*) the date of redemption of the registered stock or securities to be issued for the purpose of raising that loan and, where applicable, the method of redemption of such stock or securities;

(*g*) whether the interest payable on any registered stock or debentures issued under the authority of this Ordinance shall be exempt from all or any of the taxes and duties payable under any other law in force in Malta.

(2) The date of redemption of any registered stock or securities shall not be later than sixty years from the date of issue of such stock or securities.

(3) Where the Minister responsible for finance deems it expedient to reserve an option to redeem any registered stock or securities at any date earlier than the date of redemption specified for such stock or securities by the directions under sub-article (1), he shall by such directions further specify the terms and conditions on which such stock or securities may be redeemed at any earlier date.

Accountant General to make necessary arrangements. *Amended by: X. 1963.2.*

7. Upon the publication under article 6 of the directions of the Minister responsible for finance in respect of any loan to be raised under this Ordinance the Accountant General may, subject to the provisions of such directions and to such further directions as the Minister responsible for finance may give in that behalf, make all such arrangements as may be necessary to raise that loan upon the most favourable terms that can be obtained.

PART III

REGISTERED STOCK

Register of stock.

8. The Accountant General shall keep a register in respect of each issue of registered stock under this Ordinance in which all such stock and all transfers of and all dealings in such stock shall be registered and in which shall be entered all matters and things which by this Ordinance are required to be entered in the register.

Liability of Government in respect of issue of registered stock. *Amended by: X. 1963.2.*

9. The Government shall be bound to pay to the person registered for the time being as the stockholder the principal sum represented by that stock and the interest due thereon, in accordance with the provisions of this Ordinance, at the rate and on the dates directed by the Minister responsible for finance under article 6 or in pursuance of an option to redeem such stock reserved in such directions.

Stockholder.

10. For the purposes of this Ordinance, no person shall be entitled to any registered stock unless he is registered as a stockholder in respect thereof.

Registration of first stockholders.

11. No person shall be registered as a first stockholder of any registered stock except upon payment in full of the purchase price of that stock.

Stock certificate.

12. Every stockholder shall be entitled to obtain from the Accountant General a stock certificate in a form to be prescribed and no stockholder, other than the first stockholder, of any stock shall be entitled to obtain a stock certificate save upon payment of the prescribed fee:

Provided that one stock certificate only shall be issued in respect of any one holding.

Transfer of registered stock.

13. (1) Subject to the provisions of sub-article (3), the title of any stockholder to any registered stock shall not be deemed for the purposes of this Ordinance to be transferred to any other person save upon the execution of such instrument of transfer as may be prescribed and upon the registration of the transferee as the stockholder under article 14.

(2) Interest which has fallen due in respect of any registered stock at the date of any transfer of such stock but which has not been paid to the stockholder for the time being, shall not be deemed to be payable to a transferee of that stock unless the instrument of transfer expressly provides for the payment of that interest to that transferee.

(3) When the Accountant General is satisfied that a stockholder has died he may, subject to the provisions of article 14 (*b*), cause the stock of the deceased stockholder to be transferred into the name of any person who proves to his satisfaction that he is lawfully entitled to the stock on the death of the stockholder.

Registration of transfers of stock.

14. No person shall be registered as the transferee of any registered stock for the purposes of this Ordinance unless -

(*a*) in the case of a transfer under article 13(1) he has

surrendered to the Accountant General the stock certificate and the instrument of transfer relating to that stock and has paid the prescribed fee; or

(*b*) in the case of a transfer under article 13(3) he has surrendered to the Accountant General the stock certificate relating to the stock of the deceased stockholder and paid the prescribed fee.

Closing of register.

15. The register shall be closed for a period of twenty-one days immediately preceding each date upon which interest on that stock falls due and no transfer of that stock shall be registered during that period.

Register to be conclusive evidence of facts entered therein.

16. The entries in the register kept under the provisions of this Ordinance shall be conclusive evidence of the facts, matters, particulars and transactions to which those entries relate:

Provided that, notwithstanding the provisions of any other law, a copy of any entry in the register certified under the hand of the Accountant General to be a true copy of the original entry shall be receivable in evidence in any judicial proceeding and shall, until the contrary is proved, be deemed to be evidence of the contents of the entry in the register.

PART IV

DEBENTURES

Debentures.
Amended by: X.1963.2.

17. (1) Debentures shall be issued either as registered debentures or as debentures payable to bearer.

