1958 No. 589

The Trustee Savings Banks (Special Investments) Regulations, 1958

Made - - - - 3*rd April*, 1958
Coming into Operation 10*th April*, 1958

The Lords Commissioners of Her Majesty's Treasury, in exercise of the powers conferred upon them by subsection (1) of section 2 of the Trustee Savings Banks Act, 1958(a), and of all other powers enabling them in that behalf, hereby make the following Regulations:—

1.—(1) The powers of the trustees of a trustee savings bank as to investment of moneys received for special investment shall be so exercised as to secure that the total cost price of all the medium and long term securities of the descriptions set out in paragraph 1 of the First Schedule to the Act which are held by them in respect of special investments shall at no time exceed one half of the total liabilities of the bank to depositors in respect of special investments.

(2) For the purpose of this Regulation the amount of a bank's liability to any person in respect of special investments shall be taken to be the amount for the time being standing to his credit in respect thereof in the books of the bank.

2. The trustees of a trustee savings bank shall not invest any moneys received for special investment in any medium and long term securities of the descriptions set out in sub-paragraphs (*b*) to (*e*) of paragraph 1 of the First Schedule to the Act if the total redemption value of all the medium and long term securities of those descriptions which would be held by them in respect of special investments immediately after the investment would exceed the total redemption value of all the medium and long term securities of the description set out in sub-paragraph (*a*) of that paragraph held by them in respect of special investments.

3. The trustees of a trustee savings bank shall not invest any moneys received for special investment in any long term securities of the descriptions set out in paragraph 1 of the First Schedule to the Act if the total redemption value of all the long term securities of those descriptions which would be held by them in respect of special investments immediately after the investment would exceed one fifth of the total redemption value of all the medium and long term securities of those descriptions which would be held by them in respect of special investments immediately after the investment.

4.—(1) In these Regulations, unless the context otherwise requires, the following expressions have the meanings hereby respectively assigned to them, that is to say:—

"the Act" means the Trustee Savings Banks Act, 1958;

"long term security" means any security which, at the time at which investment in it is contemplated or its cost price or redemption value is to be taken into account under these Regulations, is not a security which will mature for repayment not later than twenty-five years after that time;

(a) 6 & 7 Eliz. 2. c. 8.

" medium and long term security " means any security which, at the time at which investment in it is contemplated or its cost price or redemption value is to be taken into account under these Regulations, is not a security which will mature for repayment not later than five years after that time ;

" moneys received for special investment " includes any moneys forming part of the assets held by a bank on account of special investments ;

" redemption value ", in relation to any security, means the amount which will be repaid in respect of that security on maturity.

(2) The Interpretation Act, 1889(a), shall apply to the interpretation of these Regulations as it applies to the interpretation of an Act of Parliament.

5. These Regulations may be cited as the Trustee Savings Banks (Special Investments) Regulations, 1958, and shall come into operation on the tenth day of April, nineteen hundred and fifty-eight.

Dated this third day of April, nineteen hundred and fifty-eight.

Martin Redmayne,
R. Brooman-White,
Two of the Lords Commissioners of
Her Majesty's Treasury.

EXPLANATORY NOTE

(This Note is not part of the Regulations but is intended to indicate their general purport.)

Section 2 of the Trustee Savings Banks Act, 1958, and the First Schedule to that Act, set out the securities in which trustees or Trustee Savings Banks may invest moneys received for special investment. These Regulations concern the purchase and holding of such securities.

No limit is placed on the purchase or holding of such permitted securities which will mature for repayment within five years or of local authority mortgages which are repayable within six months. The cost price of securities maturing at later dates must at no time exceed one-half of the amount due to depositors in the Special Investment Department of the Bank.

Further, the purchase of a security maturing after five years may not be made if it would result :—

(*a*) in the redemption value of British Government securities and securities of the Government of Northern Ireland (including securities guaranteed by one of those Governments) maturing after five years being less than the redemption value of other permitted securities maturing after five years ; or

(*b*) in the redemption value of permitted securities maturing after twenty-five years being more than one-fifth of the redemption value of all securities maturing after five years.

(a) 52 & 53 Vict. c. 63.