

Zambia

## General Loan and Stock Act, 1931 Chapter 350

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## Zambia

# General Loan and Stock Act, 1931

## Chapter 350

Commenced on 27 March 1931

*[This is the version of this document at 31 December 1996.]*

*[Repealed by [Public Debt Management Act, 2022 \(Act 15 of 2022\)](#) on 11 August 2022]*

*[15 of 1931; 18 of 1949; 38 of 1950; 19 of 1952; 40 of 1952; 54 of 1955; Government Notices 315 of 1964; 497 of 1964; [Statutory Instrument 159 of 1965](#)]*

**An Act to declare the terms and conditions applicable to loans authorised to be raised by the Government of the Republic of Zambia; to provide for the creation of stock; and to provide for matters incidental to or connected with the foregoing.**

Whereas it is expedient to define in one Act the terms and conditions applicable to loans hereafter authorised to be raised by the Parliament of Zambia;

And whereas it is expedient to provide for the creation of stock, and to enable the Republic to take advantage of the provisions of a British Act entitled the Colonial Stock Act, 1877, and the subsequent Acts on the same subject:

*[As amended by No. 18 of 1949 and S.I. No. 159 of 1965]*

### 1. Short title

This Act may be cited as the General Loan and Stock Act.

*[As amended by No. 18 of 1949]*

### 2. Interpretation

In this Act, unless the context otherwise requires—

"**Crown Agents**" means the person or persons for the time being acting as the Crown Agents for Oversea Governments and Administrations, or any other person or persons appointed for the purposes of this Act by the Minister;

"**International Bank**" means the International Bank for Reconstruction and Development. (World Bank)

*[As amended by No. 40 of 1952, No. 54 of 1955 and S.I. No. 159 of 1965]*

### 3. Loans to be raised by debentures or stock

Whenever by any Act authority shall have been given, or shall hereafter be given, to raise any sum of money for the purposes mentioned in such Act, the Minister, or the Crown Agents acting on his behalf, may from time to time, as he or they may deem expedient, raise such sum either by debentures or by Zambia stock, or partly by debentures and partly by stock, or by a loan raised in any other manner:

Provided that in the case of any such loan the Minister, or the Crown Agents acting on his behalf, may issue any stock or bond which may be required by the International Bank in accordance with the terms of such loan, and such stock or bond shall, except where the terms of any agreement entered into between the Minister and the International Bank provide otherwise, be subject to the provisions of this Act.

*[As amended by No. 18 of 1949, No. 40 of 1952, No. 54 of 1955 and S.I. No. 159 of 1965]*

#### **4. Loans to be a charge upon general revenues**

The principal moneys and interest represented by debentures or stock issued under the provisions of this Act are hereby charged upon and shall be payable out of the general revenues and assets of the Republic.

*[As amended by No. 18 of 1949 and S.I. No. 159 of 1965]*

#### **5. Borrowing upon debentures**

When the Minister, or the Crown Agents acting on his behalf, shall deem it expedient to raise money by debentures, such debentures shall be issued in the United Kingdom on behalf of the Government by the Crown Agents, upon the best and most favourable terms that can be obtained, and shall be signed by any one of them on that behalf.

*[As amended by No. 19 of 1952 and S.I. No. 159 of 1965]*

#### **6. Amount of each debenture**

Every debenture issued under the provisions of this Act shall be for the sum of not less than two hundred kwacha.

#### **7. Debentures may be redeemed by annual drawings or by purchase in the market or on a date fixed**

The debentures shall be redeemable at par at the option of the Government by purchase in the market or by annual drawings, or on a date to be named in that behalf by the Minister, or by the Crown Agents acting on his behalf, as determined when issuing the debentures, such date not being later than sixty years from the date of issue, from and after which date all interest on the principal money represented thereby shall cease and determine whether payment of the principal shall have been demanded or not.

*[As amended by S.I. No. 159 of 1965]*

#### **8. Interest coupons**

There shall be attached to every debenture coupons for the payment of the interest to become due in each half-year upon the principal represented by the debenture. The coupons shall be sufficient in number to provide for the payment of the interest, either during the whole period for which the debenture has to run, or for such limited period as the Crown Agents, acting on behalf of the Government, may determine.

*[As amended by S.I. No. 159 of 1965]*

#### **9. Form of debentures and coupons**

The debentures and the coupons thereto shall be in such form as the Minister, or the Crown Agents acting on his behalf, may direct or approve.

*[As amended by S.I. No. 159 of 1965]*

#### **10. Debentures and coupons transferable by delivery**

Every debenture and coupon, and the right to receive the principal and interest represented thereby, shall be transferable by delivery.

