

## **CHAPTER 240**

### **THE LOCAL LOANS ACT.**

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## CHAPTER 240

### THE LOCAL LOANS ACT.

*Commencement: 7 December, 1962.*

#### **An Act to declare the terms and conditions applicable to loans authorised to be raised by or under any Act of Parliament.**

##### **1. Interpretation.**

In this Act, unless the context otherwise requires—

- (a) “agent” means an agent appointed under section 14;
- (b) “bonds” means bonds issued under section 2;
- (c) “loan” means a loan raised under this Act;
- (d) “register” means the register required to be kept under section 6;
- (e) “sinking fund” means a sinking fund established under section 10;
- (f) “stock” means stock issued under section 2;
- (g) “trustee” means a trustee appointed under section 11.

##### **2. Loans to be raised by stock or bonds.**

Whenever by or under any Act of Parliament authority shall have been given or shall hereafter be given to raise any sum of money for the purposes mentioned in the Act, the Treasury may, from time to time as it may deem expedient, raise any such sum either by the issue of stock (which shall be known as Uganda stock) or bonds or partly by stock and partly by bonds.

##### **3. Principal monies, etc. charged upon the Consolidated Fund.**

The principal monies and interest represented by any stock or bonds are charged upon and shall be payable out of the Consolidated Fund.

##### **4. Expenses.**

All expenses of and incidental to the raising of loans and the issue or management of any stock or bonds shall be a charge on the Consolidated Fund or, if the Treasury so directs, shall be payable out of the principal monies raised.

## **5. Terms and conditions.**

Any stock or bonds shall be issued subject to such terms and conditions as the Treasury may from time to time determine.

## **6. Register of stock and bonds.**

(1) Any stock or bonds shall be issued as registered stock or bonds and shall be transferable by a written instrument of transfer in a form approved by the Treasury.

(2) The Treasury shall cause to be kept a register in which all stock and bonds shall be registered, and in which all transfers of stock and bonds shall be registered, and in which shall be entered all matters and things which by this Act are required to be entered in the register.

(3) The register or a copy of any entry in the register certified as correct by a person nominated by the Treasury for that purpose shall, until the contrary is proved, be evidence of the title of any person named in it to the stock or bond specified in it.

## **7. Certificates of title.**

(1) The Treasury shall within thirty days of the receipt of the final installment payable on any stock or bond, and in the case of stock on receipt of the relevant letter of allotment, send to the person entitled a certificate showing that his or her title to the stock or bond, as the case may be, has been entered in the register.

(2) Where any transfer has been registered in accordance with section 6(2), the Treasury shall within thirty days send to the person entitled a certificate showing that his or her title to the stock or bond, as the case may be, has been entered in the register.

## **8. Interest.**

Interest on stock shall be payable half-yearly or on the surrender and cancellation of the stock.

## **9. Redemption.**

(1) Stock and bonds shall be redeemable on such dates and at such amounts as are specified at the time of their issue by the Treasury.

(2) No interest shall accrue on any principal monies secured by any stock or bonds after the date of redemption, whether payment of the principal monies has been demanded or not, unless the Treasury shall otherwise have specified at the time of issue of the stock or bonds.

(3) No redemption date shall, in the case of stock, be later than sixty years from the date of issue, and in the case of bonds, be later than twenty years from the date of issue.

(4) The Treasury may reserve the right to redeem any stock in whole or in part, by drawings or otherwise, at any time prior to any such redemption, on such conditions as may be specified at the time of issue of such stock.

(5) Notwithstanding the provisions of this section, any bond may, if the Treasury so authorises, be surrendered and cancelled at any time before the date of redemption subject to such conditions as the Treasury shall determine, and any such surrender and cancellation shall be entered in the register.

## **10. Sinking funds.**

(1) The Treasury may establish such sinking funds as it deems necessary or desirable for the redemption of stock or bonds and shall pay into every such sinking fund such sums at such dates as it shall specify at the time of issue of any stock or bonds, and the sums required for such payments shall be a charge on the Consolidated Fund.

(2) Notwithstanding subsection (1), subject to the terms and conditions of any issue of stock or bonds, the Treasury may—

- (a) direct that the first contribution to a sinking fund shall be postponed to a date not later than the third anniversary of the date due for the receipt of the final installment payable on the stock or bonds issued; and
- (b) suspend contributions to a sinking fund if it is satisfied that the value of the fund will be sufficient to enable all the stock or

bonds in respect of which it is established to be redeemed out of the proceeds of the sinking fund not later than the final redemption date.

(3) All expenses of and incidental to the management of any sinking fund shall be paid out of that fund.

