CHAPTER clvii.

An Act to enable the Scottish American Mortgage Company Limited to create preference stock to enlarge its powers and for other purposes. [11th August 1903.] A.D. 1903.

WHEREAS the Scottish American Mortgage Company Limited (in this Act called "the Company") was incorporated in the year one thousand eight hundred and seventy-four under the Companies Acts 1862 and 1867 as a company limited by shares having its registered office in Scotland with a capital of one million pounds divided into one hundred thousand shares of ten pounds each with power to increase as provided by the articles of association:

And whereas the capital of the Company was in the year one thousand eight hundred and ninety increased to one million five hundred thousand pounds divided into one hundred and fifty thousand shares of ten pounds each:

And whereas the whole of the said shares original and increased have been issued:

And whereas a sum of two pounds per share has been called and paid up on the said one hundred and fifty thousand shares giving a total called and paid up capital of three hundred thousand pounds and the Company has in addition thereto accumulated a reserve fund amounting to one hundred and fifty thousand pounds:

And whereas the Company is not empowered by its memorandum and articles of association or regulations to create or issue preference shares or preference stock or to convert shares or stock partly into ordinary and partly into preference shares or stock and it is expedient that these powers should be conferred on the Company:

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And whereas for the purpose of paying off or reducing the indebtedness and obligations of the Company it is expedient that the Company should not only have the power from time to time to make a call or calls on the uncalled amount of the shares of the Company but also be authorised to accept payment from the shareholders or any of them of the uncalled liability on any or all of the shares held by them respectively and to convert the sums called up when paid or the sums prepaid or part thereof into shares or to create stock having rights of preference to the ordinary or other capital of the Company:

And whereas in conformity with a resolution of the directors of the Company passed in the year one thousand eight hundred and eighty-six under the powers conferred upon them by the articles of association the Company has received in advance of calls from shareholders holding thirty-seven thousand five hundred shares the sum of eight pounds per share being the whole capital uncalled on those shares or in all the sum of three hundred thousand pounds upon which sum the Company pays interest at the rate of five per cent. per annum payable preferably to dividend on the ordinary shares and it is expedient that the Company should be empowered to repay to all or any of the shareholders holding the said shares the prepaid portion thereof if such shareholders or any of them so desire or to convert the said prepaid part into preference shares or stock if such shareholders or any of them so desire:

And whereas the total indebtedness of the Company in respect of moneys borrowed amounts to the sum of eight hundred and ninety-nine thousand eight hundred and ninety-eight pounds two shillings and eightpence made up as follows:—

	£	*s.*	*d.*
1. Perpetual debentures bearing interest at four per centum - - -	242,100	0	0
2. Redeemable debenture stock bearing interest at four per centum - -	488,439	19	6
3. Terminable debentures and deposits -	169,358	3	2
	£899,898	2	8

And whereas it is expedient that the borrowing powers of the Company should be defined and restricted:

And whereas the Company is not empowered by its memorandum and articles of association or regulations to acquire or amalgamate with any other company and it is expedient that the Company should have such power:

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And whereas the Company by its memorandum of association as amended by special resolution and confirmed by the Court of Session in the year one thousand eight hundred and ninety-three has only power to invest money on the security of real estate in the United States of America and the Dominion of Canada and it is expedient that the Company's powers of investment should be enlarged and extended:

And whereas the purposes aforesaid cannot be effected without the authority of Parliament:

May it therefore please Your Majesty that it may be enacted and be it enacted by the King's most Excellent Majesty by and with the advice and consent of the Lords Spiritual and Temporal and Commons in this present Parliament assembled and by the authority of the same as follows (that is to say):—

Short title and commencement.

1. This Act may be cited for all purposes as the Scottish American Mortgage Company Limited Act 1903 and shall come into operation on the passing of this Act.

Interpretation.

2. In this Act the following words and expressions when occurring in this Act shall have the respective meanings in this section assigned to them (that is to say):—

"The directors" mean the board of directors of the Company for the time being and includes any committee to which the powers or duties by this Act conferred on the directors may be delegated by them;

"The regulations of the Company" mean the articles of association or other regulations for the time being of the Company;

"Ordinary shares" mean the ordinary shares issued at the date of the passing of this Act and which shall be from time to time thereafter issued by virtue of the exercise of powers contained in the regulations of the Company and include the ordinary shares as from time to time existing by virtue of any addition alteration or reduction under the provisions of this Act.

Power to increase capital and create preference shares.

