Table of Statutes referred to in this Act

Short Title	Session and Chapter
Disorderly Houses Act, 1751	25 Geo. 2. c. 36.
Sunday Observance Act, 1780	21 Geo. 3. c. 49.
Gaming Act, 1845	8 & 9 Vict. c. 109.
Refreshment Houses Act, 1860	23 & 24 Vict. c. 27.
Prevention of Crimes Act, 1871	34 & 35 Vict. c. 112.
Oxford University (Justices) Act, 1886	49 & 50 Vict. c. 31.
Interpretation Act, 1889	52 & 53 Vict. c. 63.
Public Health Acts Amendment Act, 1890 ...	53 & 54 Vict. c. 59.
Industrial and Provident Societies Act, 1893 ...	56 & 57 Vict. c. 39.
Friendly Societies Act, 1896	59 & 60 Vict. c. 25.
Deeds of Arrangement Act, 1914	4 & 5 Geo. 5. c. 47.
Bankruptcy Act, 1914	4 & 5 Geo. 5. c. 59.
Home Counties (Music and Dancing) Licensing Act, 1926	16 & 17 Geo. 5. c. 31.
Betting and Lotteries Act, 1934	24 & 25 Geo. 5. c. 58.
Civic Restaurants Act, 1947	10 & 11 Geo. 6. c. 22.
Fire Services Act, 1947	10 & 11 Geo. 6. c. 41.
Licensing Act, 1949	12, 13 & 14 Geo. 6. c. 59.
Representation of the People Act, 1949	12, 13 & 14 Geo. 6. c. 68.
Justices of the Peace Act, 1949	12, 13 & 14 Geo. 6. c. 101.
Customs and Excise Act, 1952	15 & 16 Geo. 6 & 1 Eliz. 2. c. 44.
Magistrates' Courts Act, 1952	15 & 16 Geo. 6 & 1 Eliz. 2. c. 55.
Licensing Act, 1953	1 & 2 Eliz. 2. c. 46.
Licensing (Seamen's Canteens) Act, 1954 ...	2 & 3 Eliz. 2. c. 11.
Licensing (Airports) Act, 1956	4 & 5 Eliz. 2. c. 37.
Occasional Licenses and Young Persons Act, 1956	4 & 5 Eliz. 2. c. 42.
Recreational Charities Act, 1958	6 & 7 Eliz. 2. c. 17.
Highways Act, 1959	7 & 8 Eliz. 2. c. 25.
Street Offences Act, 1959	7 & 8 Eliz. 2. c. 57.
Finance Act, 1959	7 & 8 Eliz. 2. c. 58.
Betting and Gaming Act, 1960	8 & 9 Eliz. 2. c. 60.

CHAPTER 62

ARRANGEMENT OF SECTIONS

Section
1. New powers of investment of trustees.
2. Restrictions on wider-range investment.
3. Relationship between Act and other powers of investment.
4. Interpretation of references to trust property and trust funds.
5. Certain valuations to be conclusive for purposes of division of trust fund.
6. Duty of trustees in choosing investments.
7. Application of ss. 1–6 to persons, other than trustees, having trustee investment powers.
8. Application of ss. 1–6 in special cases.
9. Supplementary provisions as to investments.
10. Powers of Scottish trustees supplementary to powers of investment.
11. Local Authority investment schemes.
12. Power to confer additional powers of investment.
13. Power to modify provisions as to division of trust fund.

Section
14. Amendment of s. 27 of Trusts (Scotland) Act, 1921.
15. Saving for powers of court.
16. Minor and consequential amendments and repeals.
17. Short title, extent and construction.

SCHEDULES:

First Schedule—Manner of Investment.

Second Schedule—Modification of s. 2 in relation to property falling within s. 3 (3).

Third Schedule—Provisions supplementary to s. 3 (4).

Fourth Schedule—Minor and consequential amendments.

Fifth Schedule—Repeals.

An Act to make fresh provision with respect to investment by trustees and persons having the investment powers of trustees, and by local authorities, and for purposes connected therewith. [3rd August, 1961]

BE it enacted by the Queen'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:—

New powers of investment of trustees.

1.—(1) A trustee may invest any property in his hands, whether at the time in a state of investment or not, in any manner specified in Part I or II of the First Schedule to this Act or, subject to the next following section, in any manner specified in Part III of that Schedule, and may also from time to time vary any such investments.

(2) The supplemental provisions contained in Part IV of that Schedule shall have effect for the interpretation and for restricting the operation of the said Parts I to III.

(3) No provision relating to the powers of the trustee contained in any instrument (not being an enactment or an instrument made under an enactment) made before the passing of this Act shall limit the powers conferred by this section, but those powers are exerciseable only in so far as a contrary intention is not expressed in any Act or instrument made under an enactment, whenever passed or made, and so relating or in any other instrument so relating which is made after the passing of this Act.

For the purposes of this subsection any rule of the law of Scotland whereby a testamentary writing may be deemed to be made on a date other than that on which it was actually executed shall be disregarded.

(4) In this Act " narrower-range investment " means an investment falling within Part I or II of the First Schedule to this Act and " wider-range investment " means an investment falling within Part III of that Schedule.

Restrictions on wider-range investment.

