

The Government Securities Bill, 2006

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THE GOVERNMENT SECURITIES BILL, 2006

A

BILL

to consolidate and amend the law relating to Government securities, its management and for matters connected therewith or incidental thereto;

WHEREAS it is expedient to consolidate and amend the law relating to Government securities and management thereof;

It is hereby enacted as follows.

1. Short title, extent and commencement

(1) This Act may be called the Government Securities Act, 2006.

(2) This Act applies to Government securities created and issued whether before or after the commencement of this Act by the Federal Government or a Provincial Government.

(3) It shall come into force on such date as the Federal Government may, by notification in the official Gazette, appoint in this behalf.

(4) It extends to the whole of Pakistan.

2. Definitions.

In this Act, unless the context otherwise requires--

(a) "Agent" means, a bank established under Banking Companies Ordinance 1962 or a person prescribed by the Bank;

(b) "Bank" means the State Bank of Pakistan including its subsidiaries.

(c) "Consolidated Fund" means fund created by Federal Government under Article 78 of The Constitution and fund created by Provincial Governments under Article 118 of the Constitution;

(d) "Securities general ledger" account means an account with an agent in which the Government securities are held, in a dematerialized form at the credit of holder;

(e) "subsidiary general ledger account" means a subsidiary general ledger account opened and maintained with the Bank/Institution appointed by the Bank in consultation with GOP, by an agent on his own behalf or on behalf of the constituents of such agent;

(f) "Government", in relation to any Government security, a Government Securities Fund, and Sinking Fund means Federal Government or Provincial Government by whom a security is issued, Government Securities Fund is established or Sinking Fund is created.

(g) "Government security" means a security created and issued by the Government for the purpose of raising funds from public or for any other purpose as may notified by the Government in the Official Gazette and having one of the forms mentioned in section 3;

(h) "Government Securities Fund" means the Government Securities Fund established under section 4.

(j) "Prescribed" means prescribed by regulations made under this Act;

(j) "Sinking Fund" means the sinking fund created under section 28;

Section means section of this act.

(k) "Specified" means specified by the Bank in the Official Gazette.

(l) "Trustee stock" means any of the securities mentioned in the Trust Act 1882 in which a trustee can invest

3. Forms of Government securities.

A Government security may, subject to such terms and conditions as may be specified, be in such forms as may be prescribed or in one of the following forms, namely:--

(i) a Government promissory note including a treasury bill payable to or to the order of a persons;

(ii) a bearer, bond payable to bearer; or

(iii) a stock; or

(iv) Shariah compliant security which means security approved by Shariah Board appointed by the Bank to raise funds by the Government under Islamic modes of financing;

Explanation.--For the purpose of this section, "stock" means a Government security,--

(i) registered in the books of the Bank or any institution appointed by the Bank in consultation with Federal Government or with agent.

(ii) held at the credit of the holder in the subsidiary general ledger account or the securities general ledger account maintained with an agent and

transferable by registration in the books of the Bank/ Institution appointed by the Bank in consultation with GOP.

4. Government Securities Fund

(1) By notification in its Official Gazette, a government shall establish Government Securities Fund in to which shall be-

(a) All sums representing the proceeds of funds raised under this Act within or outside Pakistan;

(b) All sums representing the proceeds of funds raised within or outside Pakistan under any form of Government security;

(c) all moneys from time to time authorised to be paid into the Government Securities Fund by this Act or any other written law; and

(d) all income from the investment of moneys in the Government Securities Fund authorised to be made by this Act, and all profits arising from the realization of any such investments.

(2) The Government Securities Fund shall be deemed to be a Government fund for the purposes of any written law.

5. Application of moneys in Government Securities Fund

A Government may at any time apply all or any part of the moneys in its Government Securities Fund to the purchase of trustee stock or of any other stock, fund, security or investment or for any expenditure Government deem it to be necessary except investment in any stock, bond, fund or security issued by the Government.

