

1980-81

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

Presented and read a first time, 30 April 1981

(*Minister for Business and Consumer Affairs*)

A BILL

FOR

An Act to amend the *Securities Industry Act 1980*

BE IT ENACTED by the Queen, and the Senate and the House of Representatives of the Commonwealth of Australia, as follows:

PART I—PRELIMINARY

Short title, &c.

1. (1) This Act may be cited as the *Securities Industry Amendment Act (No. 2)* 1981.

(2) The *Securities Industry Act 1980*¹ is in this Act referred to as the Principal Act.

Commencement

2. (1) Part I of this Act shall come into operation on the day on which this Act receives the Royal Assent.

(2) Part II of this Act shall come into operation on a date to be fixed by Proclamation.

(3) Part III of this Act shall come into operation on the day on which the *Companies Act 1981* comes into operation.

PART II—MISCELLANEOUS AMENDMENTS**Interpretation**

3. Section 4 of the Principal Act is amended—

(a) by inserting after the definition of “function” in sub-section (1) the following definition:

“ ‘insolvent under administration’ means a person who—

- (a) under the *Bankruptcy Act* 1966 or the law of an external Territory, is a bankrupt in respect of a bankruptcy from which he has not been discharged; or
- (b) under the law of a country other than Australia or the law of an external Territory, has the status of an undischarged bankrupt,

and includes—

- (c) a person who has executed a deed of arrangement under Part X of the *Bankruptcy Act* 1966 or the corresponding provisions of the law of an external Territory or of the law of a country other than Australia where the terms of the deed have not been fully complied with; and
- (d) a person whose creditors have accepted a composition under Part X of the *Bankruptcy Act* 1966 or the corresponding provisions of the law of an external Territory or of the law of a country other than Australia where a final payment has not been made under that composition;”;

(b) by omitting from paragraph (a) of the definition of “listing rules” in sub-section (1) “the” (third occurring).

Relevant interests in securities

4. Section 5 of the Principal Act is amended—

(a) by inserting in paragraph (8) (e) “only” after “reason” and “particular” before “meeting”; and

(b) by adding at the end thereof the following sub-section:

“(12) A reference in this section to the prescribed percentage is a reference to 20% or, where a lesser percentage is prescribed by regulations in force for the time being for the purposes of section 11 of the *Companies (Acquisition of Shares) Act* 1980, a reference to that lesser percentage.”.

Associated persons

5. Section 6 of the Principal Act is amended by omitting sub-section (4) and substituting the following sub-section:

“(4) A person shall not be taken to be associated with another person by virtue of paragraph (1) (b), (c), (e) or (f) by reason only that one of those persons furnishes advice to, or acts on behalf of, the other person, in the proper performance of the functions attaching to his professional capacity or to his business relationship with the other person.”.

Power of Commission to require production of books

6. Section 8 of the Principal Act is amended—

- (a) by omitting paragraph (1A) (a) and substituting the following paragraph:
 - “(a) for the purpose of the performance of a function or the exercise of a power by the Commission under an Act that is a relevant Act for the purposes of the *Companies and Securities (Interpretation and Miscellaneous Provisions) Act* 1980 (other than the power of the Commission under sub-section 6 (3) of the *National Companies and Securities Commission Act* 1979) or under a law of a participating State or of a participating Territory that corresponds with such a relevant Act; or”;
- (b) by inserting in sub-paragraph (1A) (b) (i) “or corresponding law” after “Act”;
- (c) by inserting in paragraph (2) (a) “or, if a time and place at which the books are to be produced are specified in the notice, at that time and place,” after “forthwith”;
- (d) by inserting in paragraph (2) (b) “or, if a time and place at which the books are to be produced are specified in the notice, at that time and place,” after “forthwith”;
- (e) by inserting after sub-section (6) the following sub-section:
 - “(6A) A person shall not be subject to any liability by reason that the person complies with a direction given or purporting to have been given under sub-section (1), or a requirement made or purporting to have been made under sub-section (2).”;
- (f) by omitting from paragraph (8) (e) “its creditors” and substituting “another person or other persons”.