2.—(1) A trustee shall not have power by virtue of the foregoing section to make or retain any wider-range investment unless the trust fund has been divided into two parts (hereinafter referred to as the narrower-range part and the wider-range part), the parts being, subject to the provisions of this Act, equal in value at the time of the division; and where such a division has been made no subsequent division of the same fund shall be made for the purposes of this section, and no property shall be transferred from one part of the fund to the other unless either—

(*a*) the transfer is authorised or required by the following provisions of this Act, or

(*b*) a compensating transfer is made at the same time.

In this section "compensating transfer", in relation to any transferred property, means a transfer in the opposite direction of property of equal value.

(2) Property belonging to the narrower-range part of a trust fund shall not by virtue of the foregoing section be invested except in narrower-range investments, and any property invested in any other manner which is or becomes comprised in that part of the trust fund shall either be transferred to the wider-range part of the fund, with a compensating transfer, or be reinvested in narrower-range investments as soon as may be.

(3) Where any property accrues to a trust fund after the fund has been divided in pursuance of subsection (1) of this section, then—

(*a*) if the property accrues to the trustee as owner or former owner of property comprised in either part of the fund, it shall be treated as belonging to that part of the fund;

(*b*) in any other case, the trustee shall secure, by apportionment of the accruing property or the transfer of property from one part of the fund to the other, or both, that the value of each part of the fund is increased by the same amount.

Where a trustee acquires property in consideration of a money payment the acquisition of the property shall be treated for the purposes of this section as investment and not as the accrual of property to the trust fund, notwithstanding that the amount of the consideration is less than the value of the property acquired; and paragraph (*a*) of this subsection shall not include the case of a dividend or interest becoming part of a trust fund.

(4) Where in the exercise of any power or duty of a trustee property falls to be taken out of the trust fund, nothing in this section shall restrict his discretion as to the choice of property to be taken out.

Relationship between Act and other powers of investment.

3.—(1) The powers conferred by section one of this Act are in addition to and not in derogation from any power conferred otherwise than by this Act of investment or postponing conversion exerciseable by a trustee (hereinafter referred to as a "special power").

(2) Any special power (however expressed) to invest property in any investment for the time being authorised by law for the investment of trust property, being a power conferred on a trustee before the passing of this Act or conferred on him under any enactment passed before the passing of this Act, shall have effect as a power to invest property in like manner and subject to the like provisions as under the foregoing provisions of this Act.

(3) In relation to property, including wider-range but not including narrower-range investments,—

(*a*) which a trustee is authorised to hold apart from—

(i) the provisions of section one of this Act or any of the provisions of Part I of the Trustee Act, 1925, or any of the provisions of the Trusts (Scotland) Act, 1921, or

(ii) any such power to invest in authorised investments as is mentioned in the foregoing subsection, or

(*b*) which became part of a trust fund in consequence of the exercise by the trustee, as owner of property falling within this subsection, of any power conferred by subsection (3) or (4) of section ten of the Trustee Act, 1925, or paragraph (*o*) or (*p*) of subsection (1) of section four of the Trusts (Scotland) Act, 1921,

the foregoing section shall have effect subject to the modifications set out in the Second Schedule to this Act.

(4) The foregoing subsection shall not apply where the powers of the trustee to invest or postpone conversion have been conferred or varied—

(*a*) by an order of any court made within the period of ten years ending with the passing of this Act, or

(*b*) by any enactment passed, or instrument having effect under an enactment made, within that period, being an enactment or instrument relating specifically to the trusts in question; or

(*c*) by an enactment contained in a local Act of the present Session;

but the provisions of the Third Schedule to this Act shall have effect in a case falling within this subsection.

Interpretation of references to trust property and trust funds.

4.—(1) In this Act "property" includes real or personal property of any description, including money and things in action:

Provided that it does not include an interest in expectancy, but the falling into possession of such an interest, or the receipt of proceeds of the sale thereof, shall be treated for the purposes of this Act as an accrual of property to the trust fund.

(2) So much of the property in the hands of a trustee shall for the purposes of this Act constitute one trust fund as is held on trusts which (as respects the beneficiaries or their respective interests or the purposes of the trust or as respects the powers of the trustee) are not identical with those on which any other property in his hands is held.

(3) Where property is taken out of a trust fund by way of appropriation so as to form a separate fund, and at the time of the appropriation the trust fund had (as to the whole or a part thereof) been divided in pursuance of subsection (1) of section two of this Act, or that subsection as modified by the Second Schedule to this Act, then if the separate fund is so divided the narrower-range and wider-range parts of the separate fund may be constituted so as either to be equal, or to bear to each other the same proportion as the two corresponding parts of the fund out of which it was so appropriated (the values of those parts of those funds being ascertained as at the time of appropriation), or some intermediate proportion.

(4) In the application of this section to Scotland the following subsection shall be substituted for subsection (1) thereof :—

"(1) In this Act 'property' includes property of any description (whether heritable or moveable, corporeal or incorporeal) which is presently enjoyable, but does not include a future interest, whether vested or contingent."

Certain valuations to be conclusive for purposes of division of trust fund.

5.—(1) If for the purposes of section two or four of this Act or the Second Schedule thereto a trustee obtains, from a person reasonably believed by the trustee to be qualified to make it, a valuation in writing of any property, the valuation shall be conclusive in determining whether the division of the trust fund in pursuance of subsection (1) of the said section two, or any transfer or apportionment of property under that section or the said Second Schedule, has been duly made.