6. Expenses

There shall be charged upon and payable out of a Government Securities Fund, all expenses —

(a) Arising from or incidental to the investment and management of moneys in that Government Securities Fund; and

(b) Arising from or incidental to —

- (i) The fund raising and repayment of moneys; and
- (ii) The investment and management of moneys in its sinking fund created under section 28.

7. Deficiencies in Government Securities Fund

Where the moneys in a Government Securities Fund are insufficient —

- (a) to repay any principal sum or interest/return payable on any Government securities issued;
- (b) to repay any principal sum payable on any Treasury Bill or book-entry Treasury Bill issued; or
- (c) To meet any other obligation charged upon the Government Securities Fund arising from this Act or any other written law,

at the time when they become due, the deficiency shall be charged upon and payable out of the Consolidated Fund.

8. Surpluses in Government Securities Fund

The Government may by warrant under its hand authorise the transfer to the Consolidated Fund of any moneys in the Government Securities Fund which, in the opinion of the Government, are not required to meet the liabilities of the Government Securities Fund.

9. Withdrawal of moneys from Government Securities Fund

No moneys shall be withdrawn from the Government Securities Fund unless they are charged on the Government Securities Fund or otherwise authorised by the Government to be withdrawn under this Act.

10. Invitation to take up Government securities and refusal of application

(1) The Bank may, from time to time, by notice invite the agents as prescribed by the Bank to apply to take up Government securities issued under this Act.

(2) The Bank may refuse any application to take up Government securities issued under this Act without assigning any reason.

11. Subsidiary general ledger account.

(1) A subsidiary general ledger account may be opened and maintained by the Bank subject to such conditions and restrictions as may be specified and in such form and on payment of such fee as may be prescribed.

(2) Notwithstanding anything contained in any law for the time being in force, the Government securities may be held on behalf of a constituent in Securities general ledger account maintained with an agent under sub-section (1) and the holder of such account shall be deemed to be the holder of the securities held in that account.

(3) The agent maintaining such Securities general ledger account shall maintain such records and adopt such procedure for safeguarding the interest of the constituents as may be specified.

12. Transfer of Government securities.

(1) No transfer of a Government security shall be valid if it does not purport to convey the full title to the security.

(2) The transfer of the Government securities shall be made in such form and in such manner as may be prescribed.

(3) Any document relating to a Government security or any endorsement on a promissory note issued by the Government may, on the demand of a person who for any reason is unable to write, shall be executed on his behalf in such manner as may be prescribed.

(4) Nothing in this section shall affect any order made by the Bank under this Act, or any order made by a Court upon the Bank.

13. Transfer of Government Securities not liable for amount thereof.—

Notwithstanding anything contained in the Negotiable Instrument Act, 1881 (XXVI of 1881), a person shall not, by reason only of his having transferred a Government security, be liable to pay any money due either as principal or as interest thereunder.

14. Holding of Government securities by holders of public offices.

(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 held in the name of the office.

(2) When a Government security is so held, it shall be deemed to be transferred without any further endorsement or transfer deed 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 transfers to a party not being his successor in office a Government security so held, the transfer shall be made by the signature of the holder of the office and the name of the office in the manner laid down in section 12.

(4) Where the holder of the office is temporarily absent for more than a fortnight from his office for any reason, he may authorise in writing such other person, who would be in charge of this office during the period of such absence, to effect transfer of the Government securities.

(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.

15. Recognition of title to the Government security of a deceased joint holder or joint holders.

(1) Subject to the provisions of sub-sections (2) and (3), if on the death of a sole holder or death of all the joint holders of a Government security, there is no nomination in force, the executors or administrators of the deceased sole holder or all the deceased joint holders, as the case may be, or the holder of a succession certificate issued under Part X of the Succession Act, 1925 (XXXIX of 1925) shall be the only person who may be recognised by the Bank as having any title to the Government security.

