



THE SECURITIES ACT, 1920



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Securities

¹ACT NO. X OF 1920

[11th March, 1920]

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:-

¹For Statement of Objects and Reasons, see Gazette of India, Extraordinary, dated the 29th October, 1919, p. 529; for Report of Select Committee, see Gazette of India, 1920, Pt. V, p. 39; and for Proceedings in Council, see *ibid.*, 1920, Pt. VI, p. 734.

This Act does not apply to Government securities to which the Public Debt (Central Government) Act, 1944 (18 of 1944) applies, and to all matters for which provision is made by that Act, see s. 29 of the said Act.

It has been extended to the Leased Areas of Balochistan, see the Leased Areas (Laws) Order, 1950 (G.G.O. 3 of 1950); and also applied in the Federated Areas of Balochistan, see Gazette of India, 1937, Pt. I, p. 1499.

It has been extended to:-

(i) the Balochistan States Union by the Balochistan States Union (Federal Laws) (Extension) Order, 1953 (G.G.O. 4 of 1953), as amended;

(ii) Khairpur State, by the Khairpur (Federal Laws) (Extension) Order, 1953 (G.G.O. 5 of 1953), as amended.

The Act has been and shall be deemed to have been brought into force in Gwadur (with effect from the 8th September, 1958), by the Gwadur (Application of Central Laws) Ordinance, 1960 (37 of 1960) s. 2.

1. Short title, extent and commencement.-(1) This Act may be called the ^{1*} Securities Act, 1920;

²[(2) It extends to the whole of Pakistan]; and

(3) It shall come into force on the first day of April, 1920.

2. Definitions. 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 ³[Federal Government] or by any ⁴[Provincial 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:

⁵[(c) “the Government ” or “Government” in relation to any loan or security, means the Government raising the loan or issuing the security.]

3. Notice of trust not receivable save as provided.-(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 recognised 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.

4. Right of survivors of joint or several payees of Government securities.—(1) Notwithstanding anything in section 45 of the Contract Act, 1872 (IX of 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.

¹The word “Indian” omitted by A.O., 1949.

² Subs. by the Central Laws (Statute Reform) Ordinance, 1960 (21 of 1960), s. 3 and 2nd Sch. (with effect from the 14th October, 1955), for sub-section (2) as amended by A.O., 1949 and the Federal Laws (Revision and Declaration) Act, 1951 (26 of 1951), s. 8.

³Subs. by F.A.O., 1975, Art. 2 and Table, for “Central Government”, which was previously amended by A.O., 1937, for “G.G. in C.”.

⁴Subs. by A.O., 1937, for “L.G.”

⁵Clause (c) ins., *ibid.*

(2) This section shall apply whether such death occurred or occurs before or after this Act comes into force.

(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.

¹[(4) For the purposes of this section, a body incorporated under the Companies Act, 1913 (VII of 1913), or the Co-operative Societies Act, 1912 (II of 1912), or any other enactment for the time being in force whether within or without ²[Pakistan], relating to the incorporation of associations of individuals, shall be deemed to die when it is dissolved.]

5. Indorsements to be made on security itself. Notwithstanding anything in section 15 of the Negotiable Instruments Act, 1881 (XXVI of 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.

6. Holding of Government securities by holders of public offices.-(1) In the case of any public office to which the ³[Government] may, by ⁴notification in the ⁵[official Gazette], declare ⁶this 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.

¹Sub-section (4) ins. by the Indian Securities (Amdt.) Act, 1928 (2 of 1928), s. 2.

² Subs. by the Central Laws (Statute Reform) Ordinance, 1960 (21 of 1960), s. 3 and 2nd Sch. (with effect from the 14th October, 1955), for "the Provinces and the Capital of the Federation" which had been subs. by A.O., 1949, for "British India".

³Subs. by A.O., 1937, for "G.G. in C.".

⁴For such notification in respect of:-

(i) N.-W.F.P., see N.-W.F.P. Government Gazette, 1952, Pt. I, pp. 300-302;

(ii) Sind, see Sind Government Gazette, 1954, Pt. I, pp. 66-68.

⁵Subs. by A.O., 1937, for "Gazette of India".

⁶For offices to which this sub-section has been applied, see Gen. R. & O.