(2) The foregoing subsection applies to any such valuation notwithstanding that it is made by a person in the course of his employment as an officer or servant.

Duty of trustees in choosing investments.

6.—(1) In the exercise of his powers of investment a trustee shall have regard—

(*a*) to the need for diversification of investments of the trust, in so far as is appropriate to the circumstances of the trust;

(*b*) to the suitability to the trust of investments of the description of investment proposed and of the investment proposed as an investment of that description.

(2) Before exercising any power conferred by section one of this Act to invest in a manner specified in Part II or III of the First Schedule to this Act, or before investing in any such manner in the exercise of a power falling within subsection (2) of section three of this Act, a trustee shall obtain and consider proper advice on the question whether the investment is satisfactory having regard to the matters mentioned in paragraphs (*a*) and (*b*) of the foregoing subsection.

(3) A trustee retaining any investment made in the exercise of such a power and in such a manner as aforesaid shall determine at what intervals the circumstances, and in particular the nature of the investment, make it desirable to obtain such advice as aforesaid, and shall obtain and consider such advice accordingly.

(4) For the purposes of the two foregoing subsections, proper advice is the advice of a person who is reasonably believed by the trustee to be qualified by his ability in and practical experience of financial matters; and such advice may be given by a person notwithstanding that he gives it in the course of his employment as an officer or servant.

(5) A trustee shall not be treated as having complied with subsection (2) or (3) of this section unless the advice was given or has been subsequently confirmed in writing.

(6) Subsections (2) and (3) of this section shall not apply to one of two or more trustees where he is the person giving the advice required by this section to his co-trustee or co-trustees, and shall not apply where powers of a trustee are lawfully exercised by an officer or servant competent under subsection (4) of this section to give proper advice.

(7) Without prejudice to section eight of the Trustee Act, 1925, or section thirty of the Trusts (Scotland) Act, 1921 (which relate to valuation, and the proportion of the value to be lent, where a trustee lends on the security of property) the advice required by this section shall not include, in the case of a loan on the security of freehold or leasehold property in England and Wales or Northern Ireland or on heritable security in Scotland, advice on the suitability of the particular loan.

Application of ss. 1–6 to persons, other than trustees, having trustee investment powers.

7.—(1) Where any persons, not being trustees, have a statutory power of making investments which is or includes power—

(*a*) to make the like investments as are authorised by section one of the Trustee Act, 1925, or section ten of the Trusts (Scotland) Act, 1921, or

(*b*) to make the like investments as trustees are for the time being by law authorised to make,

however the power is expressed, the foregoing provisions of this Act shall with the necessary modifications apply in relation to them as if they were trustees:

Provided that property belonging to a Consolidated Loans Fund or any other fund applicable wholly or partly for the redemption of debt shall not by virtue of the foregoing provisions of this Act be invested or held invested in any manner specified in paragraph 6 of Part II of the First Schedule to this Act or in wider-range investments.

(2) Where, in the exercise of powers conferred by any enactment, an authority to which paragraph 9 of Part II of the First Schedule to this Act applies uses money belonging to any fund for a purpose for which the authority has power to borrow, the foregoing provisions of this Act, as applied by the foregoing subsection, shall apply as if there were comprised in the fund (in addition to the actual content thereof) property, being narrower-range investments, having a value equal to so much of the said money as for the time being has not been repaid to the fund, and accordingly any repayment of such money to the fund shall not be treated for the said purposes as the accrual of property to the fund:

Provided that nothing in this subsection shall be taken to require compliance with any of the provisions of section six of this Act in relation to the exercise of such powers as aforesaid.

(3) In this section "Consolidated Loans Fund" means a fund established under section fifty-five of the Local Government Act, 1958, and includes a loans fund established under section two hundred and seventy-five of the Local Government (Scotland) Act, 1947, and "statutory power" means a power conferred by an enactment passed before the passing of this Act or by any instrument made under any such enactment.

Application of ss. 1–6 in special cases.

8.—(1) In relation to persons to whom this section applies—

(*a*) notwithstanding anything in subsection (3) of section one of this Act, no provision of any enactment passed, or instrument having effect under an enactment and made, before the passing of this Act shall limit the powers conferred by the said section one;

(*b*) subsection (1) of the foregoing section shall apply where the power of making investments therein mentioned is or includes a power to make some only of the investments mentioned in paragraph (*a*) or (*b*) of that subsection.

(2) This section applies to—

(*a*) the persons for the time being authorised to invest funds of the Duchy of Lancaster;

(*b*) any persons specified in an order made by the Treasury by statutory instrument, being persons (whether trustees or not) whose power to make investments is conferred by or under any enactment contained in a local or private Act.

(3) An order of the Treasury made under the foregoing subsection may provide that the provisions of sections one to six of this Act (other than the provisions of subsection (3) of section one) shall, in their application to any persons specified therein, have effect subject to such exceptions and modifications as may be specified.

Supplementary provisions as to investments.