#### **11. Registry of debentures**

Every debenture shall, before being issued, be registered in a register book to be kept for that purpose at the office in London of the Crown Agents.

## 12. Payment of interest

The interest upon the principal represented by each debenture shall run from the day named in that behalf in the debenture, and shall be paid half-yearly on the days named in that behalf in the debenture, at the office in London of the Crown Agents.

## 13. Mode of providing for payment of interest on debentures

So long as any of the debentures remain outstanding, the Minister shall, in each half-year ending with the day on which the interest on the debentures falls due, appropriate out of the general revenues and assets of the Republic a sum equal to one half-year's interest on the whole of the debentures issued, including any which may have been redeemed, but exclusive of any which may have been at any time exchanged for stock, and shall remit that sum to the Crown Agents at such time as will enable them to pay thereout the then current half-year's interest on the day on which it falls due. Debentures shall not be deemed to be outstanding for the purposes of this Act by reason only that one or more of the debentures have not been presented for payment on the day appointed for payment and have, in consequence, not been paid.

*[As amended by No. 18 of 1949 and S.I. No. 159 of 1965]*

## 14. Further sums to be remitted for the redemption of debentures

After the date specified in the Act authorising the loan as that on which the contributions to the sinking fund shall commence, the Minister shall, in each half-year ending as aforesaid, appropriate out of the said revenues and assets of the Republic for the formation of a sinking fund, an additional sum equal to one-half of the annual contribution specified in the prospectus or, in the case of a loan not issued publicly, in the terms of issue relating to the loan, and the said contribution shall be in respect of the total nominal amount of all the debentures issued, including any which may have been redeemed, but exclusive of any which may have been at any time exchanged for stock, and shall remit that sum to the Crown Agents with the remittance hereinbefore mentioned.

*[As amended by No. 18 of 1949 and S.I. No. 159 of 1965]*

## 15. Application of sinking fund

The sinking fund shall be applied in the first place in payment of all expenses of, or incidental to, the redemption of the debentures and the cost and expenses of all notices required by this Act to be given, and in the next place, and subject to the aforesaid payments, in repayment of the principal moneys for the time being represented by the debentures.

## 16. Creation of sinking fund for redemption of debentures payable on a fixed date

In the case of debentures redeemable on a date to be named when issuing the debentures, the Crown Agents shall place at interest or invest so much of the money so remitted to them as aforesaid as shall not be required for the payment of interest for the current half-year in the purchase of such securities as may be approved by the Minister, as a sinking fund for the final extinction of the debt, and the Crown Agents shall also place at interest or invest the dividends, interest, or produce of such investments in the purchase of like securities and may, from time to time, with the approval of the Minister, change any such investments and shall hold such fund in trust for the repayment of the principal moneys for the time being represented by the debentures.

*[As amended by No. 19 of 1952 and S.I. No. 159 of 1965]*

## 17. Disposal of sinking fund when debentures are redeemed by purchase or by annual drawings

In the case of debentures redeemable by annual drawings, the Crown Agents shall place and keep the moneys so remitted to them, or so much thereof as may not be required for immediate payments, at

interest, and shall hold all such moneys and the accumulations thereon in trust, to apply them in the first place to the purchase of the debentures when they can be obtained at a price not exceeding par and, secondly, to the redemption of the debentures by means of annual drawings.

#### **18. Appointment of day for drawing of debentures**

After the date specified in the Act authorising a loan as that on which the contributions to the sinking fund shall commence in respect of that loan, and so long thereafter as any of the debentures remain outstanding and unsatisfied, the Crown Agents shall in every year, unless the whole of the money applicable in that year to the redemption of debentures has been applied in the purchase thereof, appoint a day in that year for the drawing by lot of the debentures to be redeemed.

#### **19. Notice of time and place appointed for drawing**

If a day is appointed for drawing, the Crown Agents shall give, by advertisement in the London Times newspaper, not less than fifteen days' previous notice, specifying the day on which, and the hour and place at which, the drawing will take place.

#### **20. Mode of drawing**

On the day and at the hour and place so specified, the Crown Agents shall hold a meeting, at which the holder of any debenture may, if he think fit, be present, and shall then in the presence of such debenture holders, if any, as may attend, and of a notary public, draw by lot, out of the whole number of debentures for the time being outstanding, debentures of the specified nominal amount.

#### **21. Notice of debentures drawn for redemption**

The Crown Agents shall thereupon declare the distinguishing numbers of the debentures drawn for redemption, and shall, as soon as may be, by advertisement in the London Times newspaper, specify those numbers and appoint a day, not being later as to each debenture than the day on which the then current half-year's interest thereon is payable, on which the principal moneys represented by the debentures so distinguished will be repaid.