Provided that nothing in this section shall bar the recognition by the Bank of the manager or the sole surviving male member of a Hindu undivided family governed by the Mitakshara Law as having a title to a Government security when the security appears to the Bank to stand in the name of a deceased member of the family and an application is made by such manager or sole surviving member for recognition of his title and is supported by 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 Government security formed part of the joint property of the family, and that the applicant is the managing or sole surviving male member of the family.

(2) Nothing contained in this section shall bar the recognition by the Bank of any person as having a title to a Government security on the basis of a decree, order or direction passed by a competent court declaring the person as having title to the Government security or appointing a receiver to take possession of a security or on the basis of a certificate issued or order passed by any other authority who might have been empowered under a statute to confer on any such person a title to the Government security or on the basis of such other documents as may be prescribed.

Explanation. --- The expression "Hindu undivided family governed by the Mitakshara Law" shall, for the purposes of this section be deemed to include a Malabar tarwad

(3) Notwithstanding anything contained in this section or in any other law for the time being in force, where the outstanding value of Government security held by a deceased sole holder or deceased joint holders, as the case may be, does not exceed an amount of rupees one hundred thousand or such higher amount not exceeding rupees ten million as may be fixed by the Federal Government by notification in the Official Gazette from time to time, the Bank may recognise a person as having title to such Government security of the deceased sole holder or deceased joint holders in such manner and subject to such conditions as may be prescribed.

16. Right of survivors of joint holders or several payees.

Notwithstanding anything contained in section 45 of the Contract Act, 1872 (IX of 1872) and subject to the provisions of sections 14 and 17--

(a) when a Government security is held by two or more persons jointly, and either or any of them dies, the title to the Government security shall vest in 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 Government security shall be payable to the survivor or survivors of those persons or to the representative of the deceased or to any one of them;

Provided that nothing contained in this section shall affect any claim which any representative of a deceased joint holder or deceased holders of a Government security or a surviving joint holder or holders of a Government security, as the case may be, may have against the survivor or survivors or representatives under or in respect of any Government security to which this section applies.

Explanation.--For the purposes of this section, a body incorporated or deemed to be incorporated under the Companies Ordinance, 1984 or the Co-operative Societies Act, 1912(II of 1912), or any other enactment for the time being in force relating to the incorporation of associations of individuals, shall be deemed to die when it is dissolved in accordance with the applicable law.

17. Nomination by holders of the Government securities.

(1) Notwithstanding anything contained in sections 14 and 15 or any other law for the time being in force, except the provisions of sub-section (2);

(a) where a Government security other than in the form of promissory note or bearer bond is held by a person in his name or jointly with any other name or names, as the case may be, the sole holder or all the joint holders of the Government security together may nominate one or more persons in such form and in such manner as may be prescribed, who in the event of the death of the sole holder or the death of all the joint holders, as the case may be, would become entitled to the Government security and to payment thereon to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner;

(b) where a nomination in respect of a Government security has been made in favour of two or more nominees and either or any of them is dead, the surviving nominee or nominees, as the case may be, shall be entitled to the Government security and payment thereon;

(c) where the nominee is a minor, it shall be lawful for the sole holder or all the joint holders of a Government security, as the case may be, to appoint in the prescribed manner any person in whom the Government security would be deemed to have vested in the event of death of such holder or joint holders of the Government security during the minority of the nominee;

(d) the recognition of right and claim of the nominee or nominees to the Government security held by a sole holder or joint holders, as the case may be, and any payment made by the Government or the Bank to the nominee or nominees shall constitute a full discharge and shall absolve the Government or the Bank of its liability in respect of the said Government security.

(2) Any nomination or appointment made under sub-section (1) shall become void if the nominee predeceases, or where there are two or more nominees, if all the nominees predecease the holder or joint holders of the Government security making the nomination.

