

ACT No. VII OF 1860.

PASSED BY THE LEGISLATIVE COUNCIL OF INDIA.

(Received the assent of the Governor General on the 24th February 1860.)

An Act to enable Joint Stock Banking Companies to be formed on the principle of Limited Liability.

WHEREAS it is expedient to enable Joint Stock Banking Companies to be formed on the principle of Limited Liability: It is enacted
Preamble. as follows:—

I. So much of Section I of Act XIX of 1857 (*for the incorporation and regulation of Joint Stock Companies and other Associations, either with or without Limited Liability of the Members thereof*) as provides that nothing in that Act shall authorize any persons to form themselves into a Joint Stock Company or Association with Limited Liability for the purpose of Banking; and so much of Section XCIX of the said Act as provides that no Company established for the purpose of Banking shall be registered under that Act as a Limited Company are hereby repealed, subject to the following Proviso, that no Banking Company, claiming to issue notes in India shall be entitled to Limited Liability in respect of such issue, but shall continue subject to unlimited Liability in respect thereof, and that, if necessary, the assets shall be marshalled for the benefit of the general creditors, and the Shareholders shall be liable for the whole amount of the issue in addition to the sum for which they would be liable as Shareholders of a Limited Company.
Laws repealed.

• II. Every existing Banking Company which shall register itself as a Limited Banking Company, shall at least thirty days previously to obtaining a certificate of Registration with Limited Liability, give notice that it is intended so to register the same, to
Existing Company, before obtaining registration under this Act, to give notice to Customers.
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every person and partnership firm who shall have a Banking Account with the Company, and such notice shall be given either by delivering the same to such person or firm, or leaving the same or putting the same into the Post in a registered letter addressed to him or them at such address as shall have been last communicated or otherwise become known as his or their address to or by the Company; and in case the Company shall omit to give any such notice as is hereinbefore required to be given, then as between the Company and the person or persons only who are for the time being interested in the account in respect of which such notice ought to have been given, and so far as respects such account and all variations thereof down to the time at which such notice shall be given, but not further or otherwise, the certificate of registration with Limited Liability shall have no operation.

III. Every Limited Joint Stock Banking Company shall, before it commences business, or if a Banking Company at the time carrying on business with unlimited Liability, before it avails itself of the provisions of this Act, and also on the 1st day of February and 1st day of August in every year during which it carries on business, make a statement in the form contained in the Schedule hereto annexed, or as near thereto as circumstances will admit; such statement shall be in addition to the balance sheet required by the said Act to be made out and filed with the Registrar of Joint Stock Companies: a copy of such statement shall be put up in a conspicuous place in the Registered Office of the Company, and in every branch Office or place where the Banking business of the Company is carried on, and if default is made in due compliance with the provisions of this Section, each Director shall be liable to a penalty not exceeding fifty Rupees for every day during which such default continues, and such penalties shall be recovered in a summary manner.

Limited Banking Company to furnish a statement.

IV. All such estate or interest in moveable and immoveable property, and all such deeds, bonds, obligations, and rights as may belong to, or be vested in, any person or persons in trust for any Banking Company at the date of its Registration under this Act or in trust for any other Company at the date of its Registration under the said Act XIX of 1857, shall immediately on Registration vest in such Banking or other Company, but no Merger shall take place of any estates by reason of their uniting in the Company under this Section, without the express consent of the Company, certified by some instrument under their common seal.

Trust property.

V. Any

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V. Any Banking Company consisting of seven or more persons having a capital of fixed amount and divided into shares also of fixed amount, legally carrying on the business of Banking previously to the passing of this Act, may at any time hereafter, with the assent of a majority of such of its Shareholders as may have been present in person, or in cases where proxies are allowed by the regulations of the Company by proxy at some General Meeting summoned for the purpose, register itself as a Company under this Act, and when so registered all such provisions contained in any Letters Patent or Deed of Settlement constituting or regulating the Company as are inconsistent with the said Act XIX of 1857 or with this Act, shall no longer apply to the Company so registered, but such Registration shall not take away or affect any powers previously enjoyed by such Company of Banking, issuing notes payable on demand, or of doing any other thing.

VI. The Registration under this Act of any Banking Company existing at the time of the passing of this Act, and hereby authorized to be registered, shall not affect or prejudice the liability of such Company to have enforced against it or its right to enforce any debt or obligation incurred, or any contract entered into, by, to, with or on account of such Company, previously to such Registration, and all such debts, obligations, and contracts shall be binding on the Company when so registered, and the other parties thereto, to the same extent as if such Registration had not taken place.

VII. Every person who at or previously to the date of the Registration under this Act of any Banking Company hereby authorized to be registered, may have held shares in such Company shall, in the event of the same being wound-up by the Court or voluntarily, be liable to contribute to the assets of the Company the same amount that he would, if this Act had not been passed, have been liable to pay to the Company, for, or on account of any debt of the Company in pursuance of any action, suit, judgment, or other legal proceeding that might, if this Act had not been passed, have been instituted or enforced against himself or the Company.

VIII. All such actions, suits, and other legal proceedings as may at the time of the Registration under this Act of any Company hereby authorized to be registered have been commenced by or against such Company or the Public Officer thereof, may be continued in the

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the same manner as if such Registration had not taken place; nevertheless execution shall not issue against the effects of any individual Shareholder in, or member of, such Company upon any judgment, decree, or order obtained against such Company in any action, suit, or proceeding so commenced as aforesaid; but in the event of the property and effects of the Company being insufficient to satisfy such judgment, decree, or order, an order may be obtained for winding-up the Company in manner directed by the said Act XIX of 1857.

Winding-up. IX. All Companies registered under this Act shall be wound-up in the manner directed by the said Act XIX of 1857.

X. Nothing in this Act shall affect Act VI of 1839, (relating to the Bank of Bengal), Act III of 1840 (for the incorporation of a Bank at Bombay), or Act IX of 1843 (for the incorporation of a Bank at Madras), or shall be deemed to apply to the several Banks of Bengal, Madras, and Bombay incorporated by the said Acts respectively.

Act not to apply to Banks of Bengal, Madras, or Bombay. Construction of Act. XI. This Act shall be deemed to be incorporated with and to form part of the said Act XIX of 1857.

SCHEDULE.

- Form of Statement to be published by a Limited Joint Stock Banking Company.
 - The Liability of the Shareholders is limited.
 - The capital of the Company is divided into Shares of Rupees each.
 - The number of Shares issued is
 - Calls to the amount of per Share have been made, under which the sum of Rupees has been received.
 - The liabilities of the Company on the first day of January (or July) were—
- | | | | |
|--------------------------------------|-----|-----|----|
| Notes issued, | Rs. | As. | P. |
| Deposits not bearing Interest, | | | |
| Deposits bearing Interest, | | | |
| Seven Day and other Bills, | | | |

Total, _____
The

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The assets of the Company on that day were—

| | Rs. | As. | P. |
|---|-----|-----|----|
| Government Securities, | | | |
| Bills of Exchange, | | | |
| Loans on Mortgage, | | | |
| Other Loans, | | | |
| Bank Premises, | | | |
| Other Securities, exclusive of unpaid Calls on Shares,..... | | | |
| Total, | | | |

Dated the first day of or one thousand eight hundred and