#### **22. Payment of drawn debentures**

On the day so appointed, the Crown Agents shall, at their office in London, on demand, pay to the holders of the debentures drawn for repayment the principal moneys represented by those debentures, with all interest payable thereon up to that day.

#### **23. Cesser of interest from day appointed for payment of principal**

From and after the day appointed for the repayment of any debenture, all interest on the principal moneys represented thereby shall cease and determine, whether payment of the principal shall have been demanded or not.

#### **24. Redeemed debentures to be cancelled**

Upon the repayment of the principal moneys represented by any debenture, the debenture, with all the coupons thereunto belonging, shall be delivered up to the Crown Agents, to be by them cancelled and forwarded to the Government. Any debenture redeemed by purchase shall likewise be so cancelled and forwarded.

*[As amended by S.I. No. 159 of 1965]*



## 25. Date of redemption of stock

- (1) All the stock which may be created under the provisions of this Act shall be redeemable at par on a date to be named in that behalf by the Crown Agents when issuing the stock, such date not being later than sixty years from the date of issue:

Provided that the Minister, or the Crown Agents acting on his behalf, may reserve the option to redeem the stock in whole or in part, by drawings or otherwise, at any time prior to such date on such conditions as may be declared at the time of issue.

- (2) From and after the date appointed for the redemption of the stock or any part of it, all the interest on the principal moneys represented thereby shall cease and determine, whether payment of the principal shall have been demanded or not.

*[No. 38 of 1950 as amended by S.I. No. 159 of 1965]*

## 26. Mode of providing for payment of interest on stock

So long as any of the stock shall remain unredeemed, the Minister shall, in each half-year ending with the day on which the interest on such stock falls due, appropriate out of the general revenues and assets of the Republic a sum equal to one half-year's interest on the whole of such stock, and shall remit that sum to the Crown Agents at such time as will enable them to pay thereout the then current half-year's interest on the day when it falls due.

*[As amended by No. 18 of 1949 and S.I. No. 159 of 1965]*

## 27. Provision for payment of principal of stock

The Minister shall, in the half-year ending on the date specified in the terms of issue of the loan as that on which the first contribution to the sinking fund shall be taken, and in each subsequent half-year, appropriate out of the said revenues and assets of the Republic, for the formation of a sinking fund, an additional sum equal to one-half of the annual contribution specified in the prospectus or, in the case of a loan not issued publicly, in the terms of issue relating to the loan, in respect of the total nominal amount of such stock, including any such stock which may at any time have been issued in exchange for debentures under the authority of this Act, and shall remit that sum to the Crown Agents with the remittance hereinbefore mentioned.

*[No. 38 of 1950 as amended by S.I. No. 159 of 1965]*

## 28. Creation of sinking fund

The Crown Agents shall, for the purpose of forming such sinking fund, from time to time place at interest or invest so much of the money so remitted to them as aforesaid as shall not be required for the payment of interest for the current half-year in the purchase of such securities as may from time to time be approved by the Minister, and shall also place at interest or invest the dividends, interest, or produce of such investments in the purchase of like securities, and may from time to time, with the approval of the Minister, change any such investments, and shall hold such fund in trust for repayment of the principal moneys for the time being represented by the stock.

*[As amended by No. 18 of 1949, No. 38 of 1950 and S.I. No. 159 of 1965]*

## 29. Cesser of sinking fund contributions

Notwithstanding anything to the contrary contained in this Act, if at any time the trustees of the sinking fund of any loan issued or to be issued under the provisions of this Act (other than a debenture loan redeemable by annual drawings or by purchase in the market) are satisfied that the value of the fund will be sufficient with further accumulations of interest, but without further payments of contributions, to

enable the loan to be redeemed out of the proceeds of the sinking fund when the same shall fall due to be redeemed, the Minister may suspend further payments of contributions to the said sinking fund:

Provided always that contributions to the sinking fund shall be recommenced if the trustees shall at any time inform the Minister that it is necessary.

*[No. 18 of 1949 as amended by S.I. No. 159 of 1965]*

### **30. Charge upon general revenues**

In case the sinking funds provided for by this Act shall be insufficient for the payment of all the principal moneys borrowed under the authority of this Act at the time the same shall have become due, the Minister shall make good the deficiency out of the general revenues and assets of the Republic.

*[As amended by S.I. No. 159 of 1965]*

### **31. Expenses to be paid out of sinking fund**

All expenses of or incidental to the management of the sinking fund, or to the payment of the principal moneys borrowed, shall be paid out of the sinking fund.

