CHAPTER 222

SAVINGS BONDS ACT

To make provision for the issue, promotion and management of savings bonds.

(22nd December, 1970)*

ACT XXXII of 1970, as amended by Acts XXIX of 1979, XXXI of 1981, XIII of 1983 and XVI of 1997; Legal Notice 411 of 2007; and Act XXVI of 2014.

1. The short title of this Act is the Savings Bonds Act. Short title.

2. In this Act, unless the context otherwise requires - Interpretation. *Amended by: XXIX. 1979.3.*

"the Account" means the Savings Bonds Income Account held with the Bank under article 11;

"the Bank" means the Central Bank of Malta established by the Central Bank of Malta Act; Cap. 204.

"bond" means a savings bond issued under this Act;

"financial year" has the same meaning as it has for the purposes of the Constitution;

"the Fund" means the Savings Bonds Fund established under article 10;

"the Gazette" means the Malta Government Gazette;

"the Government" means the Government of Malta;

"holder" in relation to a bond means the person or persons in whose name or names the bond appears in the register;

"House" means the House of Representatives of Malta;

"interest date" in relation to a bond means the date on which interest is payable thereon;

"Minister" means the Minister responsible for finance;

"prescribed" means prescribed by regulations made under this Act;

"register" means the register of bonds kept for the purposes of this Act under article 7 thereof; and

"registered" shall be construed accordingly.

3. (1) Subject to the provisions of this Act, it shall be lawful for the Minister to authorise the issue of savings bonds up to an amount not exceeding eleven million, six hundred and forty-six thousand and eight hundred and sixty-six euro and ninety-nine cents (11,646,866.99) or such higher amount as the House may from time to time by resolution approve. Authority to issue bonds. *Amended by: XIII. 1983.5; L.N. 411 of 2007.*

(2) The Minister may authorise different issues of bonds or

See Government Notice No. 990 of 22nd December, 1970.

successive issues in respect of a particular issue of bonds provided the total amount at any one time outstanding shall not in the aggregate exceed the amount or amounts authorised to be issued by this article.

(3) Any act done and any preliminary expenses incurred in connection with the issue, promotion and administration of bonds before the coming into force of this Act shall have the same effect and validity as if such acts had been validly done and such expenses been lawfully incurred under this Act; and any act or thing so commenced but remaining unfinished at the date of the coming into force of this Act may be continued under this Act as if such act or thing had been initiated under this Act.

Issue of bonds.

4. (1) Where the issue of bonds has been authorised in accordance with article 3, it shall be lawful for the Bank, subject to the provisions of this Act and of any regulations made thereunder and under and in accordance with such directions as the Minister may give, to issue, promote and administer bonds for and on behalf of the Government.

(2) Any one issue authorised as aforesaid shall remain open for subscription until such date as the Minister may determine by notice published in the Gazette not later than one month before such date or until it has been fully subscribed, whichever is the earlier event.

(3) Applications for the purchase of bonds shall be lodged with the Bank or with such agents as may be appointed by the Bank.

Holder entitled to bond book.

5. The purchaser of a bond shall be entitled to obtain from the Bank a bond book made out in such form as the Bank may determine and in which shall be entered the name and address of the holder of the bond or bonds to which the bond book relates and all relevant transactions relating thereto and appearing in the register.

Non-transferability of bonds

6. Save as may otherwise be prescribed, bonds shall not be transferable.

Registration of bonds.

7. (1) The Bank shall cause a register to be kept of all bonds and of the transactions relating thereto and shall cause such entries to be made therein as may be necessary to show the names, addresses and other relevant details of the holders of the bonds registered therein.

(2) Save as may otherwise be prescribed, no person shall be entitled to any bond or to any payment thereunder unless he is the holder thereof.

Closing of register.

8. (1) The register shall be closed throughout the twenty-eight days immediately preceding each interest date in respect of bonds having the same interest date.

(2) Bonds purchased during the period in which the register is closed in respect of them shall not be registered before the register re-opens:

Provided that the closing of the register shall not affect the running of interest and bonds purchased during the period aforesaid and registered thereafter shall earn interest as if they had been registered on the date of purchase.

Register to be conclusive evidence of facts entered therein.

9. The entries in the register relating to the holders of bonds and to transactions concerning the bonds registered therein shall be conclusive evidence of the facts, matters and particulars to which those entries relate; and a document purporting to be issued by the Bank certifying that it is a true copy of such an entry in the register as aforesaid shall be receivable in evidence in any judicial proceedings and shall, until the contrary is proved be evidence of the contents of the entry in the register of which it purports to be a true copy.