Power of Magistrate to issue a warrant to seize books

7. Section 9 of the Principal Act is amended by omitting sub-section (2) and substituting the following sub-sections:

“(2) The information laid for the purposes of sub-section (1) shall state that the person laying the information suspects that there are on particular premises in the Territory books the production of which has been required under section 8 or under a provision of a law of a participating State or of a participating Territory that corresponds with section 8 and which have not been produced in compliance with that requirement and shall specify the grounds on which the person so suspects.

“(2A) Where a magistrate issues a warrant under sub-section (1), he shall state on the information laid under that sub-section—

- (a) which of the grounds set out in the information as required by sub-section (2) he has relied on to justify the issue of the warrant; and
- (b) particulars of any other grounds relied on by him to justify the issue of the warrant.

“(2B) There shall be stated in a warrant issued under this section—

- (a) whether entry is authorized to be made at any time of the day or night or during specified hours of the day or night; and
- (b) a date, being a date not later than 7 days after the date of issue of the warrant, upon which the warrant ceases to have effect.”.

Offences

8. Section 10 of the Principal Act is amended by omitting sub-section (5) and substituting the following sub-section:

“(5) A person is not excused from making a statement providing an explanation as to any matter relating to the compilation of any books or as to any matter to which any books relate pursuant to a requirement made of him in accordance with section 8 or 9 on the ground that the statement might tend to incriminate him but, where the person claims before making a statement that the statement might tend to incriminate him, the statement is not admissible in evidence against him in criminal proceedings other than proceedings under this section.”.

Copies or extracts of books to be admitted in evidence

9. Section 10A of the Principal Act is amended by omitting from sub-section (3) “Commissioner or”.

Privilege

10. Section 11 of the Principal Act is amended by omitting the penalty and substituting the following sub-section and penalty:

“(2) Where—

- (a) under section 8 or 9, the Commission, or a person authorized by the Commission, requires a duly qualified legal practitioner to make a statement providing an explanation as to any matter relating to the compilation of books or as to any matter to which books relate; and
- (b) the legal practitioner is not able to make that statement without disclosing a privileged communication made by or on behalf of or to the legal practitioner in his capacity as a legal practitioner,

the legal practitioner is entitled to refuse to comply with the requirement, except to the extent that he is able to comply with the requirement without disclosing any privileged communication referred to in paragraph (b), unless the person to whom or by or on behalf of whom the communication was made or, if the person is a body corporate that is under official management or is in the course of being wound up, the official manager or the liquidator, as the case may be, agrees to the legal practitioner complying with the requirement but, where the legal practitioner so refuses to comply with a requirement, he shall, if he knows the name and address of the person to whom or by or on behalf of whom the communication was made, forthwith furnish that name and address in writing to the Commission or authorized person.

Penalty: \$1,000 or imprisonment for 3 months, or both.”.

Disclosure to Commission

11. Section 12 of the Principal Act is amended—

- (a) by omitting from sub-section (3D) “setting out the terms of sub-section (3C)”;
- (b) by omitting from sub-section (5) “\$5,000 or imprisonment for 1 year” and substituting “\$10,000 or imprisonment for 2 years”; and
- (c) by adding at the end thereof the following sub-section:

“(8) A person shall not be subject to any liability by reason that the person complies with a requirement made or purporting to have been made under this section.”.

Conduct of investigations

12. Section 17 of the Principal Act is amended by omitting from sub-section (9) “signed by a member of the Commission, by a delegate of the Commission or by a person authorized by a delegate of the Commission to sign the certificate” and substituting “by the Commission”.