9.—(1) In subsection (3) of section ten of the Trustee Act, 1925, before paragraph (*c*) (which enables trustees to concur in any scheme or arrangement for the amalgamation of a company in which they hold securities with another company, with power to accept securities in the second company) there shall be inserted the following paragraph:—

"(*bb*) for the acquisition of the securities of the company, or of control thereof, by another company".

(2) It is hereby declared that the power to subscribe for securities conferred by subsection (4) of the said section ten includes power to retain them for any period for which the trustee has power to retain the holding in respect of which the right to subscribe for the securities was offered, but subject to any conditions subject to which the trustee has that power.

Powers of Scottish trustees supplementary to powers of investment.

10. Section four of the Trusts (Scotland) Act, 1921 (which empowers trustees in trusts the execution of which is governed by the law in force in Scotland to do certain acts, where such acts are not at variance with the terms or purposes of the trust) shall have effect as if, in subsection (1) thereof, after paragraph (*n*), there were added the following paragraphs:—

"(*o*) to concur, in respect of any securities of a company (being securities comprised in the trust estate), in any scheme or arrangement—

(i) for the reconstruction of the company,

(ii) for the sale of all or any part of the property and undertaking of the company to another company,

(iii) for the acquisition of the securities of the company, or of control thereof, by another company,

(iv) for the amalgamation of the company with another company, or

(v) for the release, modification, or variation of any rights, privileges or liabilities attached to the securities or any of them,

in like manner as if the trustees were entitled to such securities beneficially; to accept any securities of any denomination or description of the reconstructed or purchasing or new company in lieu of, or in exchange for, all or any of the first mentioned securities; and to retain any securities so accepted as aforesaid for any period for which the trustees could have properly retained the original securities;

(*p*) to exercise, to such extent as the trustees think fit, any conditional or preferential right to subscribe for any securities in a company (being a right offered to them in respect of any holding in the company), to apply capital money of the trust estate in payment of the consideration, and to retain any such securities for which they have subscribed for any period for which they have power to retain the holding in respect of which the right to subscribe for the securities was offered (but subject to any conditions subject to which they have that power); to renounce, to such extent as they think fit, any such right; or to assign, to such extent as they think fit and for the best consideration that can reasonably be obtained, the benefit of such right or the title thereto to any person, including any beneficiary under the trust".

Local Authority investment schemes.

11.—(1) Without prejudice to powers conferred by or under any other enactment, any authority to which this section applies may invest property held by the authority in accordance with a scheme submitted to the Treasury by any association of local authorities or by the London County Council and approved by the Treasury as enabling investments to be made collectively without in substance extending the scope of powers of investment.

(2) A scheme under this section may apply to a specified authority or to a specified class of authorities, may make different provisions as respects different authorities or different classes of authorities or as respects different descriptions of property or property held for different purposes, and may impose restrictions on the extent to which the power conferred by the foregoing subsection shall be exerciseable.

(3) In approving a scheme under this section, the Treasury may direct that the Prevention of Fraud (Investments) Act, 1958, or the Prevention of Fraud (Investments) Act (Northern Ireland), 1940, shall not apply to dealings undertaken or documents issued for the purposes of the scheme, or to such dealings or documents of such descriptions as may be specified in the direction.

(4) The authorities to which this section applies are—

(*a*) in England and Wales, the council of a county, a county, metropolitan or other borough (including a borough which has been included in a rural district), an urban or rural district or a parish, the Common Council of the City of London and the Council of the Isles of Scilly;

(*b*) in Scotland, a local authority within the meaning of the Local Government (Scotland) Act, 1947;

(*c*) in any part of Great Britain, a joint board or joint committee constituted to discharge or advise on the discharge of the functions of any two or more of the autho-

rities mentioned in the foregoing paragraphs (including a joint committee established by a combination scheme under Part I of the Local Government Superannuation Act, 1937, or of the Local Government Superannuation (Scotland) Act, 1937;

(*d*) in Northern Ireland, the council of a county, a county or other borough, or an urban or rural district, and the Northern Ireland Local Government Officers' Superannuation Committee established under the Local Government (Superannuation) Act (Northern Ireland), 1950.

Power to confer additional powers of investment.

12.—(1) Her Majesty may by Order in Council extend the powers of investment conferred by section one of this Act by adding to Part I, Part II or Part III of the First Schedule to this Act any manner of investment specified in the Order.

(2) Any Order under this section shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Power to modify provisions as to division of trust fund.

13.—(1) The Treasury may by order made by statutory instrument direct that, subject to subsection (3) of section four of this Act, any division of a trust fund made in pursuance of subsection (1) of section two of this Act during the continuance in force of the order shall be made so that the value of the wider-range part at the time of the division bears to the then value of the narrower-range part such proportion, greater than one but not greater than three to one, as may be prescribed by the order; and in this Act "the prescribed proportion" means the proportion for the time being prescribed under this subsection.

(2) A fund which has been divided in pursuance of subsection (1) of section two of this Act before the coming into operation of an order under the foregoing subsection may notwithstanding anything in that subsection be again divided (once only) in pursuance of the said subsection (1) during the continuance in force of the order.

(3) If an order is made under subsection (1) of this section, then as from the coming into operation of the order—

(*a*) paragraph (*b*) of subsection (3) of section two of this Act and sub-paragraph (*b*) of paragraph 3 of the Second Schedule thereto shall have effect with the substitution, for the words from "each" to the end, of the words "the wider-range part of the fund is increased by an amount which bears the prescribed proportion to the amount by which the value of the narrower-range part of the fund is increased";

(*b*) subsection (3) of section four of this Act shall have effect as if for the words "so as either" to "each other" there were substituted the words "so as to bear to each other either the prescribed proportion or".