(2) Every debenture shall be signed by the Accountant General for and on behalf of the Government and shall, when issued, bind the Government to pay the principal sum and the interest thereon in accordance with the provisions of this Ordinance, at the rate and on the dates specified in the directions by the Minister responsible for finance under article 6 or in pursuance of an option to redeem such debenture reserved in such directions.

(3) Debentures shall be issued in such form and in such denominations as the Minister responsible for finance may direct.

Interest coupons.

18. (1) There shall be attached to every debenture coupons for the payment of interest which falls due thereunder:

Provided that the number of coupons attached to a debenture on the date of its issue to any person may cover a period shorter than that of the currency of the debenture if, in the opinion of the Accountant General, it is inconvenient or inexpedient to attach to the debenture coupons sufficient in number to cover the entirety of the period of the currency of the debenture.

(2) If the number of coupons attached to any debenture on the date of its issue to any person is insufficient to cover all payments of interest due on that debenture after that date, the holder of that

debenture shall be entitled to a renewal thereof at such time and in such manner and circumstances as may be prescribed.

Registered debentures.

19. (1) Every registered debenture shall, before being issued, be registered by the Accountant General in a register to be kept for that purpose and the name and address of the holder of each registered debenture and all transfers of registered debentures shall be noted on that register.

(2) Registered debentures shall be transferable by instrument in writing in such form and subject to such conditions as may be prescribed.

Bearer debentures.

20. (1) Every debenture payable to bearer shall, before being issued, be registered by the Accountant General in a register to be kept for that purpose.

(2) Redemption moneys and interest moneys payable on any bearer debenture issued under the provisions of this Ordinance shall be payable only to a person who at the time that such moneys are payable is, or at the time when he subscribed for or otherwise acquired such debenture was, ordinarily resident in Malta.

(3) Every bearer debenture and coupon, and the right to receive the principal amount and interest represented thereby, shall be transferable by delivery.

PART V

PAYMENT OF INTEREST ON STOCK AND SECURITIES

Appropriation of revenue for payment of interest.
Amended by: X. 1963.2.

21. So long as any interest is payable under this Ordinance in respect of any stock or securities, the Minister responsible for finance shall, in each half year ending with the date on which the interest on such stock or securities falls due, appropriate out of the general revenue and assets of the Government of Malta a sum sufficient to meet all interest payable on that date and shall authorize the Accountant General to pay such interest out of the sum so appropriated.

Payment of interest.
Amended by: X. 1963.2.

22. (1) The interest due on any registered stock or securities shall be payable half-yearly on the dates specified by the directions of the Minister responsible for finance under article 6.

(2) Where any amount has become payable on any date as interest due on any registered stock or securities, no interest on that amount shall, after that date, be paid or payable by the Government to any person in any circumstances.

Cessation of liability to pay interest.

23. No person shall be entitled to claim interest on any registered stock or securities in respect of any period which has elapsed after the earliest date on which demand could lawfully have been made for the payment of the principal amount due on such stock or securities.

Payments.
Amended by: IV.1999.3.

24. All payments of interest and all payments of the principal amount due on any registered stock or securities shall be made by the Accountant General out of the Consolidated Fund without the need of any further appropriation other than this Act.

PART VI

SINKING FUNDS

Appropriation of revenue for sinking fund.
Amended by: X.1963.2; XII. 2014.30.

25. (1) Within the period specified in the directions of the Minister responsible for finance under article 6 as the period within which contributions to the sinking fund for any loan shall commence, the Minister responsible for finance shall appropriate out of the general revenue and assets of the Government of Malta a sum determined in accordance with the rate specified in those directions as the contribution to the sinking fund established for the purpose of redeeming that loan and shall thereafter make a like appropriation in each half year ending with the date specified in those directions for the payment of the half-yearly interest on any stock or securities issued in respect of that loan.

(2) The Minister may further authorise the appropriation out of the general revenue and assets of the Government of Malta a contribution towards a special sinking fund established in accordance with article 26(2).

Separate sinking fund for each loan.
Amended by: XII. 2014.31.

26. (1) A separate sinking fund shall be established for each loan raised under this Ordinance.

(2) A special sinking fund shall be established for the purpose of the repurchase of loans raised under this Ordinance.

Investment of sinking fund.
Amended by: X.1963.2. Substituted by: XXXIV.1972.3.

27. (1) All moneys appropriated under article 25 as contributions to the sinking fund established for any loan shall be placed at interest or invested in such stocks or securities or in such other investments or classes of investments, including registered stock or debentures issued under the provisions of this Ordinance, as the Minister responsible for finance may from time to time direct.

