

The Securities Act, 1920

(ACT NO. X OF 1920)

¹♣An Act to consolidate and amend the law relating to Government securities.

WHEREAS it is expedient to consolidate and amend the law relating to Government securities; It is hereby enacted as follows:-

Short title, extent and commencement 1.(1) This Act may be called the Securities Act, 1920;
(2) It extends to the whole of Bangladesh; and
(3) It shall come into force on the first day of April, 1920.

Definitions 2. In this Act, unless there is anything repugnant in the subject or context,-
(a) "Government security" means promissory notes (including treasury bills), stock-certificates, bearer bonds and all other securities issued by the
²[Government] in respect of any loan contracted either before or after the passing of this Act, but does not include a currency-note; and
(b) prescribed" means prescribed by rules made under this Act;
³[* * *]

Notice of trust not receivable save as provided 3.(1) Save as otherwise provided in or under this Act, no notice of any trust in respect of any Government security shall be receivable by the Government.
(2) The Government shall not be deemed to have received notice of any trust by reason only of the fact that it has recognized an indorsement on a Government security by an executor or administrator as such, nor shall it inquire into the terms of any will by which such executor or administrator may be bound, but, on being satisfied of the due appointment of such executor or administrator, it shall be entitled to treat him as the full owner

of any Government security belonging to the estate of the person whom he represents.

Right of survivors of joint or several payees of Government securities

- 4.(1) Notwithstanding anything in section 45 of the Contract Act, 1872,-
- (a) when a Government security is payable to two or more persons jointly, and either or any of them dies, the security shall be payable to the survivor or survivors of those persons, and
- (b) when a Government security is payable to two or more persons severally, and either or any of them dies, the security shall be payable to the survivor or survivors of those persons, or to the representative of the deceased, or to any of them.
- (2) [Omitted by section 3 and 2nd Schedule of the Bangladesh Laws (Revision And Declaration) Act, 1973 (Act No. VIII of 1973).]
- (3) Nothing herein contained shall affect any claim which any representatives of a deceased person may have against the survivor or survivors under or in respect of any security to which sub-section (1) applies.
- (4) For the purposes of this section, a body incorporated under the Companies Act, 1913, ⁴[* * *] or any other enactment for the time being in force whether within or without Bangladesh, relating to the incorporation of associations of individuals, shall be deemed to die when it is dissolved.

Endorsements to be made on security itself

5. Notwithstanding anything in section 15 of the Negotiable Instruments Act, 1881, no indorsement of a Government promissory note shall be valid unless made by the signature of the holder inscribed on the back of the security itself.

Holding of Government securities by holders of public offices

- 6.(1) In the case of any public office to which the Government may, by notification in the official Gazette, declare this sub-section to apply, a Government security may be made or indorsed payable to or to the order of the holder of the office by the name of the office.
- (2) When a Government security is made or indorsed as aforesaid, it shall be deemed to be transferred without any or further indorsement from each

holder of the office to the succeeding holder of the office on and from the date on which the latter takes charge of the office.

(3) When the holder of the office indorses to a third party a Government security made or indorsed as aforesaid, he shall subscribe the indorsement with his name and the name of the office.

(4) A writing on a Government security now or heretofore standing in the name of the holder of a public office, whereby the security has been or was made or indorsed payable to or to the order of the holder of the office by the name of the office, shall not be deemed to be or to have been invalid by reason only of the security having been so made or indorsed.

(5) This section applies as well to an office of which there are two or more joint holders as to an office of which there is a single holder.

[Omitted]

7. [Omitted by section 3 and 2nd Schedule of the Bangladesh Laws (Revision And Declaration) Act, 1973 (Act No. VIII of 1973).]

Indorser of Government security not liable for amount thereof

8. Notwithstanding anything in the Negotiable Instruments Act, 1881, a person shall not, by reason only of his having indorsed a Government security, be liable to pay any money due, either as principal or as interest, thereunder.