(4) An order under this section may be revoked by a subsequent order thereunder prescribing a greater proportion.

(5) An order under this section shall not have effect unless approved by a resolution of each House of Parliament.

Amendment of s. 27 of Trusts (Scotland) Act, 1921.

14. So much of section twenty-seven of the Trusts (Scotland) Act, 1921, as empowers the Court of Session to approve as investments for trust funds any stocks, funds or securities in addition to those in which trustees are by that Act authorised to invest trust funds shall cease to have effect.

Saving for powers of court.

15. The enlargement of the investment powers of trustees by this Act shall not lessen any power of a court to confer wider powers of investment on trustees, or affect the extent to which any such power is to be exercised.

Minor and consequential amendments and repeals.

16.—(1) The provisions of the Fourth Schedule to this Act (which contain minor amendments and amendments consequential on the foregoing provisions of this Act) shall have effect.

(2) The enactments mentioned in the Fifth Schedule to this Act are hereby repealed to the extent specified in the third column of that Schedule.

Short title, extent and construction.

17.—(1) This Act may be cited as the Trustee Investments Act, 1961.

(2) Sections eleven and sixteen of this Act shall extend to Northern Ireland, but except as aforesaid and except so far as any other provisions of the Act apply by virtue of subsection (1) of section one of the Trustee Act (Northern Ireland), 1958, or any other enactment of the Parliament of Northern Ireland, to trusts the execution of which is governed by the law in force in Northern Ireland, this Act does not apply to such trusts.

(3) So much of section sixteen of this Act as relates to the Post Office Savings Bank and to trustee savings banks shall extend to the Isle of Man and the Channel Islands.

(4) Except where the context otherwise requires, in this Act, in its application to trusts the execution of which is governed by the law in force in England and Wales, expressions have the same meaning as in the Trustee Act, 1925.

(5) Except where the context otherwise requires, in this Act, in its application to trusts the execution of which is governed by the law in force in Scotland, expressions have the same meaning as in the Trusts (Scotland) Act, 1921.

SCHEDULES

FIRST SCHEDULE

Section 1.

MANNER OF INVESTMENT

PART I

NARROWER-RANGE INVESTMENTS NOT REQUIRING ADVICE

1. In Defence Bonds, National Savings Certificates and Ulster Savings Certificates.

2. In deposits in the Post Office Savings Bank, ordinary deposits in a trustee savings bank and deposits in a bank or department thereof certified under subsection (3) of section nine of the Finance Act, 1956.

PART II

NARROWER-RANGE INVESTMENTS REQUIRING ADVICE

1. In securities issued by Her Majesty's Government in the United Kingdom, the Government of Northern Ireland or the Government of the Isle of Man, not being securities falling within Part I of this Schedule and being fixed-interest securities registered in the United Kingdom or the Isle of Man, Treasury Bills or Tax Reserve Certificates.

2. In any securities the payment of interest on which is guaranteed by Her Majesty's Government in the United Kingdom or the Government of Northern Ireland.

3. In fixed-interest securities issued in the United Kingdom by any public authority or nationalised industry or undertaking in the United Kingdom.

4. In fixed-interest securities issued in the United Kingdom by the government of any overseas territory within the Commonwealth or by any public or local authority within such a territory, being securities registered in the United Kingdom.

References in this paragraph to an overseas territory or to the government of such a territory shall be construed as if they occurred in the Overseas Service Act, 1958.

5. In fixed-interest securities issued in the United Kingdom by the International Bank for Reconstruction and Development, being securities registered in the United Kingdom.

6. In debentures issued in the United Kingdom by a company incorporated in the United Kingdom, being debentures registered in the United Kingdom.

7. In stock of the Bank of Ireland.

8. In debentures issued by the Agricultural Mortgage Corporation Limited or the Scottish Agricultural Securities Corporation Limited.

9. In loans to any authority to which this paragraph applies charged on all or any of the revenues of the authority or on a fund into which all or any of those revenues are payable, in any fixed-interest securities issued in the United Kingdom by any such authority for the purpose of borrowing money so charged, and in deposits with any such authority by way of temporary loan made

1ST SCH. on the giving of a receipt for the loan by the treasurer or other similar officer of the authority and on the giving of an undertaking by the authority that, if requested to charge the loan as aforesaid, it will either comply with the request or repay the loan.

This paragraph applies to the following authorities, that is to say—

(*a*) any local authority in the United Kingdom;

(*b*) any authority all the members of which are appointed or elected by one or more local authorities in the United Kingdom;

(*c*) any authority the majority of the members of which are appointed or elected by one or more local authorities in the United Kingdom, being an authority which by virtue of any enactment has power to issue a precept to a local authority in England and Wales, or a requisition to a local authority in Scotland, or to the expenses of which, by virtue of any enactment, a local authority in the United Kingdom is or can be required to contribute;

(*d*) the Receiver for the Metropolitan Police District or a combined police authority (within the meaning of the Police Act, 1946);

(*e*) the Belfast City and District Water Commissioners.