3. The Company may at any time and from time to time increase its capital to such extent and on such terms and conditions as to priority of ranking dividends and otherwise as the Company may in general meeting determine and the shares forming the capital of the Company original or increased may be divided into different classes and may have such guarantee preference or other privilege as between or among themselves as may be authorised

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consistently with the regulations for the time being of the Company and the Company may at any time and from time to time convert any shares existing at the passing of this Act or which may thereafter be created when fully paid up into stock and the Company may at any time and from time to time convert shares or stock partly into ordinary and partly into one or more classes of preference shares or stock and any such conversion shall be effected by resolutions of the Company from time to time as provided in the regulations of the Company.

Directors may divide shares with preference to one portion.

4. If at any time the directors in exercise of the powers vested in them by the regulations of the Company make a call or calls on the shareholders in respect of the ordinary shares held by them respectively the directors may by memorandum in writing under the common seal of the Company determine that the said ordinary shares shall be divided into two shares that is to say one fully paid preference share each share being equal to the amount of the call and one ordinary share each share being of the nominal value equal to the nominal value of the share so divided less the amount of the call and that the call so made shall be appropriated as payable in respect of such preference share and that the residue of the amount paid on the ordinary share so divided shall be credited as paid up on the ordinary share of reduced amount resulting from such division and such memorandum shall also state the terms and conditions as to priority of ranking dividends and otherwise which such preference shares shall have as the same may have been determined by the Company in general meeting The memorandum shall be filed with the Registrar of Joint Stock Companies and the register of members of the Company shall thereupon be altered accordingly Whenever such division is made the preference shares shall ipso facto be converted into preference stock and the certificates issued in respect of the shares so divided shall be given up to the Company to be cancelled or the loss or destruction thereof proved to the satisfaction of the directors and new certificates shall be issued in respect of the ordinary shares and preference stock resulting from such division.

Preference shares converted into stock.

Power to repay sums paid in advance of calls and divide shares with preference to one portion.

5. The Company may repay all or any of the sums heretofore paid in advance of calls to the holders of shares in respect of which such payment in advance has been made who are from time to time willing to accept such repayment and the Company may in the case of such of the holders of shares who are from time to time willing to accept the same divide the shares into two shares that is to say

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into fully paid preference shares of eight pounds each and issued on such terms and conditions as to priority of ranking dividends and otherwise as may be determined by the Company in general meeting and into fully paid ordinary shares of two pounds each The directors shall file a memorandum with the Registrar of Joint Stock Companies in relation to any lot or lots of preference shares which may be issued in lieu and place of sums paid in advance of calls as aforesaid which memorandum shall set forth the numbers of the shares dealt with and the terms and conditions as to priority of ranking dividends and otherwise which such preference shares shall have and the register of members of the Company shall thereupon be altered accordingly Whenever such division is made the preference shares shall ipso facto be converted into preference stock and the certificates issued in respect of the shares so divided shall be given up to the Company and shall be cancelled or the loss or destruction thereof proved to the satisfaction of the directors and new certificates shall be issued in respect of the ordinary shares and preference stock resulting from such division.

Preference shares converted into stock.

6. The directors may from time to time by resolution determine to offer to the holders of the ordinary shares the option of paying up in full in advance of calls all or any of the ordinary shares held by them respectively on the footing that the amount so paid up in respect of each share shall in accordance with the provisions of this Act be converted into fully paid preference shares of eight pounds each on such terms and conditions as to priority of ranking dividends and otherwise as may be determined by the Company in general meeting and that the ordinary shares so paid up in full shall be reduced by a sum equal to the amount so paid up thereon and thereafter be regarded as fully paid shares of two pounds each and in the event of such determination the following provisions shall have effect (that is to say) :—

Payments hereafter made in advance of calls to be converted into preference stock.

(A) Notice of the passing of such resolution shall be given to all the holders of partly paid ordinary shares by letter posted to the registered address of such holders from the head office of the Company in Edinburgh and such notice shall state the terms and conditions as to priority of ranking dividends voting and otherwise attached to the preference shares mentioned in such resolution :

(B) Each holder of partly paid ordinary shares shall be at liberty to exercise the option as to all or any of his partly paid ordinary shares at any time within such period as may

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be stated in the notice (being not less than seven days from the time when the notice is posted) and that in such manner as may be specified in such notice:

(C) The directors may in such resolution fix a limit to the number of shares in respect of which they will accept payment in exercise of the option thereby conferred and in the event of their fixing such a limit a notice given in terms of subsection (A) of this section shall contain a statement of such limit and if the aggregate number of shares in respect of which payment is offered in exercise of the option exceeds such limit the directors shall in the exercise of their absolute discretion bring the number within the limit aforesaid by rateable and proportional reduction:

(D) In the event of the option to make payment not being exercised to the full extent of the limit fixed by the directors within the period stated in the notice the directors may thereafter accept payment from any shareholder until the limit is reached:

(E) The directors shall from time to time file with the Registrar of Joint Stock Companies a memorandum under the common seal of the Company setting forth the shares in respect of which payment has been made that each of such shares is reduced in amount by a sum equal to the amount of the payment so made thereon and is a fully paid two pound ordinary share and that fully paid up preference shares are to be registered in the names of the holders of such shares in respect of each of the shares fully paid up as before mentioned and the terms and conditions as to priority of ranking dividends and otherwise applicable to the said preference shares and the register of members of the Company shall be altered accordingly:

(F) Whenever such division is made the preference shares shall ipso facto be converted into preference stock and the certificates issued in respect of the said shares so divided shall be given up to the Company and shall be cancelled or the loss or destruction thereof proved to the satisfaction of the directors and new certificates shall be issued in respect of the ordinary shares and preference stock resulting from such division.

Preferable rights of preference stock.

7. The preference shares or stock created in terms of this Act may consist of different classes or series which may have different

rights as regards priority of ranking dividends or otherwise subject to the conditions following (that is to say) :—

(A) Each class or series shall be entitled to a fixed cumulative preferential dividend at such rate per centum per annum and running from such date or dates as may be fixed at the time of its creation :

(B) On any return of capital to the shareholders whether under a winding up of the Company or otherwise no payment shall be made in respect of any ordinary shares or ordinary stock in the Company until there have been paid to the holders of the preference shares or stock the amount paid up on the preference shares or stock held by them respectively together with any dividend payable thereon up to the date of repayment Provided that after such payment shall have been made the holders of the preference shares or stock shall not be entitled in respect thereof to participate further in the surplus assets or remaining capital of the Company :

(C) In the event of different classes or series of preference shares or stock having been created with different rights inter se as regards priority of ranking dividends or otherwise they shall be repaid as aforesaid in their respective order of priority :

(D) All rights regarding priority of ranking dividends or otherwise shall be determined on the creation of each different class or series of preference shares or stock and shall in each case be set forth in a memorandum under the common seal of the Company which the directors shall file with the Registrar of Joint Stock Companies.

Voting powers.

8. Every holder of preference stock or preference shares created in terms of this Act shall be entitled to one vote for every twenty pounds nominal of such stock or shares held by him and a holder of less than twenty pounds thereof shall not be entitled in respect thereof to any vote and every holder of ordinary shares or ordinary stock for the time being shall be entitled to one vote for every ordinary share and to one vote for every two pounds of ordinary stock held by him and a holder of less than two pounds nominal of ordinary stock shall not be entitled to any vote.

Power to borrow money.

9. The Company may borrow or raise money from any person corporation or company within or beyond the United Kindom by way of discount cash credit or overdraft or upon bond debenture

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debenture stock mortgage bill promissory note or receipt or in any other manner and grant security for all or any of such sums and grant bills or promissory notes or cash credit or ordinary bonds and dispositions in security or cash credit bonds and assignations in security or issue bonds mortgages debentures mortgage debentures debenture stocks mortgage debenture stocks bonds of annuity annuity certificates or other securities or acknowledgments therefor or in respect thereof transferable to bearer or otherwise founded or based upon the credit of the Company or secured upon all or any of the property assets or revenue thereof and terminable redeemable or perpetual and upon such terms as to price priority or otherwise as the Company shall think fit and in security of the money so borrowed or re-borrowed in any of the ways aforesaid mortgage pledge or charge or transfer or convey absolutely or in trust or in security the whole or any part of the property assets or revenue of the Company including uncalled capital and give creditors powers of sale and other usual and necessary powers provided that the total amount outstanding at any one time of moneys so borrowed shall not in the aggregate exceed the amount of the uncalled capital or one half of the Company's paid up capital for the time being whichever is greater at the time of borrowing and in addition a sum equal to the amount of the reserve fund for the time being.

Power to amalgamate with other companies.

10. The Company may amalgamate with any persons companies or firms and may acquire any business or any interest therein within or beyond the United Kingdom either by purchase or otherwise and may make or accept payment in money shares stocks debentures mortgage debentures or any other investments or securities either fully or partly paid.