(3) Where the amount due for the time being on a Government security is payable to two or more nominees and either or any of them dies, the title

to the Government security shall vest in the survivor or survivors of those nominees and the amount for the time being due thereon shall be paid accordingly.

(4) A transfer of a Government security made in accordance with sub-section (2) of section 12 shall automatically cancel the nomination previously made:

Provided that where a Government security is in the possession of a person either as a pledge or by way of security for any purpose, such possession shall not have the effect of cancelling the nomination, but the right of the nominee shall be subject to the right of the person so possessing it.

(5) The Government may, on the recommendation of the Bank, by notification in the Official Gazette extend the facility of nomination to any Government security as may be specified therein.

(6) Nothing contained in sub-section (1) shall affect the right or claim which any person may have against the person whose right and title to a Government security is recognised by the Government or the Bank or to whom the payment of the amount due on the Government security is made by the Government or the Bank under sub-section (1).

(7) No notice of any claim of any person, other than the person or persons in whose name a Government security is held or the nominees thereof, shall be receivable by the Bank or Government, nor shall the Bank or Government be bound by any such notice even though expressly given to it:

Provided that where any decree, order, certificate or other authority from a court of competent jurisdiction relating to such Government security is produced before the Bank or the Government, the Bank or the Government shall take due note of such decree, order, certificate or other authority.

18. Government securities belonging to a minor or an insane person.

(1) Where any Government security is held on behalf of a minor the payment of the same for the time being due either by way of outstanding principal or interest/return thereon may be made to the father or in case of death of the father, to the mother of such minor and where neither parent is alive or where the living parents are or only living parent is incapable of action, a person entitled under the law for the time being in force to have care of the property of the minor.

(2) When a Government security belongs to a minor or a person who is insane and incapable of managing his affairs and the outstanding principal

value of the Government security does not in the aggregate exceed rupees one hundred thousand or such higher amount not exceeding rupees ten million as the Federal Government may, by a notification in the Official Gazette from time to time, fix, the Bank may make such order as it thinks fit for the vesting of such Government security in such person as it considers represents the minor or insane person.

19. Issue of duplicate securities and of new securities on conversion, consolidation, sub-division, renewal, stripping or reconstitution.

(1) If the person entitled to a Government security applies to the Bank alleging that the Government security has been lost, stolen or destroyed, or has been defaced or mutilated, the Bank may, on proof to its satisfaction of the loss, theft, destruction, defacement or mutilation of the Government security, and subject to such conditions and on payment of such fees as may be prescribed, order the issue of a duplicate Government security to the applicant provided that, where such Government security is in the form of prize bond, the holder thereof may apply only for the refund of its value.

(2) If the person entitled to a Government security applies to the Bank to have the Government security converted into a Government security of another form, or into a Government security issued in connection with another loan or to have it consolidated with other like Government securities, or to have it sub-divided, or to have it renewed, stripped or reconstituted, the Bank may, subject to such conditions and on payment of such fees as may be prescribed, cancel the Government security and order the issue of a new Government security or Government securities.

Explanation.--A Government security may be stripped separately for interest/return and principal or reconstituted on the application of the holder subject to such terms and conditions as may be specified.

(3) The person to whom a duplicate Government security or a new Government security is issued under this section shall be deemed for the purposes of section 25 to have been recognised by the Bank as the holder of the Government security; and a duplicate Government security or new Government security so issued to any person shall be deemed to constitute a new contract between the Government and such person and all persons deriving title thereafter through him:

Provided that the issue of new security under this section shall not affect the interest of third parties in whose favour a charge or other interest was lawfully created and was subsisting at the time of issue of the new security.

20. Summary determination by the Bank of title to Government security in case of dispute.

(1) If the Bank is of opinion that a doubt exists as to the title to a Government security, it may proceed to determine, in accordance with such regulations as may be made, the person who shall for the purposes of the Bank be deemed to be the person entitled thereto.