10. In debentures or in the guaranteed or preference stock of any incorporated company, being statutory water undertakers within the meaning of the Water Act, 1945, or any corresponding enactment in force in Northern Ireland, and having during each of the ten years immediately preceding the calendar year in which the investment was made paid a dividend of not less than five per cent. on its ordinary shares.

11. In deposits by way of special investment in a trustee savings bank or in a department (not being a department certified under subsection (3) of section nine of the Finance Act, 1956) of a bank any other department of which is so certified.

12. In deposits in a building society designated under section one of the House Purchase and Housing Act, 1959.

13. In mortgages of freehold property in England and Wales or Northern Ireland and of leasehold property in those countries of which the unexpired term at the time of investment is not less than sixty years, and in loans on heritable security in Scotland.

14. In perpetual rent-charges charged on land in England and Wales or Northern Ireland and fee-farm rents (not being rent-charges) issuing out of such land, and in feu-duties or ground annuals in Scotland.

PART III

WIDER-RANGE INVESTMENTS

1. In any securities issued in the United Kingdom by a company incorporated in the United Kingdom, being securities registered in the United Kingdom and not being securities falling within Part II of this Schedule.

2. In shares in any building society designated under section one of the House Purchase and Housing Act, 1959.

3. In any units, or other shares of the investments subject to the trusts, of a unit trust scheme in the case of which there is in force at the time of investment an order of the Board of Trade under section seventeen of the Prevention of Fraud (Investments) Act, 1958, or of the Ministry of Commerce for Northern Ireland under section sixteen of the Prevention of Fraud (Investments) Act (Northern Ireland), 1940.

PART IV

SUPPLEMENTAL

1. The securities mentioned in Parts I to III of this Schedule do not include any securities where the holder can be required to accept repayment of the principal, or the payment of any interest, otherwise than in sterling.

2. The securities mentioned in paragraphs 1 to 8 of Part II, other than Treasury Bills or Tax Reserve Certificates, securities issued before the passing of this Act by the Government of the Isle of Man, securities falling within paragraph 4 of the said Part II issued before the passing of this Act or securities falling within paragraph 9 of that Part, and the securities mentioned in paragraph 1 of Part III of this Schedule, do not include—

(*a*) securities the price of which is not quoted on a recognised stock exchange within the meaning of the Prevention of Fraud (Investments) Act, 1958, or the Belfast stock exchange;

(*b*) shares or debenture stock not fully paid up (except shares or debenture stock which by the terms of issue are required to be fully paid up within nine months of the date of issue).

3. The securities mentioned in paragraph 6 of Part II and paragraph 1 of Part III of this Schedule do not include—

(*a*) shares or debentures of an incorporated company of which the total issued and paid up share capital is less than one million pounds;

(*b*) shares or debentures of an incorporated company which has not in each of the five years immediately preceding the calendar year in which the investment is made paid a dividend on all the shares issued by the company, excluding any shares issued after the dividend was declared and any shares which by their terms of issue did not rank for the dividend for that year.

For the purposes of sub-paragraph (*b*) of this paragraph a company formed—

(i) to take over the business of another company or other companies, or

(ii) to acquire the securities of, or control of, another company or other companies,

or for either of those purposes and for other purposes shall be deemed to have paid a dividend as mentioned in that sub-paragraph in any year in which such a dividend has been paid by the other company or all the other companies, as the case may be.

1ST SCH.

4. In this Schedule, unless the context otherwise requires, the following expressions have the meanings hereby respectively assigned to them, that is to say—

"debenture" includes debenture stock and bonds, whether constituting a charge on assets or not, and loan stock or notes;

"enactment" includes an enactment of the Parliament of Northern Ireland;

"fixed-interest securities" means securities which under their terms of issue bear a fixed rate of interest;

"local authority" in relation to the United Kingdom, means any of the following authorities—

(*a*) in England and Wales, the council of a county, a county, metropolitan or other borough (including a borough which has been included in a rural district), an urban or rural district or a parish, the Common Council of the City of London and the Council of the Isles of Scilly;

(*b*) in Scotland, a local authority within the meaning of the Local Government (Scotland) Act, 1947;

(*c*) in Northern Ireland, the council of a county, a county or other borough, or an urban or rural district;

"ordinary deposits" and "special investment" have the same meanings respectively as in the Trustee Savings Banks Act, 1954;

"securities" includes shares, debentures, Treasury Bills and Tax Reserve Certificates;

"share" includes stock;

"Treasury Bills" includes Exchequer bills and other bills issued by Her Majesty's Government in the United Kingdom and Northern Ireland Treasury Bills.

5. It is hereby declared that in this Schedule "mortgage", in relation to freehold or leasehold property in Northern Ireland, includes a registered charge which, by virtue of subsection (4) of section forty of the Local Registration of Title (Ireland) Act, 1891, or any other enactment, operates as a mortgage by deed.

6. References in this Schedule to an incorporated company are references to a company incorporated by or under any enactment and include references to a body of persons established for the purpose of trading for profit and incorporated by Royal Charter.

