

No. 13 OF 1948.

A LAW TO MAKE PROVISION FOR THE CONTROL OF TRANSFER OF SECURITIES.

WINSTER,]

[10th March, 1948.

Governor.

BE it enacted by His Excellency the Governor and
Commander-in-Chief of the Colony of Cyprus as
follows:—

1. This Law may be cited as the Securities (Control of Transfer) Law, 1948. Short title.

Interpre-
tation.

2. In this Law, unless the context otherwise requires, the following expressions shall have the meaning respectively assigned to them, that is to say :—

“ bearer security ” means any bearer bond, share warrant to bearer or other document of title by the delivery of which the title to securities or to any interest in securities is transferable, and also includes, for the purpose of paragraph (7) of section 3, any such document as aforesaid which has been cancelled ;

“ coupon ” means a coupon representing dividends or interest on a security ;

“ holder ”, in relation to a bearer security, means the person having physical custody of the security :

Provided that, where a bearer security is deposited with any person in a locked or sealed receptacle from which the person with whom it is deposited is not entitled to remove it without the authority of some other person, that other person shall be deemed to be the holder of the security ;

“ nominee ” means a holder of any security (including a bearer security) or any coupon representing dividends or interest who, as respects the exercise of any rights in respect of the security or coupon, is not entitled to exercise those rights except in accordance with instructions given by some other person, and a person holding a security or coupon as a nominee shall be deemed to act as nominee for the person who is entitled to give instructions, either directly or through the agency of one or more persons, as to the exercise by the holder of the security or coupon of any rights in respect thereof and is not, in so doing, himself under a duty to comply with instructions given by some other person :

Provided that—

(i) a person shall not, by reason only that he has a controlling interest in a body corporate, be deemed to be entitled to give instructions to that body corporate as to the exercise of rights in respect of any security or coupon held by it ;

(ii) a person shall not be deemed to hold a security or coupon as a nominee by reason only that he holds it as a trustee for some other person, but if, by virtue of an express provision in the instrument creating the trust, he is not entitled to transfer the security or coupon except with the consent of, or in accordance with instructions given by, some other person, he shall be deemed to be the nominee of that person ;

“ securities ” means shares, stock, bonds, notes (other than promissory notes), debentures, debenture stock, units under a unit trust scheme and shares in an oil royalty ;

“ sterling area ” means the United Kingdom, the Isle of Man and such other territories as may be declared by order of the Treasurer to be included in the sterling area and references in this Law to the United Kingdom shall be construed as if the Isle of Man were part of the United Kingdom ;

“ unit trust scheme ” means any arrangements made for the purpose, or having the effect, of providing for persons having funds available for investment, facilities for the participation by them, as beneficiaries under a trust, in profits or income arising from the acquisition, holding, management or disposal of any property whatsoever ;

“ unit ” means, in relation to a unit trust scheme, a right or interest (whether described as a unit, as a sub-unit or otherwise) which may be acquired under the scheme.

3.—(1) Subject to any exemptions which may be granted by order of the Treasurer, no person shall, except with permission granted by the Treasurer or by a person authorized by him on his behalf, transfer any security, either on his own behalf or on behalf of any other person, unless—

Restrictions upon transfer of securities.

- (a) the holder of the security and, if the holder is a nominee, the person for whom he is acting as nominee are resident in the sterling area ; and
- (b) the transferor has produced to the person to whom the security is to be transferred or to his agent such evidence of the facts aforesaid as may be prescribed by instructions issued by or on behalf of the Treasurer ;

and no person shall, except with such permission as aforesaid, acquire any security, either on his own behalf or on behalf of any other person, unless such evidence as aforesaid has been produced to him or to his agent.

(2) Subject to any exemptions which may be granted by order of the Treasurer, no person shall, except with permission granted by the Treasurer or by a person authorized by him or on his behalf—

- (a) transfer any registered or inscribed security or any coupon representing dividends or interest on any security, either on his own behalf or on behalf of any other person, to any person resident

- outside the sterling area or to any person acting as the nominee of any person so resident ; or
- (b) transfer any bearer security, either on his own behalf or on behalf of any other person, unless the Treasurer or persons authorized by or on behalf of the Treasurer are satisfied that the person to whom the security is to be transferred and, if that person is a nominee, the person for whom he is to act as nominee are resident in the sterling area :

Provided that, where a security is transferred in pursuance of an agreement to which one at least of the parties is a member of—

- (a) the Stock Exchange, London ; or
- (b) any of the Associated Stock Exchanges ; or
- (c) the Provincial Brokers' Stock Exchange ; or
- (d) the Mincing Lane Tea and Rubber Share Brokers' Association, Ltd. ; or
- (e) the Stock Exchange, Oldham ; or
- (f) the Association of Stock and Share Dealers ;

the person by whom or on whose behalf the transfer was executed shall not be deemed to have committed an offence under this paragraph unless he knew or had reason to believe that the person to whom the security was transferred was then resident outside the sterling area or was then acting as the nominee of a person so resident, but the transfer shall, if it would (but for this proviso) have been in contravention of this paragraph, be invalid.

