



THE
CEYLON GOVERNMENT
GAZETTE

EXTRAORDINARY.

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PART I.—GENERAL.

GOVERNMENT NOTIFICATIONS.

L. D.—CF 25B2/39

43/2/54 (FSO)

THE DEFENCE (SECURITIES) REGULATIONS.

ORDER made by the Governor by virtue of the powers vested in him by paragraphs (1) and (2) of regulation 2c of the Defence (Securities) Regulations.

By His Excellency's command,

E. R. SUDBURY,
Secretary to the Governor.

Colombo, May 24, 1941

ORDER.

1. (1) Subject to the provisions of paragraph 3 of this Order, exemption from the provisions of paragraphs (1) and (2) of regulation 2c of the Defence (Securities) Regulations is hereby granted in respect of any transactions of the kinds mentioned in the said paragraph (1) so long as the value of the consideration involved, together with the value of the consideration involved in any previous transactions of those kinds by the same person in the previous twelve months (including transactions exempted from the provisions of the said paragraphs by any of the provisions of this order) does not exceed one hundred thousand rupees.

(2) In this paragraph the expression "the consideration involved" means—

- (i.) if the transaction in question is an issue of securities, the amount to be raised by the issue of the securities, or, in the case of securities with a nominal value, the amount to be raised or the total nominal value, whichever is the greater;
- (ii.) if the transaction in question is the receipt of money on loan, the total amount of money lent or agreed to be lent;
- (iii.) if the transaction in question is a public offer of securities for sale, the total price at which the securities are offered;

(iv.) if the transaction in question is the renewal of any security the amount the date for payment of which is altered by the renewal;

(v.) if the transaction in question is the postponement of the date of maturity of any security, the amount secured at the date of the postponement.

The references in item (1.) of this sub-paragraph to the amount to be raised by the issue of securities include references to the value of any assets to be acquired in return for the securities issued.

2. Subject to the provisions of paragraph 3 of this Order, exemption from the provisions of paragraphs (1) and (2) of regulation 2c of the Defence (Securities) Regulations is also hereby granted in respect of—

(1) issues for the purpose of—

- (i.) subdividing any securities into securities of a smaller denomination, or
- (ii.) consolidating any securities into securities of a larger denomination, or
- (iii.) converting shares into stock of equal nominal value or converting stock into shares of equal nominal value, or
- (iv.) converting debentures into debenture stock of equal nominal value or converting debenture stock into debentures of equal nominal value,

so long as, in any of the four cases, the operation does not involve the subscription of any new money;

(2) the issue of securities by a private company to the vendors of any undertaking or their nominees if—

- (i.) none of those securities are shares not fully paid, and
- (ii.) no part of the consideration for the issue consists of cash, other than cash forming part of the assets of the undertaking or cash which has been paid to the vendors as or as part of the purchase price of the undertaking;

- (3) issues of shares for a consideration not exceeding Rs. 1,000 in all to the subscribers of a memorandum of association ;
- (4) issues of securities on—
- (i.) the amalgamation of two or more companies in exchange for the securities of those companies, so long as the operation does not involve the subscription of any new money ; or
 - (ii) the acquisition by one company of control of another company, so long as the operation does not involve the subscription of any new money ;
- (5) issues of securities by persons in the ordinary course of their business to a person carrying on the business of banking or his nominee in respect of advances made or overdrafts granted by that person from time to time, not being advances made or overdrafts granted on the terms, or in

- the expectation, that the advance or overdraft will or may be repaid or paid off, as the case may be, wholly or partly by the issue of any securities, or by the transfer of any securities issued after the making of the advance or the granting of the overdraft ;
- (6) issues of securities to a government department, or to a person authorized in that behalf by a government department ;
- (7) agreements creating a personal liability on the part of the owner of property subject to a mortgage or charge to pay to the person entitled to the benefit of the mortgage or charge any sums thereby secured on the property, but not otherwise affecting the mortgage or charge.

3. Nothing in this Order applies in relation to any issue of securities made wholly or partly for the purpose of capitalizing profits or reserves.