7. The references in paragraph 12 of Part II and paragraph 2 of Part III of this Schedule to a building society designated under section one of the House Purchase and Housing Act, 1959, include references to a permanent society incorporated under the Building Societies Acts (Northern Ireland) 1874 to 1940 for the time being designated by the Registrar for Northern Ireland under subsection (2) of that section (which enables such a society to be so designated for the purpose of trustees' powers of investment specified in paragraph (*a*) of subsection (1) of that section).

SECOND SCHEDULE

Section 3.

MODIFICATION OF S. 2 IN RELATION TO PROPERTY FALLING WITHIN S. 3 (3)

1. In this Schedule "special-range property" means property falling within subsection (3) of section three of this Act.

2.—(1) Where a trust fund includes special-range property, subsection (1) of section two of this Act shall have effect as if references to the trust fund were references to so much thereof as does not consist of special-range property, and the special-range property shall be carried to a separate part of the fund.

(2) Any property which—

(*a*) being property belonging to the narrower-range or wider-range part of a trust fund, is converted into special-range property, or

(*b*) being special-range property, accrues to a trust fund after the division of the fund or part thereof in pursuance of subsection (1) of section two of this Act or of that subsection as modified by sub-paragraph (1) of this paragraph,

shall be carried to such a separate part of the fund as aforesaid; and subsections (2) and (3) of the said section two shall have effect subject to this sub-paragraph.

3. Where property carried to such a separate part as aforesaid is converted into property other than special-range property,—

(*a*) it shall be transferred to the narrower-range part of the fund or the wider-range part of the fund or apportioned between them, and

(*b*) any transfer of property from one of those parts to the other shall be made which is necessary to secure that the value of each of those parts of the fund is increased by the same amount.

THIRD SCHEDULE

Section 3.

PROVISIONS SUPPLEMENTARY TO S. 3 (4)

1. Where in a case falling within subsection (4) of section three of this Act, property belonging to the narrower-range part of a trust fund—

(*a*) is invested otherwise than in a narrower-range investment, or

(*b*) being so invested, is retained and not transferred or as soon as may be reinvested as mentioned in subsection (2) of section two of this Act,

then, so long as the property continues so invested and comprised in the narrower-range part of the fund, section one of this Act shall not authorise the making or retention of any wider-range investment.

2. Section four of the Trustee Act, 1925, or section thirty-three of the Trusts (Scotland) Act, 1921 (which relieve a trustee from liability for retaining an investment which has ceased to be authorised), shall not apply where an investment ceases to be authorised in consequence of the foregoing paragraph.

Section 16.

FOURTH SCHEDULE

MINOR AND CONSEQUENTIAL AMENDMENTS

1.—(1) References in the Trustee Act, 1925, except in subsection (2) of section sixty-nine of that Act, to section one of that Act or to provisions which include that section shall be construed respectively as references to section one of this Act and as including references to section one of this Act.

(2) References in the Trusts (Scotland) Act, 1921, to section ten or eleven of that Act, or to provisions which include either of those sections, shall be construed respectively as references to section one of this Act and as including references to that section.

2.—(1) In the Schedule to the Building Societies Act, 1939 (which specifies the classes of additional security which may be taken into account in determining the amount of advances to members), in paragraph 4 for the words from "stocks" to the end there shall be substituted the words "narrower-range investments (within the meaning of the Trustee Investments Act, 1961)," and in paragraph 6 for the words from "stocks" to the end there shall be substituted the word "investments".

(2) Nothing in this paragraph shall be taken to prejudice the power of the Chief Registrar under section fifteen of the Building Societies Act, 1960, to extend the classes of additional security specified in the said Schedule.

3. The following enactments and instruments, that is to say—

(*a*) subsection (3) of section seventy-four of the Third Schedule to the Water Act, 1945, and any order made under that Act applying the provisions of that subsection;

(*b*) any local and personal Act which, or any order or other instrument in the nature of any such Act which, modifies paragraph (*l*) of subsection (1) of section one of the Trustee Act, 1925,

shall have effect as if for any reference to the said paragraph (*l*) there were substituted a reference to paragraph 10 of Part II of the First Schedule to this Act.

4.—(1) In section one of the Trustee Savings Banks Act, 1954, in paragraph (*a*) of subsection (3), the reference to the acceptance of deposits of money for the benefit of the depositor shall include a reference to the acceptance of deposits of money by a trustee, and subsection (1) of section eight of the Post Office Savings Bank Act, 1954, and subsection (1) of section twenty of the Trustee Savings Banks Act, 1954 (which relate to the settlement of disputes), shall apply to any depositor being a body of trustees and to a person who is or claims to be the successor in the trusts of any depositor being a trustee as those subsections apply to an individual depositor and to a person who is or claims to be the personal representative of a depositor.

(2) Nothing in the foregoing sub-paragraph shall be taken to prejudice section twenty-two of the Trustee Savings Banks Act, 1954 (under which deposits may be accepted from a person acting as a trustee on behalf of the depositor, the account being in the joint names of the trustee and the depositor).

(3) Subsection (1) of section fourteen of the Post Office Savings Bank Act, 1954, and subsection (1) of section twenty-four of the Trustee Savings Banks Act, 1954 (which authorise the investment of certain charitable and provident funds in savings banks), shall cease to have effect so far as they relate to trustees. 4TH SCH.