(2) For the purpose of making any order which it is empowered to make under this Act, the Bank may request a Session Judge or in a State that has acceded to Pakistan the Political Agent to record or to have recorded the whole or any part of such evidence as any person whose evidence the Bank requires may produce and the Session Judge so requested may either 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 in this behalf by general or special order of the High Court to record the evidence, and shall forward a copy thereof to the Bank.

(3) For the purpose of making a vesting order under this Act, the Bank may direct one of its officers to record the evidence of any person whose evidence the Bank requires or may receive evidence upon affidavit.

(4) A Magistrate or an officer of the Bank acting in pursuance of this section may administer an oath to any witness examined by him.

21. Law applicable in regard to Government securities.

Notwithstanding that as a matter of convenience, the Government may have arranged for payments on a Government security to be made elsewhere than in Pakistan, the rights of all persons in relation to Government securities shall be determined in connection with all such questions as are dealt with by this Act by the law and in the Courts of Pakistan.

22. Postponement of payments and registration of transfers pending the making of a vesting order.

Where the Bank contemplates making an order under this Act to vest a Government security in any person, the Bank may suspend payment of interest/return on or the maturity value of the Government security or postpone the making of any order under section 14, section 17, section 18 or section 19 or the registration of any transfer of the Government security, as the case may be, until the vesting order has been made.

23. Power of Bank to require indemnity bonds.

(1) Before making any order which it is empowered to make under this Act, the Bank may require the person in whose favour the order is to be made to execute an indemnity bond with one or more sureties in such form as may be prescribed or to furnish security not exceeding twice the value of the subject-matter of the order, to be held at the disposal of the Bank, to pay to the Bank or any person to whom the Bank may assign the bond or security in furtherance of sub-section (2) the amount thereof.

(2) A Court before which a claim in respect of the subject-matter of any such order is established may order the bond or security to be assigned to the successful claimant who shall thereupon be entitled to enforce the bond or realise the security to the extent of such claim.

24. Publication of notices in Official Gazette.

Any notice required to be given by the Bank under this Act may be served by post, but every such notice shall also be published by the Bank in the Gazette of Pakistan or the official gazette of a Province, according as the notice relates to a Government security, issued by the Federal Government or a Provincial Government, and on such publication shall be deemed to have been delivered to all persons for whom it is intended.

25. Procedure and scope of vesting order.

(1) The Bank shall, while making a vesting order under section 14, section 15, section 18 or section 19, follow such procedure as may be prescribed.

(2) An order made by the Bank under this Act may either confer full title to a Government security or a title only to the accrued and accruing interest/return on the Government security pending a further order vesting full title.

26. Legal effect of orders made by the Bank.

No recognition by the Bank of a person as the holder of a Government security, and no order made by the Bank under this Act shall be called in

question by any Court so far as such recognition or order affects the relations of the Government or the Bank with the person recognised by the Bank as the holder of a Government security or with any person claiming an interest/return in such security; and any such recognition by the Bank of any person or any order by the Bank vesting a Government security in any person shall operate to confer on that person a title to the security subject only to his personal liability to the rightful owner of the security for money had and received on his account.

27. Stay of proceedings on order of Court.

Where the Bank contemplates making with reference to any Government security any order which it is empowered to make under this Act, and before the order is made the Bank receives from a Court in Pakistan an order to stay the making of such order, the Bank shall either--

- (a) hold the security together with any interest/return unpaid or accruing thereon until further orders of the Court are received; or
- (b) apply to the Court to have the security transferred to the Official Trustees appointed for the Province in which such Court is situated, pending the disposal of the proceedings before the Court.

28. Cancellation by the Bank of vesting proceedings.

Where the Bank contemplates making an order under this Act vesting a Government security in any person, the Bank may, at any time before the order is made, cancel any proceedings already taken for that purpose and may, on such cancellation, proceed anew to the making of such order.

29. Sinking fund

(1) A Government may from time to time appropriate out of its Government Securities Fund moneys for the creation of a sinking fund for the repayment of the principal sums payable on any of the Government securities issued by it under this Act.