(3) Subject to any exemptions which may be granted by order of the Treasurer, where the holder of a security is a nominee, neither he nor any person through whose agency the exercise of all or any of the holder's rights in respect of the security are controlled shall, except with permission granted by the Treasurer or by a person authorized by him or on his behalf, do any act whereby he recognizes or gives effect to the substitution of another person as the person from whom he directly receives his instructions, unless both the person previously instructing him and the person substituted for that person were, immediately before the substitution, resident in the sterling area or in the same country.

(4) Subject to any exemptions which may be granted by order of the Treasurer, the holder of a security who is not a nominee shall not, except with permission granted by the Treasurer or by a person authorized by him or on his behalf, do any act whereby he creates or acknowledges a duty to act, in relation to the security, as the nominee of a person resident outside the sterling area.

(5) Subject to any exemptions which may be granted by order of the Treasurer, the holder of a bearer security who is a nominee acting on the direct instructions of a person resident outside the sterling area shall not, except with permission granted by the Treasurer, or by a person authorized by him or on his behalf, deliver the security into the possession of any person, whether the delivery amounts to a transfer or not.

(6) Subject to any exemptions which may be granted by order of the Treasurer, no person shall, except with permission granted by the Treasurer or by a person authorized by him or on his behalf—

(a) enter any transfer of securities in any register or book in which securities are registered or inscribed, unless there has been produced to him such evidence that the transfer does not involve a contravention of this section as may be prescribed by instructions issued by or on behalf of the Treasurer, or enter in any such register or book, in respect of any security, whether in connection with the issue or transfer of the security or otherwise, an address outside the sterling area, except by way of substitution for any such address in the same country or for the purpose of any transaction for which permission has been granted under this section with knowledge that it involves the entry of the said address ;

(b) transfer any security from a register in Cyprus to a register outside the sterling area, or do any act which is calculated to secure, or forms part of a series of acts which together are calculated to secure, the substitution for any security which is either in or registered in Cyprus of any security which is either outside or registered outside the sterling area.

(7) Subject to any exemptions which may be granted by order of the Treasurer, no person shall, except with permission granted by the Treasurer or by a person authorized by him or on his behalf, register or inscribe in any register or book in which securities are registered or inscribed any security which is to take the place of a bearer security :

Provided that the person by whom the security is to be registered or inscribed shall not require such permission if the bearer security has been surrendered to him and there

has been produced to him such evidence as may be prescribed by instructions issued by or on behalf of the Treasurer that—

- (a) the person who, immediately before the surrender of the bearer security or (if it was previously cancelled) before its cancellation, was the holder of the security and, if he was a nominee, the person for whom he then acted as nominee are resident in the sterling area ; and
- (b) the person who is to be registered or inscribed as the holder of the security and, if he is a nominee, the person for whom he is to act as nominee are resident in the sterling area.

(8) Subject to any exemptions which may be granted by order of the Treasurer, no person shall, except with permission granted by the Treasurer or by a person authorized by him or on his behalf, make any payment, or draw or issue any bill of exchange or promissory note, for the purpose of redeeming or repaying in whole or in part, or as consideration for the surrender of, any security, unless there has been produced to him such evidence as may be prescribed by instructions issued by or on behalf of the Treasurer that, immediately before the redemption, repayment or surrender the holder of the security and, if he was a nominee, the person for whom he then acted as nominee were resident in the sterling area.

(9) Nothing in this section shall affect the acquisition by any person of a security by virtue of any enactment, order of a court or rule of law, whereby the title to the security vests in that person without the necessity for any act of transfer by the former holder, or shall affect the doing by any person of anything necessary to give effect to such an acquisition :

Provided that this paragraph shall not affect so much of paragraph (a) of sub-section (6) of this section as prohibits the entry in any register or book in which securities are registered or inscribed of an address outside the sterling area.

(10) This section shall bind the Crown, and the Treasurer shall not, by virtue of any contract made by him or on his behalf in relation to any securities, be required to grant any permission or exemption under this section,

(11) For the purposes of this section, where a security is registered or inscribed in the name of a deceased person, or of any person who by reason of bankruptcy, unsoundness of mind or any other disability is incapable of transferring the security, the personal representative, trustee in bankruptcy or other person entitled by law to transfer the security shall be deemed to be the holder of the security.

(12) Where any security—

- (a) is held by, or is transferred or is to be transferred to, two or more persons ; or
- (b) is held by, or is transferred or is to be transferred to, a nominee or nominees acting for two or more persons ;

the requirements of this section shall be construed as applying in relation to each and all of those persons.

R. E. TURNBULL,
Colonial Secretary.

11th March, 1948.