5. For the purposes of the provisions of the Post Office Savings Bank Act, 1954, and the Trustee Savings Banks Act, 1954, limiting the amount which may be received by way of deposit or ordinary deposit or for special investment, or the provisions of the last-mentioned Act restricting the making of deposits in more than one trustee savings bank, a person who is a trustee shall be treated separately in his personal capacity and in his capacity as trustee, and in the latter capacity separately in respect of each separate trust fund.

6. For the reference in subsection (2) of section one of the House Purchase and Housing Act, 1959, to paragraph (*a*) of subsection (1) of that section there shall be substituted a reference to paragraph 12 of Part II and paragraph 2 of Part III of the First Schedule to this Act.

FIFTH SCHEDULE

Section 16.

REPEALS

Session and Chapter	Short Title	Extent of Repeal
63 & 64 Vict. c. 62.	The Colonial Stock Act, 1900	Section two.
2 Edw. 7. c. 41	The Metropolis Water Act, 1902.	In section seventeen, subsection (4).
11 & 12 Geo. 5. c. 58.	The Trusts (Scotland) Act, 1921.	Sections ten and eleven. In section twelve, subsections (3) and (4). In section twenty-seven, the words from "including such regulations" to the end of the section.
15 & 16 Geo. 5. c. 19.	The Trustee Act, 1925 ...	Section one. In section two, the proviso to subsection (1). In section five, paragraph (*a*) of subsection (1) and subsections (4) to (6).
18 & 19 Geo. 5. c. 43.	The Agricultural Credits Act, 1928.	Section three.
19 & 20 Geo. 5. c. 13.	The Agricultural Credits (Scotland) Act, 1929.	Section three.
20 & 21 Geo. 5. c. 5.	The Colonial Development Act, 1929.	In section three, subsection (3).
24 & 25 Geo. 5. c. 47.	The Colonial Stock Act, 1934	The whole Act.
8 & 9 Geo. 6. c. 12.	The Northern Ireland (Miscellaneous Provisions) Act, 1945.	Sections four to six.

5TH SCH.

Session and Chapter	Short Title	Extent of Repeal
11 & 12 Geo. 6. c. 7.	The Ceylon Independence Act, 1947.	In the Second Schedule, paragraph 4.
12, 13 & 14 Geo. 6. c. 1.	The Colonial Stock Act, 1948	In section two, subsection (3).
2 & 3 Eliz. 2. c. 62.	The Post Office Savings Bank Act, 1954.	In section four, subsection (4).
5 & 6 Eliz. 2. c. 6.	The Ghana Independence Act, 1957.	In the Second Schedule, paragraph 4.
5 & 6 Eliz. 2. c. 60.	The Federation of Malaya Independence Act, 1957.	In the First Schedule, paragraph 8.
6 & 7 Eliz. 2. c. 47.	The Agricultural Marketing Act, 1958.	In section sixteen, in paragraph (*a*), the words from "or for the time" to "Act".
6 & 7 Eliz. 2. c. 55.	The Local Government Act, 1958.	Section fifty-four.
6 & 7 Eliz. 2. c. 64.	The Local Government and Miscellaneous Financial Provisions (Scotland) Act, 1958.	Section sixteen.
7 & 8 Eliz. 2. c. 33.	The House Purchase and Housing Act, 1959.	In section one, paragraph (*a*) of subsection (1), and subsection (5).
8 & 9 Eliz. 2. c. 52.	The Cyprus Act, 1960.	In the Schedule, in paragraph 9, sub-paragraphs (1), (3) and (4).
8 & 9 Eliz. 2. c. 55.	The Nigeria Independence Act, 1960.	In the Second Schedule, paragraph 4.
9 & 10 Eliz. 2. c. 16.	The Sierra Leone Independence Act, 1961.	In the Third Schedule, paragraph 5.

Table of Statutes referred to in this Act

Short Title	Session and Chapter
Local Registration of Title (Ireland) Act, 1891	54 & 55 Vict. c. 66.
Trusts (Scotland) Act, 1921	11 & 12 Geo. 5. c. 58.
Trustee Act, 1925	15 & 16 Geo. 5. c. 19.
Local Government Superannuation Act, 1937	1 Edw. 8 & 1 Geo. 6. c. 68.
Local Government Superannuation (Scotland) Act, 1937	1 Edw. 8 & 1 Geo. 6. c. 69.
Building Societies Act, 1939	2 & 3 Geo. 6. c. 55.
Water Act, 1945	8 & 9 Geo. 6. c. 42.
Police Act, 1946	9 & 10 Geo. 6. c. 46.
Local Government (Scotland) Act, 1947 ...	10 & 11 Geo. 6. c. 43.
Post Office Savings Bank Act, 1954	2 & 3 Eliz. 2. c. 62.
Trustee Savings Bank Act, 1954	2 & 3 Eliz. 2. c. 63.
Finance Act, 1956	4 & 5 Eliz. 2. c. 54.
Overseas Service Act, 1958	6 & 7 Eliz. 2. c. 14.
Prevention of Fraud (Investments) Act, 1958 ...	6 & 7 Eliz. 2. c. 45.
Local Government Act, 1958	6 & 7 Eliz. 2. c. 55.
House Purchase and Housing Act, 1959 ...	7 & 8 Eliz. 2. c. 33.
Building Societies Act, 1960	8 & 9 Eliz. 2. c. 64.