(2) The total amount in a sinking fund shall not exceed the outstanding principal sums payable on the Government securities issued by that Government.

(3) The Government may at any time apply all or any part of the moneys in the sinking fund to the purchase of any stock, bond, fund or security or investment, except any stock, bond, fund or security issued by the Government under any written law.

(4) All income from investments of moneys in the sinking fund and all profits arising from the realization of any such investments shall be paid into the sinking fund.

30. Discharge in respect of interest/return on Government securities.

Save as otherwise expressly provided in the terms of a Government security, no person shall be entitled to claim interest/return on such security in respect of any period which has elapsed after the earliest date on which demand could have been made for the payment of the amount due on such security.

31. Discharge in respect of bearer bonds.

A Government shall be discharged from all liability on a bearer bond or on any interest/return coupon of such a bond on payment to the holder of such bond or coupon on presentation on or after the date when it becomes due of the amount expressed therein, unless before such payment, an order of a Court in Pakistan has been served on such Government restraining it from making payment.

32. Period of limitation of Government's liability in respect of interest/return.

Where no shorter period of limitation is fixed by any law for the time being in force, the liability of a Government in respect of any interest/return payment due on a Government security shall terminate on the expiry of three years from the date on which the amount due by way of interest/return became payable.

33. Inspection of documents.

No person shall be entitled to inspect, or to receive information derived from any Government security in the possession or custody of a Government or from any book register or other document kept or maintained by or on behalf of the Government in relation to Government securities or any Government security, save in such circumstances and manner and subject to such conditions as may be prescribed.

34. Government right to call, switch or swap the security

The Government may, in relation to securities issued by it, call or switch the security from the holder of security as per terms and conditions prescribed at the time of issuance of that security or enter into swap agreement with any person as per terms and conditions mutually agreed upon.

35. Micro films, facsimile copies of documents, magnetic tapes and computer print outs as documents and as evidence.

(1) Notwithstanding anything contained in any other law for the time being in force,--

(a) a micro film of a document or the reproduction of the image or images embodied in such micro film (whether enlarged or not); or

(b) a facsimile copy of a document; or

(c) a statement contained in a document and included in a printed material produced by a computer, magnetic tape or any other form of mechanical or electronic data retrieval mechanism (hereinafter referred to a computer print out), if the conditions mentioned in sub-section (2) and the other provisions contained in this section are satisfied in relation to the statement and the computer in question, shall be deemed to be also a document for the purposes of this Act and the regulations made thereunder and shall be admissible in any proceedings thereunder, without further proof or production of the original, as evidence of any contents of the original or of any fact stated therein of which direct evidence would be admissible.

(2) The conditions referred to in sub-section (1) in respect of a computer print out shall be the following, namely--

(a) the computer print out containing the statement was produced by the computer during the period over which the computer was used regularly to store or process information for the purposes of any activities regularly carried on over that period by the person having lawful control over the use of the computer;

(b) during the said period, there was regularly supplied to the computer in the ordinary course of the said activities, information of the kind contained in the statement or of the kind from which the information so contained is derived;

(c) throughout the material part of the said period, the computer was operating properly or, if not, then any respect in which it was not operating properly or was out of operation during that part of that period was not such as to affect the production of the document or the accuracy of the contents; and

(d) the information contained in the statement reproduced or is derived from information supplied to the computer in the ordinary course of the said activities.

(3) Where over any period, the function of storing or processing information for the purposes of any activities regularly carried on over that period as mentioned in clause (a) of sub-section (2) was regularly performed by computers, whether--

(a) by a combination of computers operating over that period; or

(b) by different computers operating in succession over that period;
or

(c) by different combinations of computers operating in succession over that period; or

(d) in any other manner involving the successive operation over that period, in whatever order, of one or more computers and one or more combinations of computers, all the computers used for that purpose during that period shall be treated for the purposes of this section as constituting a single computer; and references in this section to a computer shall be construed accordingly.