Impression of signature on Government securities

9.(1) The signature of the person authorized to sign Government securities on behalf of the Government may be printed, engraved or lithographed, or impressed by such other mechanical process as the Government may direct, on the securities.

(2) A signature so printed, engraved, lithographed or otherwise impressed shall be as valid as if it had been inscribed in the proper handwriting of the person so authorized.

ISSUE OF DUPLICATE, RENEWED, CONVERTED, CONSOLIDATED OR SUB-DIVIDED SECURITIES

Issue of duplicate securities

10.(1) When a Government security is alleged to have been lost, stolen or destroyed either wholly or in part, and a person claims to be the person to whom but for the loss, theft or destruction it would be payable, he may, on

application to the prescribed authority, and on producing proof its satisfaction of the loss, theft or destruction and of the justice of the claim and on payment of the prescribed fee, if any, obtain from it an order for-

(a) the payment of interest in respect of the security said to be lost, stolen or destroyed pending the issue of a duplicate security; and

(b) the issue a duplicate security payable to the applicant.

(2) An order shall not be passed under sub-section (1) until after the issue of the prescribed notification of the loss, theft or destruction.

(3) A list of the securities in respect of which an order is passed under sub-section (1) shall be published in the prescribed manner.

(4) If at any time before the Government becomes discharged under the provisions of this Act from liability in respect of any security the whole of which is alleged to have been lost, stolen or destroyed, such security is found, any order passed in respect thereof under this section shall be cancelled.

Renewal of bearer bonds

11. The holder of a bearer bond or other Government security payable to bearer may, on application to the prescribed authority, on delivery of the bearer bond or other security, and on payment of the prescribed fee, if any, obtain from such authority a renewed bearer bond or other security, as the case may be.

Renewal of promissory notes

12. Subject to the provisions of section 13, a person claiming to be entitled to a Government promissory note, may, on applying to the prescribed authority, and on satisfying it of the justice of his claim and delivering the promissory note receipted in the prescribed manner, and paying the prescribed fee, if any, obtain from such authority a renewed promissory note payable to him:

Provided that, when application is made for the renewal of a Government promissory note which appears to the prescribed authority to stand in the name of a deceased member of a Hindu undivided family governed by the Mitakshara law, a renewed promissory note shall not be issued to the applicant unless he furnishes a certificate signed by such authority and

after such inquiry as may be prescribed to the effect that the deceased belonged to a Hindu undivided family governed by the Mitakshara law, that the promissory note formed part of the joint property of the family, and that the applicant is the managing or sole surviving male member of the family.

Renewal of promissory notes in case of dispute as to title

13.(1) Where there is a dispute as to the title to a Government promissory note in respect of which an application for renewal has been made, the prescribed authority may-

(a) where any party to the dispute has obtained a final decision from a Court of competent jurisdiction declaring him to be entitled to such note, issue a renewed note in favour of such party, or

(b) refuse to renew the note until such a decision has been obtained, or

(c) after such inquiry as is hereinafter provided and consideration of the result thereof, declare by order in writing which of the parties is in its opinion entitled to such note and may, after the expiration of three months from the date of such declaration, issue a renewed note in favour of such party in accordance with the provisions of section 12, unless within that period it has received notice that proceedings have been instituted by any person in a Court of competent jurisdiction for the purpose of establishing a title to such note.

Explanation.- For the purposes of sub-section the expression "final decision" means a decision which is not appealable or a decision which is appealable but against which no appeal has been filed within the period of limitation allowed by law.

(2) For the purpose of the inquiry referred to in sub-section (1), the prescribed authority may direct one of its officers to record, or may request the District Magistrate to record or to have recorded, the whole or any part of such evidence as the parties may produce. When such request has been made to the District Magistrate, such Magistrate may himself record or may direct any Magistrate of the first class subordinate to him, or any Magistrate of the second class subordinate to him and empowered by