Powers of inspectors

13. Section 19 of the Principal Act is amended—

- (a) by omitting from paragraph (8) (b) “to the extent that the inspector permits” and substituting “at such times during the examination as the inspector determines”; and
- (b) by inserting after sub-section (12) the following sub-sections:

“(12A) Where, in the opinion of an inspector, a legal practitioner acting for a prescribed person is attempting to obstruct the examination of the prescribed person by the exercise of the rights conferred on him under sub-section (8) to address the inspector or to examine the prescribed person, the inspector may require the legal practitioner to cease to address him or to cease to examine the prescribed person, as the case may be.

“(12B) Where an inspector makes a requirement of a legal practitioner under sub-section (12A), the legal practitioner shall not refuse or fail to comply with that requirement.”.

Investigation deemed to be a proceeding

14. Section 20 of the Principal Act is amended by omitting “of the Territory”.

Admissibility of record of examination in evidence in proceedings against person examined

15. Section 23 of the Principal Act is amended by omitting sub-section (2) and substituting the following sub-section:

“(2) Evidence of an answer given by a person at an examination under this Division shall not be admitted in evidence in criminal or civil proceedings against a person if—

- (a) the proceedings are criminal proceedings (other than proceedings for an offence against sub-section 19 (4) or other proceedings in respect of the falsity of the answer) and, before answering the question, the person claimed that the answer might tend to incriminate him;
- (b) the question and answer are not relevant to the proceedings and the person objects to the admission of the evidence;
- (c) the answer is qualified or explained by some other answer given at the examination, evidence of the other answer is not tendered in the proceedings and the person objects to the admission of the evidence of the first-mentioned answer; or
- (d) the answer discloses matter in respect of which a claim of legal professional privilege could be made by the person in the proceedings if the provision of this Division did not apply in relation to that evidence, and the person objects to the admission of the evidence.”.

Power of court to order observance or enforcement of business rules or listing rules of stock exchange

16. Section 42 of the Principal Act is amended by omitting sub-section (2) and substituting the following sub-section:

“(2) A body corporate shall, for the purposes of sub-section (1), be deemed to be under an obligation to comply with, observe and give effect to the listing rules of a stock exchange if that body corporate has been admitted to the official list of that stock exchange and has not been removed from that official list.”.

Grant of dealers licence or investment advisers licence

17. Section 48 of the Principal Act is amended by omitting from sub-paragraph (a) (i) “undischarged bankrupt” and substituting “insolvent under administration”.

Conditions to which licence is subject

18. Section 51 of the Principal Act is amended by inserting after sub-section (9) the following sub-section:

“(9A) The regulations may make provision for or in relation to the discharge in whole or in part by the local authority of securities lodged pursuant to this section.”.

Revocation and suspension of licences

19. Section 59 of the Principal Act is amended by omitting sub-paragraph (1) (a) (i) and substituting the following sub-paragraph:

“(i) becomes an insolvent under administration;”.

Further provisions relating to revocation and suspension of licences

20. Section 60 of the Principal Act is amended by omitting paragraph (1) (b) and substituting the following paragraph:

5 “(b) the Commission has reason to believe that the holder of a dealers licence, an investment advisers licence or a representatives licence has not performed the duties of a holder of such a licence efficiently, honestly and fairly,”.

21. Section 81 of the Principal Act is repealed and the following section substituted:

3 **Defamation**

“81. (1) An auditor is not, in the absence of malice on his part, liable to any action for defamation at the suit of any person in respect of—

- 5 (a) any statement that he makes, orally or in writing, in the course of his duties as auditor; or
(b) the lodging of any report with the Commission, or the sending of any report to a dealer or to a stock exchange, under section 79.

“(2) A person is not, in the absence of malice on his part, liable to any action for defamation at the suit of any person—

- 3 (a) in respect of the publishing of any document prepared by an auditor in the course of his duties or required by or under this Act or under the corresponding law of a participating State or of a participating Territory to be lodged with the Commission, whether or not the document has been so lodged; or
5 (b) in respect of the publishing of any statement made by an auditor as mentioned in sub-section (1).

“(3) This section does not limit or affect any right, privilege or immunity that an auditor or other person has, apart from this section, as defendant in an action for defamation.”.