(2) The dividends, interest, bonus and other profit of any investment of any part of any sinking fund shall be placed at interest or invested as directed by the Minister responsible for finance so as to form part of that sinking fund in like manner as moneys appropriated under article 25 as contributions to the sinking fund.

Cessation of contributions to sinking fund.
Amended by: X.1963.2; XXXIV.1972.4.

28. Notwithstanding anything to the contrary contained in this Ordinance, if at any time the Accountant General is satisfied that the sinking fund of any loan raised under the provisions of this Ordinance will be sufficient with further accumulations of interest, but without further payments of contributions, to enable the loan to be redeemed at the time fixed for its redemption, he shall inform the Minister responsible for finance accordingly and the Minister

responsible for finance is hereby authorized in such event to suspend further payments of half-yearly contributions to that sinking fund:

Provided, however, that the contributions to that sinking fund shall be recommenced if the Accountant General at any time thereafter informs the Minister responsible for finance that he is no longer satisfied that the sinking fund with further accumulations of interest will be sufficient for the redemption of that loan.

Expenses to be paid out of sinking fund.

29. There shall be paid out of the sinking fund all expenses specifically incurred in, or incidental to, the investment and management of that fund and the repayment of the loan for which that fund was established.

Deficiency in sinking fund to be a charge upon revenue. *Amended by: IV. 1999.4.*

30. Where no sinking fund is established or in the event of the sinking fund established for any loan under this Ordinance being found, at the time fixed for the repayment of that loan, to be insufficient for such redemption, the loan shall be repaid or the deficiency shall be made good out of the general revenue and assets of the Government of Malta without any further appropriation other than this Ordinance.

PART VII

CONVERSION OF LOANS

Power of Minister to authorize conversion of loan generally. *Amended by: X. 1963.2.*

31. The Minister responsible for finance shall have and may from time to time exercise the following powers and authorities or any of them:

(*a*) he may declare any stock or securities issued in Malta under the provisions of this or any other law to be convertible into registered stock or other securities to be issued under the provisions of this Ordinance;

Creation and issue of stock or securities necessary for conversion.

(*b*) he may authorize the creation and issue under this Ordinance of such an amount of registered stock or securities as may be necessary for the conversion of the stock or securities in respect of which a declaration has been made under paragraph (*a*);

Creation and issue of stock or securities to meet expenses of conversion.

(*c*) he may authorize the creation and issue under this Ordinance of such registered stock or securities as may be necessary for the purpose of paying any expenses incurred in the creation and issue of registered stock or securities under this article;

New stock or securities may have all privileges of original stock or securities.

(*d*) he may declare that all privileges, exemptions and immunities attaching by virtue of any law in force in Malta to any stock or securities shall attach to any new registered stock or securities issued under this Ordinance in conversion of such earlier stock or securities.

Arrangements for conversion.

32. Any conversion authorized under article 31 may be effected either by arrangement with the holders of existing stock or securities, or by purchase thereof out of moneys raised by the sale of stock or securities, or partly in one way and partly in the other.

PART VIII

ISSUE OF DUPLICATES AND RENEWALS OF STOCK CERTIFICATES AND SECURITIES AND EXCHANGE AND CONSOLIDATION

Issue of duplicates and renewals.

33. (1) The Accountant General may issue duplicate stock certificates and duplicate securities in such circumstances as may be prescribed.

(2) The Accountant General may issue renewals of stock certificates and securities in such circumstances as may be prescribed.

Right of Accountant General to compel renewal of securities.

34. The Accountant General may, in such circumstances as may be prescribed -

(*a*) issue a notice to the holder of any security directing him to apply for a renewal of that security; and

(*b*) withhold payment of the interest or principal amount due in respect of that security until the application for renewal has been made and determined.

Exchange of registered stock and securities.

35. On application made by any person claiming to be the holder of any registered stock or securities issued under this Ordinance, the Accountant General may, if he is satisfied that the applicant is the lawful holder of such stock or securities, and on payment of the prescribed fee, exchange stock for securities or securities for stock or securities of one kind for securities of the other kind:

Provided that -

(*a*) all stock and securities so given or taken in exchange shall have been issued in respect of the same loan; and

(*b*) the nominal value of the stock or securities given by the Accountant General in exchange shall be the same as the nominal value of the stock or securities taken by him in exchange.