Savings Bonds Fund.

10. (1) There shall be established a fund to be called the Savings Bonds Fund, and there shall be paid into the Fund all proceeds derived from the sale of bonds and there shall be paid out of the Fund all repayments of bonds.

(2) The fund shall be held and administered by the Bank in accordance with such directions as the Minister, after consultation with the Bank, may give.

(3) The repayment of all bonds outstanding at any time, the payment of any interest and, if bonds are issued at a premium, of any premium thereon, and all payments due under this Act are guaranteed by the Government and such moneys as may be required to effect any payment as aforesaid under the said guarantee shall be a charge on the Consolidated Fund and be payable out of the said Consolidated Fund and the assets of the Government.

Savings Bonds Income Account.

11. (1) All dividends, interest and other revenue derived from investments or other employment of moneys in the Fund made under article 10(2) shall be paid into an account to be called the Savings Bonds Income Account and to be held with the Bank.

(2) There shall be charged upon and paid out of the Account without any further appropriation other than this Act -

(*a*) all expenses relating to the promotion and administration of the bonds and all other charges connected therewith, including all preliminary expenses incurred or paid before the coming into force of this Act; and

(*b*) all interest payable in respect of bonds.

Surplus and deficit in the account.

12. (1) Without prejudice to the provisions of article 10(3), if at any time during any financial year the amount to the credit of the Account is insufficient to meet the expenses and charges due on the said account in accordance with article 11(2), the Minister may advance to and the Bank shall pay into the said Account such sum or sums as may be necessary to meet the expenses and charges aforesaid under such terms and conditions as the Minister, after consultation with the Bank, may determine.

(2) If on the last day of any financial year there is a surplus in the Account, the Minister may, after consultation with the Bank, direct the transfer of the surplus or of any part thereof to the Consolidated Fund:

Provided that no such transfer as aforesaid may be directed by the Minister unless the liquid assets of the Fund together with the estimated market value of the investments held by the Fund as on that day and any transfer of surplus from the Account into the Fund under this proviso exceed by at least fifteen per cent the amount of bonds outstanding on that day; and in any such case any surplus in the Account shall either be retained in the Account or transferred to the Fund, or partly so retained and partly so transferred, as the Minister may, after consultation with the Bank, direct.

Audit.
Amended by: XVI. 1997.8.

13. The Bank shall keep or cause to be kept proper accounts and other appropriate records relating to the issue, promotion and management of bonds and all such accounts and records shall be audited by the Auditor General.

Submission of estimates of revenue and expenditure.

14. The Bank shall, not later than three months before the beginning of each financial year, submit to the Minister an estimate of expenditure expected to be incurred in that year on the issue, promotion and management of bonds and an estimate for the same period of the receipts expected to accrue to the Account.

Submission of statements by Bank.
Amended by: XVI. 1997.8.

15. (1) The Bank shall, not later than three months after the close of each financial year, submit to the Minister:

(*a*) a statement of the assets and liabilities of the Fund as on the last day of the financial year to which the statement relates;

(*b*) a statement of the position of the Account as on the day aforesaid;

(*c*) a statement of the amount of bonds outstanding on the day aforesaid, showing the bonds issued and repaid during the year; and

(*d*) a list of the securities and other investments held by the Fund as on the day aforesaid, showing in respect of each such security or investment and nominal value, the purchase price and the latest known market value thereof.

(2) The statements and the list aforesaid shall be duly signed for and on behalf of the Bank and shall be certified by the Auditor General.

(3) The Minister shall cause the statements and the list submitted to him under this article to be published in the Gazette not later than one month after he has received them.

(4) Nothing in the foregoing provisions of this article shall be construed as precluding the Minister from requiring the Bank to submit to him such further information and documents relating to bonds and to the management thereof as he may deem necessary or expedient.

Terms of issue.

16. (1) In respect of each issue of bonds authorised by him, the Minister shall, before any such bonds are issued, specify by direction the matters mentioned in subarticle (2) and cause such direction to be published in the Gazette.

(2) The matters to be specified under subarticle (1):

(*a*) the rate of interest payable on the bonds;

(*b*) the date of maturity of the bonds;

(*c*) the rate at which the bonds are repayable on maturity;

(*d*) the dates in each year on which the interest on the bonds is payable; and

(*e*) the commission payable on the sale of the bonds.