3 **Power of Commission to require certain information to be supplied to Commission**

22. Section 93 of the Principal Act is amended by inserting in sub-section (1) “or periodical” after “newspaper” (last occurring).

Prohibition of dealings in securities by insiders

23. Section 128 of the Principal Act is amended—

- 5 (a) by inserting in paragraph (11) (a) “, executive officer” after “secretary”; and
(b) by omitting from paragraph (11) (e) “its creditors” and substituting “another person or other persons”.

Compensation for loss, &c.

24. Section 130 of the Principal Act is amended—

- (a) by inserting in paragraph (8) (a) “, executive officer” after “secretary”; and
- (b) by omitting from paragraph (8) (e) “its creditors” and substituting “another person or other persons”.

False or misleading statements

25. Section 135 of the Principal Act is amended by omitting sub-section (1) and substituting the following sub-section:

“(1) A person shall not, in, or in connection with, an application for a licence—

- (a) make a statement that is false or misleading in a material particular knowing it to be false or misleading; or
- (b) omit to state any matter or thing knowing that by reason of that omission the application is misleading in a material respect.”. 1.

Falsification of records

26. Section 138 of the Principal Act is amended by omitting “wilfully” from sub-section (1).

Offences by bodies corporate

27. Section 143 of the Principal Act is amended by omitting from paragraph (2) (e) “its creditors” and substituting “another person or other persons”. 20

Injunctions

28. Section 149 of the Principal Act is amended—

- (a) by omitting from sub-section (1) “grant an injunction restraining the person from engaging in the conduct” and substituting “grant an injunction restraining the first-mentioned person from engaging in the conduct and, if in the opinion of the court it is desirable to do so, requiring that person to do any act or thing”; 2:
 - (b) by inserting after sub-section (1) the following sub-section:
 - “(1A) Where— 30
 - (a) a person has refused or failed, is refusing or failing, or is proposing to refuse or fail, to do an act or thing; and
 - (b) that refusal or failure is, or would be, an offence against this Act, the Court may, on the application of—
 - (c) the Commission; or 3:
 - (d) any person whose interests have been, are or would be affected by the refusal or failure to do that act or thing,
- grant an injunction requiring the first-mentioned person to do that act or thing.”;

- (c) by inserting in sub-section (3) “, (1A)” after “(1)”;
- (d) by inserting after sub-section (4) the following sub-section:

5 “(4A) Where an application is made to the Court for a grant of an injunction requiring a person to do a particular act or thing, the power of the Court to grant the injunction may be exercised—

(a) if the Court is satisfied that the person has refused or failed to do that act or thing— whether or not it appears to the Court that the person intends to refuse or fail again, or to continue to refuse or fail, to do that act or thing; or

10 (b) if it appears to the Court that, in the event that an injunction is not granted, it is likely the person will refuse or fail to do that act or thing—whether or not the person has previously refused or failed to do that act or thing and whether or not there is an imminent danger of substantial damage to any person if the first-mentioned person engages in conduct of that kind.”; and

- 15 (e) by omitting sub-section (6) and substituting the following sub-section:

20 “(6) Where the Court has power under this section to grant an injunction restraining a person from engaging in particular conduct, or requiring a person to do a particular act or thing, the Court may, either in addition to or in substitution for the grant of the injunction, order that person to pay damages to any other person.”.

PART III—AMENDMENTS CONSEQUENTIAL ON ENACTMENT OF COMPANIES ACT 1981

Interpretation

25 29. Section 4 of the Principal Act is amended—

- (a) by omitting paragraph (a) from the definition of “exempt dealer” in sub-section (1) and substituting the following paragraph:

“(a) a corporation in respect of which a declaration made under paragraph 97 (7) (b) of the *Companies Act* 1981 is in force;”;

- 30 (b) by omitting “*Companies Ordinance* 1962” from the definition of “registered company auditor” in sub-section (1) and substituting “*Companies Act* 1981”; and

- 35 (c) by omitting from sub-section (7) “*Companies Ordinance* 1962” and “that Ordinance” and substituting “*Companies Act* 1981” and “that Act” respectively.