Consolidation and subdivision of stock and securities.

36. Subject to such conditions as may be prescribed the Accountant General may -

(*a*) on the application of a person claiming to be entitled to any stock or securities, and

(*b*) on being satisfied of the justice of the claim of such applicant, and

(*c*) on surrender of the stock certificate relating to such stock or of such securities receipted in the prescribed manner, and

(*d*) on payment of the prescribed fee,

consolidate or subdivide such stock or securities and issue to the applicant one or more new stock certificates or securities as may be required.

Indemnity bonds.

37. Where application is made to the Accountant General under this Ordinance for the issue of a duplicate stock certificate or a duplicate security or for the exchange, renewal, consolidation or subdivision of any stock or securities, the Accountant General may require the applicant, as a condition precedent to the grant of the application, to execute a bond, in such form and subject to such security as the Accountant General may direct, undertaking to indemnify the Government against the claims of all persons claiming under the original stock certificate or security or under the stock or securities so exchanged, renewed, consolidated or subdivided, as the case may be.

Immediate discharge in certain cases.

38. On payment by or on behalf of the Government to the holder of a debenture of the amount expressed therein on or after the date when it becomes due or on the renewal of a debenture under article 33, or on the exchange of a debenture under article 35, or on the consolidation or subdivision of a debenture under article 36, the Government shall be discharged in the same way and to the same extent as if such debenture was a promissory note payable to bearer.

Discharge in other cases.

39. Save as otherwise provided in this Ordinance the liability of the Government shall -

(*a*) in respect of any registered stock or security redeemed on or after the date on which payment of the principal amount becomes due, be discharged after the lapse of six years from that date;

(*b*) in respect of any security in place of which a duplicate is issued under article 33, be discharged after the lapse of six years from the date of the issue of such duplicate or from the date of the last payment of interest on such security, whichever date is the later;

(*c*) in respect of a security for which a renewed security is issued under article 33 or in respect of stock or securities in place of which new stock or securities are issued upon an exchange under article 35 or upon a consolidation or subdivision under article 36, be discharged after the lapse of six years from the date of the issue of the renewed security or of the new stock or securities, as the case may be.

PART IX

MISCELLANEOUS

Signature of Accountant General may be printed on stock or securities.

40. The signature of the Accountant General may be printed, stamped, engraved, or impressed by any mechanical process on any stock certificate or debenture, and a signature so printed, stamped, engraved or impressed shall be as valid as if it had been inscribed in the proper handwriting of the Accountant General.

Exemption from duty on documents.

41. All documents or instruments made or used under the provisions of this Ordinance shall be in such form as may be prescribed and, notwithstanding the provisions of any other Ordinance, shall be free from duty on documents.

Inspection of register and documents. *Amended by: XVI.1997.8.*

42. (1) No person shall be entitled to inspect, or to receive information derived from, any registered stock or security in the possession of the Government or any register, book or other document kept or maintained by or on behalf of the Government in relation to registered stock or securities, save on payment of such fee and save in such circumstances and on such terms and conditions as may be prescribed.

(2) Nothing in this article shall apply to the Auditor General or to the Commissioner of Inland Revenue.

Regulations. *Amended by: X.1963.2.*

43. (1) The Minister responsible for finance may make regulations for the purpose of giving effect to the provisions of this Ordinance.

(2) In particular and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters:

(*a*) the manner in which payment of interest in respect of stock or securities is to be made and acknowledged;

(*b*) the issue of duplicate stock certificates and duplicate securities;

(*c*) the renewal of stock certificates and securities;

(*d*) the manner of payment of interest to joint holders of stock or securities;

(*e*) the circumstances in which alterations may be made in the register;

(*f*) the payment of principal or interest and transfer of stock and securities in the case of persons under a legal disability;

(*g*) the disposal of unclaimed interest;

(*h*) the conditions subject to which stock or securities may be exchanged, consolidated or subdivided;

(*i*) the fees to be paid in respect of anything to be issued or done under the provisions of this Ordinance;

(*j*) all matters required by this Ordinance to be prescribed and all matters incidental to or connected with the matters hereinbefore enumerated.

Non-applicability of certain articles of this Ordinance.
Added by: XVIII. 1991.2.

44. Notwithstanding anything contained in this Ordinance, the provisions concerning any registration and the issuing of stock certificates shall not apply in the case of the issues of Government registered stock and securities which may be traded on a recognised stock exchange under the Financial Markets Act.

Cap. 345.