Interest not payable after maturity.

17. No interest shall be payable on any bond after the date of its maturity.

Encashment of bonds.

18. A bond may be encashed at par before the date of its maturity on the expiration of one month after the receipt of an application in writing made at any time by the holder to the Bank for such encashment:

Provided that a holder encashing a bond before the expiration of six months after the date of purchase shall forfeit all interest that may have accrued thereon, and any interest that may have already been paid thereon shall be deducted from the par value of the bond.

Conversion of bonds.

19. (1) On maturity, the holder of a bond may convert the bond into another bond or bonds issued under this Act if the prospectus relating to such issue so stipulates.

(2) Such conversion shall be effected on the terms and conditions as may be attached to the new issue and in such manner as may be provided in the prospectus of the new issue or as may be prescribed.

Where valid discharge cannot be obtained.

20. Where the Bank is unable, for any reason, to obtain a valid discharge for any payment falling to be made to any person in respect of a bond, it may, unless otherwise provided by or under this Act, open an account in a bank in Malta for the benefit of the person to whom payment appears to be due and may, until payment can be effected to the said person or until a valid payment can otherwise be made, retain the amount due in the said account.

Forgery. Cap. 9.

21. For the purposes of the Criminal Code any document issued under this Act entitling a person to any payment under this Act or to any other document entitling a person to any such payment shall be deemed to be a document upon the presentation of which a payment may be obtained within the meaning of article 167 of the said Code, and the provisions of that Code shall apply accordingly.

Power to make regulations. *Amended by: XXVI. 2014.5.*

22. The Minister may make and, when made amend, repeal or re-enact regulations concerning all matters necessary or expedient for giving effect to any of the provisions of this Act and, without

prejudice to the generality of the foregoing, to make provision for:

(*a*) the manner of purchase of bonds;

(*b*) the maximum holding of bonds by any person;

(*c*) the eligibility of persons to be holders of bonds;

(*d*) the cases and manner in which persons may be registered as joint holders of bonds;

(*e*) the replacement of lost documents and issue of duplicate bond books;

(*f*) the manner of payment of interest;

(*g*) the payment of principal or interest and the transfer of bonds in the case of persons under a disability and in case of the transmission of bonds of a deceased holder;

(*h*) all matters required or authorised by this Act to be prescribed and matters in respect of which the Act provides that they are subject to, or are made saving the provisions of, any regulations made under this Act;

(*i*) all matters incidental to or connected with any matter hereinbefore mentioned.

Secrecy. *Amended by: XIII. 1983.5; L.N. 411 of 2007.*

23. (1) No person who is appointed to discharge any duty in connection with bonds shall disclose the name of the holder or the amount which he may hold except for the purposes of this Act or unless required to do so under any law for the time being in force.

(2) Any person who contravenes the provisions of this article shall be liable on conviction to a fine (*multa*) not exceeding two hundred and thirty-two euro and ninety-four cents (232.94).

Non-liability of Government and bank.

24. (1) The Government, the Bank and any person acting under their authority shall not be liable in respect of any payment made or act done in accordance with the provisions of this Act or of any regulations made thereunder unless it is shown, in respect of any such person as aforesaid, that he acted in bad faith; and any payment made as aforesaid shall, saving the provisions of this Act concerning the rights of third parties, be deemed to be a valid payment and the receipt by the person to whom the payment is made shall constitute a full discharge of the Government and the Bank for the amount so paid.

(2) Where a warrant for any payment in respect of a bond is issued as payable to some person who is neither the holder nor a person otherwise entitled by or under this Act to receive such payment, then if it is shown that -

(*a*) the warrant was issued in good faith and without negligence, and

(b) the issue of the warrant to that person is attributable to some act or omission on the part of the holder or of the person otherwise entitled to receive payment,

the warrant shall, saving the provisions of this Act concerning the rights of third parties, be deemed to have been duly issued to the

person entitled to receive payment.

Saving for rights of third parties.

25. Nothing contained in article 24 shall operate so as to prevent the recovery by any person of any money lawfully due to him from the person to whom that money was paid or from any person claiming under such person or so as to affect the rights of any person in respect of any bond against a third party.

Exemption from duty on documents. *Amended by: XXXI. 1981.64.*

26. All documents and instruments made or used under the provisions of this Act or of any regulations made thereunder shall be exempt from duty on documents.