Disclosure to Commission

30 30. Section 12 of the Principal Act is amended by omitting from paragraph (3A) (c) “Division 3A of Part IV of the *Companies Ordinance* 1962” and substituting “Division 4 of Part IV of the *Companies Act* 1981”.

Grant of dealers licence or investment advisers licence

40 31. Section 48 of the Principal Act is amended by omitting sub-paragraphs (b) (i) and (ii) and substituting the following sub-paragraphs:

- “(i) the body corporate is not under official management, or in the course of being wound up, under the *Companies Act* 1981 or a previous corresponding law of the Territory or under a corresponding law, or a previous corresponding law, of a State or of another Territory;
- (ii) the body corporate is not a body corporate in respect of the property, or part of the property, of which a receiver, or a receiver and manager, has been appointed under the *Companies Act* 1981 or a previous corresponding law of the Territory or under a corresponding law, or a previous corresponding law, of a State or of another Territory;”.

Dealings as principal

32. Section 66 of the Principal Act is amended by omitting from subsection (6) “Division 5 of Part IV of the *Companies Ordinance* 1962” and substituting “Division 6 of Part IV of the *Companies Act* 1981”.

33. Section 75 of the Principal Act is repealed and the following section is substituted:

Appointment of auditor by dealer

“75. (1) Within one month after a person becomes the holder of a dealers licence he shall appoint a person or persons, a firm or firms, or a person or persons and a firm or firms, as auditor or auditors to audit his accounts.

- “(2) Subject to this section, a person shall not—
 - (a) consent to be appointed as auditor of a dealer;
 - (b) act as auditor of a dealer; or
 - (c) prepare a report required by this Act to be prepared by an auditor of a dealer,

if—

- (d) the person is not a registered company auditor;
- (e) the person, or a body corporate in which the person is a substantial shareholder for the purposes of Division 4 of Part IV of the *Companies Act* 1981 or the provisions of the law of a participating State or a participating Territory that correspond with that Division, is indebted in an amount exceeding \$5,000 to the dealer or, if the dealer is a body corporate, to a related body corporate; or
- (f) the person is—
 - (i) in the case of a dealer who is a natural person—a partner or employee of the dealer; or
 - (ii) in the case of a dealer that is a body corporate—
 - (A) an officer of the body corporate;
 - (B) a partner, employer or employee of an officer of the body corporate; or
 - (C) a partner or employee of an employee of an officer of the body corporate.

“(3) Subject to this section, a firm shall not—

- (a) consent to be appointed as auditor of a dealer;
- (b) act as auditor of a dealer; or
- (c) prepare a report required by this Act to be prepared by an auditor of a dealer,

unless—

- (d) at least one member of the firm is a registered company auditor who is ordinarily resident in a State or Territory;
- (e) where the business name under which the firm is carrying on business is not registered under the *Business Names Ordinance* 1963—there has been lodged with the Commission a return in the prescribed form showing, in relation to each member of the firm, his full name and his address as at the time when the firm so consents, acts or prepares a report;
- (f) no member of the firm, and no body corporate in which any member of the firm is a substantial shareholder within the meaning of Division 4 of Part IV of the *Companies Act* 1981, or the provisions of the law of a participating State or of a participating Territory that correspond with that Division, is indebted in an amount exceeding \$5,000 to the dealer or, where the dealer is a body corporate, to a related body corporate;
- (g) no member of the firm is—
 - (i) in the case of a dealer who is a natural person—a partner or employee of the dealer; or
 - (ii) in the case of a dealer that is a body corporate—
 - (A) an officer of the body corporate;
 - (B) a partner, employer or employee of an officer of the body corporate; or
 - (C) a partner or employee of an employee of an officer of the body corporate; and
- (h) in the case of a dealer that is a body corporate, no officer of the body corporate receives any remuneration from the firm for acting as a consultant to it on accounting or auditing matters.