(4) In any proceeding under this Act and the regulations made thereunder where it is desired to give a statement in evidence by virtue of this section, a certificate doing any of the following things, that is to say,--

(a) identifying the document containing the statement and describing the manner in which it was produced;

(b) giving such particulars of any device involved in the production of that document as may be appropriate for the purpose of showing that the document was produced by a computer;

(c) dealing with any of the matters to which the conditions mentioned in sub-section (2) relate, and purporting to be signed by a person occupying a responsible official position in the Bank in relation to the operation of the relevant device or the management of the relevant activities (whichever is appropriate) shall be evidence of any matter stated in the certificate; and for the purposes of this sub-section it shall be sufficient for a matter to be stated to the best of the knowledge and belief of the person stating it.

(5) For the purposes of this section,--

(a) information shall be taken to be supplied to a computer if it is supplied thereto in any appropriate form and whether it is so supplied directly or (with or without human intervention) by means of any appropriate equipment;

(b) whether in the course of activities carried on by any official, information is supplied with a view to its being stored or processed for the purposes of those activities by a computer operated otherwise than in the course of those activities, that information, if duly supplied to that computer, shall be taken to be supplied to it in the course of those activities;

(c) a document shall be taken to have been produced by a computer whether it was produced by it directly or (with or without human intervention) by means of any appropriate equipment.

Explanation.--for the purposes of this section,--

(a) "computer" means any device that receives, stores and processes data, applying stipulated processes to the information and supplying results of these processes;

(b) "computer print out" shall include ledgers, day-books, account books and other records maintained in the ordinary course of business of the Bank; and

(c) any reference to information being derived from other information shall be a reference its being derived therefrom by calculation, comparison of any other process.

36. The Bank and its officers to be deemed public officers.

For the purposes of article 7 of Qanun-e-Shahadat, 1984 (President Order 10 of 1984), the provisions of Part IV of the Code of Civil Procedure, 1908(V of 1908) relating to suits by or against public officers in their official capacity, and the provisions of rule 27 of Order V, and rule 52 of Order XXI of the said Code, the Bank and any officer of the Bank acting in his capacity as such shall be deemed to be a public officer.

37. Misuse of subsidiary general ledger account facility.

Where a subsidiary general ledger account is opened by the Bank in favour of any agent in terms of section 11 and,--

(a) it comes to the notice of the Bank that the said account is being operated contrary to the terms and conditions subject to which the account was opened; or

(b) the subsidiary general ledger account transfer form has bounced due to insufficiency of Government security or funds; or

(c) the Bank is of opinion that the account is being operated contrary to the banking practice or in a manner prejudicial to the

interest/returns of the holders of Government securities in general;
or

(d) the subsidiary general ledger account is being misused in any manner, the Bank may, by order in writing, after giving an opportunity of being heard debar the holder of such account from trading with the subsidiary general ledger account facility temporarily or permanently as it deems fit.

38. Pledge, hypothecation or lien.

(18) Subject to such terms and conditions as may be prescribed, the holder of a Government security may create a pledge or hypothecation or lien in respect of such security.

(2) On receipt of notice of pledge or hypothecation or lien from the holder of the Government security, the Bank or any agent maintaining the account in respect of such security shall make necessary entry in its record and such entry shall be evidence of the pledge, hypothecation or lien thereof, as the case may be.

39. Powers to call for information, inspection and issue of directions.

(1) The Bank may at any time, for the purposes of this Act, call for such information as it deems necessary in relation to a Government security from any agent, or holder of subsidiary general ledger account including constituents' Securities general ledger account with an agent and cause an inspection or security to be made by one or more of its officers or other persons, of any agent or holder of a subsidiary general ledger account including constituents' securities general ledger account.

