

No. XIII.

AN ORDINANCE to authorize the Governor-in-Chief to grant Charters of Incorporation to Banking Companies. [30th July, 1851.]

BANK CHARTERS.

WHEREAS it is expedient that the Governor-in-Chief of New Zealand should be authorized to incorporate Banking Companies, by Charter or Letters Patent, on the terms and conditions and subject to the limitations and restrictions hereinafter prescribed :

Preamble.

Bank Charters.

BE IT THEREFORE ENACTED by the Governor-in-Chief of New Zealand, with the advice and consent of the Legislative Council thereof:—

Governor-in-Chief
authorized to grant
Charters of Incorporation
to Banking
Companies.

1. That it shall be lawful for the Governor-in-Chief of New Zealand, by Letters Patent under the Seal of the Islands of New Zealand, to grant and ordain that certain persons to be therein named or described shall be and constitute a Body Corporate, with perpetual succession and a Common Seal, for the purpose of carrying on the business of banking.

Terms, conditions,
&c., of Charter.

2. Provided always that every Banking Company to be incorporated under the provisions of this Ordinance, and that every Charter of Incorporation to be issued under the authority hereof, shall be subject to the regulations limitations and conditions hereinafter set forth, that is to say,—

- (1.) The amount of the capital of the Company shall be fixed and set forth in the Charter, and the whole of such fixed amount must be subscribed for within such a period as may be prescribed by the Charter, not exceeding eighteen months from the date of the Charter.
- (2.) The Bank shall not commence business until the whole of the capital shall be subscribed and a moiety at least of the subscription paid up.
- (3.) The whole amount of the capital shall be paid up within such period from the date of the Charter, not exceeding four years, as shall in such Charter be prescribed in that behalf.
- (4.) The debts and engagements of the Company must not exceed at any time three times the amount of the paid-up capital, with the addition of the amount of such deposits as may be made with the Company's establishment by individuals in specie or Government paper.
- (5.) Suspension of specie payments on demand at any of the Company's establishments for such period as may be prescribed in the Charter, but in no case exceeding sixty days within any one year, either consecutively or at intervals, shall forfeit the Charter of the Company.
- (6.) In the event of the assets of the Company being insufficient to meet its engagements, the shareholders shall be responsible to the extent of twice the amount of their subscribed shares (that is, for the amount subscribed and paid up and for an additional amount equal thereto).
- (7.) The Company shall not hold shares in its own stock nor make advances on the security of those shares.
- (8.) The discount or advances by the Company on securities bearing the name of any Director or officer thereof, as drawer, acceptor, or indorser, shall not at any time exceed one-third of the total advances and discounts of the Bank.
- (9.) The Company shall not advance money on security of lands or houses or ships or on pledge of merchandize, nor hold land or houses except for the transaction of business, nor own ships, nor be engaged in trade except as dealers in bullion or bills of exchange, but shall confine its transactions to discounting commercial paper negotiable securities and other legitimate banking business.
- (10.) The dividends to shareholders shall be made out of profits only, and not out of the capital of the Company.
- (11.) The Company shall make up and publish periodical statements of its assets and liabilities at such times and in such manner

Paper Currency Amendment.

- manner as may be prescribed in the Charter of Incorporation, and shall, upon requisition from the Lords Commissioners of Her Majesty's Treasury or from the Governor-in-Chief, furnish such further information respecting the state or proceeding of its banking establishments as such Commissioners or Governor-in-Chief shall from time to time require.
- (12.) Every Charter of Incorporation shall contain such provisions and be made subject to such conditions as may for the time being be in force in that behalf under or by virtue of regulations to be prescribed by Her Majesty through one of Her Majesty's Secretaries of State.
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