“(4) A reference in sub-section (2) or (3) to indebtedness to a body corporate does not, in relation to indebtedness of a natural person, include a reference to indebtedness of that person to a body corporate that is a prescribed corporation for the purposes of Division 4 of Part VI of the *Companies Act* 1981 where—

- (a) the indebtedness arose as a result of a loan made to that person by the body corporate in the ordinary course of its ordinary business; and
- (b) the amount of that loan was used by that person to pay the whole or part of the purchase price of premises that are used by that person as his principal place of residence.

“(5) For the purposes of sub-sections (2) and (3), a person shall be deemed to be an officer of a body corporate if—

- (a) he is an officer of a related body corporate; or
- (b) except where the Commission, if it thinks fit in the circumstances of the case, directs that this paragraph shall not apply in relation to him— 5
he has, at any time within the immediately preceding period of 12 months, been an officer or promoter of the body corporate or of a related body corporate.

“(6) For the purposes of this section, a person shall not be taken to be an officer of a body corporate by reason only of his being or having been the liquidator of that body corporate or of a related body corporate. 10

“(7) For the purposes of this section, a person shall not be taken to be an officer of a body corporate by reason only of his having been appointed as auditor of that body corporate or of a related body corporate or, for any purpose relating to taxation, a public officer of a body corporate or by reason only of his being or having been authorized to accept on behalf of the body corporate or a related body corporate service of process or any notices required to be served on the body corporate or related body corporate. 15

“(8) The appointment of a firm as auditor of a dealer shall be deemed to be an appointment of all persons who are members of the firm and are registered company auditors, whether resident in a State or Territory or not, at the date of the appointment. 20

“(9) Where a firm that has been appointed as auditor of a dealer is re-constituted by reason of the death, retirement or withdrawal of a member or members or by reason of the admission of a new member or new members, or both— 25

- (a) a person who was deemed under sub-section (8) to be an auditor of the dealer and who has so retired or withdrawn from the firm as previously constituted shall be deemed to have resigned as auditor of the company as from the day of his retirement or withdrawal but, unless that person was the only member of the firm who was a registered company auditor and, after the retirement or withdrawal of that person, there is no member of the firm who is a registered company auditor, section 76 does not apply to that resignation; 30
- (b) a person who is a registered company auditor and who is so admitted to the firm shall be deemed to have been appointed as an auditor of the dealer as from the date of his admission; and 35
- (c) the reconstitution of the firm does not affect the appointment of the continuing members of the firm who are registered company auditors as auditors of the dealer, 40

but nothing in this sub-section affects the operation of sub-section (3).

“(10) Except as provided by sub-section (9), the appointment of the members of a firm as auditors of a dealer that is deemed by sub-section (8) to have been made by reason of the appointment of the firm as auditor of the dealer is not affected by the dissolution of the firm. 45

“(11) A report or notice that purports to be made or given by a firm appointed as auditor of a dealer shall not be taken to be duly made or given unless it is signed in the firm name and in his own name by a member of the firm who is a registered company auditor.

5 “(12) Where a person or firm is appointed as an auditor under sub-section (1) (not being an appointment that is deemed to be made by virtue of sub-section (9)) or under sub-section (16), the dealer shall within 14 days after the appointment lodge with the Commission a notice in writing stating that he has made the appointment and specifying the name of the person or firm.

10 “(13) Without limiting the generality of section 141, if, in contravention of this section, a firm consents to be appointed, or acts as, an auditor of a dealer or prepares a report required by this Act to be prepared by an auditor of a dealer, each member of the firm is guilty of an offence.

“(14) A person shall not—

- 15 (a) if he has been appointed auditor of a dealer—knowingly disqualify himself while the appointment continues from acting as auditor of the dealer; or
- 20 (b) if he is a member of a firm that has been appointed auditor of a dealer—knowingly disqualify the firm while the appointment continues from acting as auditor of the dealer.