(2) The Bank may, if it considers necessary so to do, issue such directions as it thinks fit, in relation to a Government security,--

(i) to the holders of the subsidiary general ledger accounts including constituents' securities general ledger account maintained with an agent; and

(ii) to any other person dealing with the Government securities, for carrying out the purposes of this Act.

40. Contravention and penalties.

(1) If any person, for the purpose of obtaining for himself or for any other person any title to a Government security, makes to any authority in any application made under this Act or in the course of any inquiry undertaken in pursuance of this Act any statement which is false and which he either knows to be false or does not believe to be true, he shall be punishable

with imprisonment for a term which may extend to six months, or with fine, or with both.

(2) No Court shall take cognizance of any offence under sub-section (1) except on the complaint of the Bank.

(3) Without prejudice to any other action which the Bank may deem fit to take, the Bank, after giving a reasonable opportunity of being heard, may impose on any person who contravenes any provision of this Act, or contravenes any regulation, notification or direction issued under this Act, or violates the terms and conditions for opening and maintenance of a subsidiary general ledger account, including Constituents' securities general ledger account with an agent, a penalty, not exceeding five hundred thousand rupees and where such contravention is a continuing one, further penalty which may extend to five thousand rupees for every day after first day during which the contravention continues.

41. Power to make rules: The Federal Government may, subject to previous publications by notifications in the official Gazette, make rules to carry out the purpose of this act.

42. Repeal.

(1) The Public Debt Act, 1944 is hereby repealed shall cease to apply to the Government securities to which this Act applies and to all matters for which provisions have been made by this Act.

(2) Notwithstanding such repeal anything done or any action taken in the exercise of any power conferred by or under that Act shall be deemed to have been done or taken in the exercise of the powers conferred by or under this Act as if this Act was in force at all material times.

43. Power to make regulations.

(1) The Bank may, with the prior approval of the Federal Government, by notification in the Official Gazette, make regulations to carry out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power such regulations may provide for all or any of the following matters, namely:--

(a) the form in which and the terms and conditions subject to which the Government securities may be issued under section 3;

(b) the form in which and the fee to be charged for opening and maintenance of subsidiary general ledger account

(c) the form and manner in which Government securities shall be transferred under sub-section (2) of section 12 and the manner in which any document relating to any Government security or any endorsement on a promissory note may be executed on behalf of a person who is unable to write under sub-section (3) of that section.

(d) the documents to be produced for recognition of title to the Government security of a deceased sole holder or all deceased joint holders under sub-section (2) of section 14 and the manner in which and the conditions subject to which the Bank may recognise title to a Government security under sub-section (3) of that section;

(e) the form and the manner in which a nomination may be made, varied or cancelled and the manner in which any person may be appointed in whom the Government security would be deemed to have vested in the event of death of holder or joint holders of Government security during the minority of a nominee under section 16;

(f) the conditions governing the issue of duplicate Government securities and the fees to be paid therefore under section 18;

(g) the manner in which the Bank may determine title to a Government security under section 19;

(h) the form of bond under sub-section (1) of section 22;

(i) the procedure for making vesting order referred to in sub-section (1) of section 24;

(j) the circumstances and the manner in which and the conditions subject to which inspection of Government securities, books, registers and other documents may be allowed or information therefrom may be given under section 32;

(k) the terms and conditions subject to which pledge or hypothecation or lien be created under sub-section (1) of section 37.

44. Power to remove difficulties.

(1) If any difficulty arises in giving effect to the provisions of this Act, the Federal Government may, by order, not inconsistent with the provisions of this Act, remove the difficulty:

Provided that no such order shall be made after the expiry of a period of two years from the commencement of this Act.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before Majlis-e-Shoora (Parliament).

45. Act X of 1920 not to apply to Government securities.

The Securities Act, 1920 (X of 1920), shall cease to apply to Government securities to which this Act applies, and to all matters for which provision is made by this Act.

46. Act to override other laws: The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.