(4) All expenses of and incidental to the redemption of any stock or bonds shall be paid out of the sinking fund established in respect of the stock or bonds, and where no sinking fund has been established, the expenses shall be a charge on the Consolidated Fund.

(5) Any balance remaining in any sinking fund after the expenses mentioned in subsections (3) and (4) have been met shall be paid into the Consolidated Fund.

#### **11. Trustees of sinking funds.**

(1) The Treasury may appoint trustees for the investment and management of any sinking fund and confer on the trustees such powers and impose on them such duties, not being inconsistent with this Act or the Trustees Act, as it may think fit and may in like manner from time to time alter or vary any such power or duty.

(2) The Treasury may, in its discretion, at any time remove a trustee and in the event of the removal or of the death or retirement of a trustee may appoint another trustee in his or her place, and may also at any time appoint an additional trustee or trustees.

(3) There shall be payable to the trustees such remuneration as the Treasury may from time to time determine.

#### **12. Duties of trustees.**

(1) The trustees shall hold all monies vested in them and all investments for the time being representing such monies in trust for the redemption at the earliest favourable opportunity of the stock or bonds to which the monies and investments relate.

(2) Any stock or bonds redeemed by the trustees shall be cancelled and shall not be reissued, and the cancellation shall be entered in the register.

### **13. Investments.**

The trustees shall invest any monies vested in them and any monies accruing from the investments (other than monies reasonably required for the purposes of management and redemption) in any securities approved by the Treasury from time to time for that purpose, and may from time to time change any such investments and sell or dispose of any securities for that purpose, but any investments made as a result of such change shall be in securities approved by the Treasury.

### **14. Appointment of agents.**

The Treasury may appoint any person to be an agent for the issue, management or redemption of any stock or bonds issued or to be issued, or to perform such other duties under this Act as it deems fit, and may make any agreement with any such agent for such purposes and for the proper remuneration of the agent.

### **15. No responsibility for trusts.**

Neither the Treasury nor any agent shall be under any obligation as regards the due fulfillment of any trust, whether express, implied or constructive, to which any security may be subject, notwithstanding any notice that the security is held subject to a trust.

### **16. Stamp duty not payable.**

Notwithstanding any written law to the contrary, no stamp duty shall be payable in respect of any interest, certificate or transfer paid, issued or made pursuant to this Act.

### **17. Income tax.**

(1) Subject to subsection (2), all interest on stock or bonds paid pursuant to this Act shall be deemed to be debenture interest within the meaning of section 49 of the East African Income Tax Management Act, and that section shall apply on payment of such interest as if for references in it to a resident company there were substituted references to the Treasury.

(2) The Treasury may, at the time of issue of any stock or bonds,

provide that subsection (1) shall not apply in respect of the interest payable on the stock or bonds.

### **18. Indemnity.**

No matter or thing done by any public officer or by any trustee or agent bona fide for the purpose of executing any of the provisions of this Act shall render the public officer, trustee or agent personally responsible for any action, liability, claim or demand.

### **19. Conditions of issue.**

The Treasury may at the time of issue of any stock or bonds impose conditions, not being inconsistent with this Act, as to all or any of the following matters—

- (a) the name and title of the issue;
- (b) the price of issue;
- (c) the denomination or units in which the security will be issued or transferred;
- (d) the maximum permissible holdings by any one person of any issue of bonds;
- (e) restricting the transfer of any issue of bonds;
- (f) the rate of interest;
- (g) the times and places of the repayment of principal and payment of interest;
- (h) the exchange of bonds into stock or into bonds of another class, and any other matters, not being inconsistent with this Act, as it may deem expedient.

### **20. Regulations.**

The Minister for the time being responsible for finance may make regulations for all or any of the following matters—

- (a) the registration of stock or bonds;
- (b) the issue, transfer, conversion, replacement and redemption of stock or bonds;
- (c) prescribing the method of redemption of stock by drawing;
- (d) prescribing the persons who may be registered as stockholders or bondholders;
- (e) prescribing the method by which any payment in respect of any stock or bond may be made;

- (f) providing for the registration, payment of interest, repayment of principal, and transfer of stock or bonds in the case of persons who are or may be under any legal disability;
- (g) providing for the replacement of certificates which have been lost or destroyed;
- (h) providing for registers of stockholders and bondholders on whose stock or bonds the interest has been unclaimed;
- (i) prescribing the fees and charges for any services rendered pursuant to this Act;
- (j) providing for the periodical closing of any register; and
- (k) generally for better carrying out the purposes of this Act.

**History:** Cap. 154.

### **Cross References**

East African Income Tax Management Act, Laws of the Community,  
1970 Revision, Cap. 24.  
Trustees Act, Cap. 164.