“(15) An auditor of a dealer holds office until death, until removal or resignation from office in accordance with section 76 or until becoming prohibited from acting as auditor by reason of sub-section (2) or (3).

25 “(16) Within 14 days after a vacancy occurs in the office of an auditor of a dealer, if there is no surviving or continuing auditor of the dealer, the dealer shall appoint a person or persons, a firm or firms or a person or persons and a firm or firms to fill the vacancy.

“(17) While a vacancy in the office of an auditor continues, the surviving or continuing auditor or auditors (if any) may act.

30 “(18) A dealer shall not appoint a person or firm as auditor of the dealer unless that person or firm has, before the appointment, consented by notice in writing given to the dealer to act as auditor and has not withdrawn his or its consent by notice in writing given to the dealer.

35 “(19) This section does not apply in relation to a body corporate (other than an exempt proprietary company) in relation to which section 280 of the *Companies Act* 1981 or the corresponding provision of a law of a participating State or of a participating Territory applies.

40 “(20) In sub-section (19), ‘exempt proprietary company’ means a body corporate that is an exempt proprietary company within the meaning of the *Companies Act* 1981 or the corresponding law of a participating State or of a participating Territory.”.

Removal and resignation of auditors

34. Section 76 of the Principal Act is amended—

- (a) by omitting from sub-section (4) “of the Commission” and substituting “by the Commission”;
- (b) by omitting from paragraph (5) (b) “consents” and substituting “gives its consent”; and 5
- (c) by adding at the end thereof the following sub-section:
 - “(9) This section does not apply in relation to a body corporate in relation to which section 282 of the *Companies Act* 1981 or the corresponding provision of a law of a participating State or of a participating Territory applies.”. 10

Dealers' accounts

35. Section 78 of the Principal Act is amended—

- (a) by omitting “*Companies Ordinance* 1962” from paragraph (b) of the definition of “financial year” in sub-section (1) and substituting “*Companies Act* 1981”; and 15
- (b) by omitting from sub-section (2) “this Act” and substituting “the *Companies Act* 1981”.

Deposits to be invested by stock exchange

36. Section 97 of the Principal Act is amended— 20

- (a) by omitting paragraphs (1) (a) and (b) and substituting the following paragraphs:
 - “(a) on interest-bearing term deposit with a banking corporation; or
 - (b) on deposit with a corporation in respect of which a declaration made under paragraph 97 (7) (b) of the *Companies Act* 1981 is in force.”; and 25
- (b) by omitting sub-section (2).

Investment of fund

37. Section 110 of the Principal Act is amended by omitting all the words after “corporation” and substituting “in respect of which a declaration made under paragraph 97 (7) (b) of the *Companies Act* 1981 is in force.”. 30

Prohibition of dealings in securities by insiders

38. Section 128 of the Principal Act is amended—

- (a) by omitting from paragraph (8) (b) “Division 3A of Part IV of the *Companies Ordinance* 1962” and substituting “Division 4 of Part IV of the *Companies Act* 1981”; and 35
- (b) by omitting from sub-paragraph (8) (c) (ii) “Division 3A of Part IV of the *Companies Ordinance* 1962” and substituting “Division 4 of Part IV of the *Companies Act* 1981”. 40

Compensation for loss, &c.

39. Section 130 of the Principal Act is amended by omitting paragraph (3) (b) and substituting the following paragraph:

5 “(b) if the first-mentioned person has been found by a court to be liable,
or has been ordered by a court, to pay an amount or amounts to any
other person or persons under this Part or under sub-section 229 (6)
10 of the *Companies Act* 1981 or under a corresponding provision of a
previous law of the Territory by reason of the same act or transaction—
the amount of that loss or profit less the amount or the sum of the
amounts that the first-mentioned person has been so found to be liable,
or has been so ordered, to pay.”.

NOTE

1. No. 66, 1980, as amended. For previous amendments, see No. 3, 1981.