### **32. Powers of Minister**

The Minister shall also have, and may from time to time exercise, the following powers and authorities or any of them:

(a) **Debentures convertible into stock on conditions prescribed by the Crown Agents at time of issue**

He may authorise the Crown Agents when issuing any loan in the form of debentures to declare that such debentures will be convertible into stock at such dates and on such terms and conditions as may be prescribed by the Crown Agents at the time of the issue of the debentures.

(b) **Conversion of loans generally**

He may declare all or any of the Zambia loans, whether existing in the form of stock or debentures, to be convertible into stock, to be issued under the provisions of this Act.

(c) **Creation and issue of stock in exchange for other securities**

He may authorise the creation and issue of such an amount of stock in exchange for the securities held for such loans as may be necessary.

(d) **Creation and sale of stock or debentures to raise loans and for other purposes**

He may authorise the creation and sale of any such stock or debentures for the purpose of raising money for redeeming any outstanding loans, whether issued before or after the commencement of this Act, for paying any expense in the creation of stock, and otherwise for carrying out the provisions of this Act.

(e) **Arrangements for conversion**

Any conversion so authorised may be effected either by an arrangement with the holders of existing securities or by purchase thereof out of moneys raised by the sale of stock, or partly in one way and partly in the other.

*[As amended by No. 18 of 1949, No. 38 of 1950 and S.I. No. 159 of 1965]*

### 33. Exchange of securities for stock

Nothing in this Act contained shall authorise an increase of the capital or of the annual charge on any loan, except—

- (a) when securities exchanged for stock bear a rate of interest not less than the stock, an additional amount of stock may be created and issued to make up the difference in saleable value between the securities and the stock;
- (b) in the case of the conversion of securities into stock, the Crown Agents shall issue such an amount of stock as may be required to defray the stamp duties and all other expenses incidental to the conversion;
- (c) in accordance with such terms and conditions as may be prescribed under paragraph (a) of section thirty-two.

*[As amended by No. 18 of 1949]*

### 34. Converted securities to be cancelled

The securities exchanged or otherwise converted into stock under the provisions of this Act shall be forthwith cancelled by the Crown Agents, and the debentures surrendered shall be cancelled and transmitted to the Minister.

*[As amended by No. 18 of 1949 and S.I. No. 159 of 1965]*

### 35. Trustees to apportion amount of sinking fund released by conversion

The trustees of the sinking fund appointed under this Act, and acting under any Act authorising the issue of any securities which may be exchanged into stock or cancelled or purchased under the provisions of this Act, shall determine what amount of the sinking fund held by them and created for repayment of such securities shall be released, and, in the determination of such question, the trustees shall take into consideration the value of the whole investments held by them on account of such sinking funds, the amount of the debt remaining a charge on such sinking funds, and such matters as the trustees may think fit to take into account.

*[As amended by No. 18 of 1949]*

### 36. Sinking funds released: how to be disposed of

So much of the sinking funds as may be released shall either be transferred unto the trustees of the stock sinking fund, or be disposed of in such a manner as the Minister, with the advise and consent of the National Assembly, may direct.

*[As amended by No. 18 of 1949, G.N. No. 315 of 1964 and S.I. No. 159 of 1965]*

### 37. Creation inscription, issue, conversion and transfer of stock

The Crown Agents may, from time to time, at the request of the Minister, make arrangements for all or any of the following things:

- (a) for inscribing and registering stock in their books;
- (b) for managing the creation, inscription, registration and issue of stock, including the issue of certificates of title in respect of such stock;
- (c) for effecting the conversion of loans into stock;
- (d) for paying interest on stock and managing the transfers thereof;

- (e) for issuing stock certificates to bearer, and, as often as occasion shall require, reinscribing or re-registering them;
- (f) for effecting the exchange or conversion of inscribed stock into registered stock.

*[No. 38 of 1950 as amended by S.I. No. 159 of 1965]*

### **38. Making of regulations under section 16 of the Colonial Stock Act, 1877**

Authority is hereby given for the making of regulations under section 16 of the Colonial Stock Act, 1877, to provide that, in accordance with section 1 of the Colonial Stock Act, 1948, stock issued (whether before or after the passing of the last mentioned Act) under the provisions of this Act shall be transferable by instrument in writing in accordance with the regulations and in no other manner.

*[No. 18 of 1949]*

### **39. Raising of loans in the Republic**

Nothing in this Act contained shall prevent the raising of loans in the Republic upon such terms and conditions as shall be specified in any Act authorising the raising of such loans.

*[No. 54 of 1955 as amended by S.I. No. 159 of 1965]*