Powers of Company.

11. The Company may in addition to any powers of investment which the Company now possess exercise the following powers within the United Kingdom as well as beyond the same (that is to say) :—

(A) Purchase or otherwise acquire property heritable or moveable real or personal and in particular businesses claims debts rights and privileges choses-in-action shares stocks bonds mortgages obligations debentures debenture stock scrip securities goods wares inventions patents or patent rights licences concessions and the like and merchandise of every kind and description or any estate share or interest therein and that by way of investment mortgage lease or otherwise howsoever and carry on any business or assist others in so doing in any manner

and on any terms that may be considered desirable and also expend money in experimenting upon and testing and developing or improving or seeking to develop or improve any property rights or others which the Company may acquire or propose to acquire :

(B) Lend money to any government public body trust or authority (supreme municipal local or otherwise) company partnership person body of persons or association without or upon security of their or his undertaking property estate assets and effects or any part thereof upon such terms as may be deemed expedient and where there is security take such either in the shape of bonds mortgages mortgage debentures or debenture shares or stock or in any other form :

(C) Hold improve manage develop sell feu lease mortgage or otherwise use or dispose of any portion of the assets estate and effects of the Company and for such purpose carry on work or develop any business or property of any kind in which the Company may be interested or concur with others in so doing or employ others so to do :

(D) Undertake and execute the office of trustee executor receiver factor or liquidator and undertake and execute all kinds of trusts both public and private and perform and carry on the various duties and kinds of business incident to and connected therewith either gratuitously or otherwise :

(E) Act as agents for any government public body trust or authority (supreme municipal local or otherwise) or for any persons partnership partners associations joint stock and other companies whether domiciled in the United Kingdom or elsewhere and that not only in the conduct of any business but also in the issue of shares stocks bonds obligations debentures and debenture stock scrip and securities of every kind and description and the undertaking and guaranteeing of such issues and the guaranteeing to the holders the due payment of principal and interest either or both of shares stocks bonds obligations debentures debenture stock scrip and securities and the making of loans upon the security thereof either to governments public bodies trusts or authorities aforesaid associations joint stock and other companies or to private persons partners or partnerships :

(F) Carry on any other businesses which may seem to the Company to be capable of being conveniently carried on in

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connection with the exercise of the powers authorised by this Act or calculated to enhance the value of or render profitable any of the Company's property or rights:

(G) Procure the Company or any other company to be incorporated or registered in the United Kingdom or in any colony dependency state territory province or foreign country or to do whatever else is necessary or expedient in order to comply with or defer to the laws and customs of such colony dependency state territory province or foreign country:

(H) Do all acts which may seem necessary or convenient for carrying on or transacting any business of the Company either in the United Kingdom or the colonies or dependencies thereof or in any foreign country or state and appoint a trustee or trustees to hold any property heritable or moveable real or personal on behalf of the Company:

(I) Do all or any of the matters aforesaid either alone or in conjunction with any other company trust corporation or person.

Act and memorandum to be lodged with registrar.

12. The Company shall forward to the Registrar of Joint Stock Companies a copy of this Act which shall be filed by him and if such copy be not forwarded within three months after the passing of this Act or if any memorandum sealed pursuant to this Act be not filed with the registrar aforesaid within fourteen days after it is so sealed the Company shall incur a penalty not exceeding two pounds for every day after the expiration of such respective periods during which the copy or memorandum is omitted to be forwarded and every director or manager of the Company who knowingly and wilfully authorises or permits such default shall incur a like penalty and every penalty under this Act shall be recoverable summarily.

There shall be paid to the registrar by the Company on such copy being registered the like fee as is for the time being payable under the Companies Act 1862 on registration of any document other than a memorandum of association.

Reference to shares in testamentary instruments.

13. In any instrument executed before the passing of this Act references to shares of the Company existing before the passing of this Act shall be construed as references to the ordinary shares and to the preference stock and preference shares of the Company and in the case of any testamentary instrument executed before the passing of this Act any disposition which but for the passing

of this Act would have operated as a specific bequest of any such first-mentioned shares shall be construed as a specific bequest of the ordinary shares and preference stock and preference shares which may continue vested in the testator or of a proportionate part thereof as the case may be. A.D. 1903.

14. The costs charges and expenses of and incidental to the preparing for obtaining and passing of this Act or otherwise in relation thereto shall be paid by the Company. Costs of Act.

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