

15TH JULY, 1925.

### PRESENT

HIS EXCELLENCY THE GOVERNOR (SIR REGINAL EDWARD STUBBS, K.C.M.G.).

HIS EXCELLENCY THE GENERAL OFFICER COMMANDING THE TROOPS (MAJOR-GENERAL C. C. LUARD, C.B., C.M.G.).

THE COLONIAL SECRETARY (HON. SIR CLAUD SEVERN, K.B.E., C.M.G.).

THE ATTORNEY-GENERAL (HON. SIR HENRY POLLOCK, K.C.).

THE COLONIAL TREASURER (HON. MR. C. MCL. MESSER, O.B.E.).

HON. MR. H. T. CREASY (Director of Public Works).

HON. MR. D. W. TRATMAN (Secretary for Chinese Affairs).

HON. DR. J. B. ADDISON, M.B.E. (Principal Civil Medical Officer).

HON. MR. P. H. HOLYOAK.

HON. MR. A. O. LANG.

HON. MR. CHOW SHOU-SON.

HON. MR. H. W. BIRD.

HON. MR. R. H. KOTEWALL.

HON. MR. C. G. ALABASTER, K.C., O.B.E.

MR. A. G. M. FLETCHER, C.M.G., C.B.E. (Clerk of Councils).

### Financial Minute

THE COLONIAL SECRETARY, by order of H.E. the Governor laid upon the table Financial Minute No. 45, and moved that it be referred to the Finance Committee.

THE COLONIAL TREASURER seconded, and this was agreed to.

### Emergency Regulations

THE ATTORNEY-GENERAL—I beg to move the first reading of a Bill intituled, An Ordinance to amend the Emergency Regulations Ordinance, 1922. The object of this Bill is to amend Section 3 of Ordinance 5 of 1922 whereby a penalty is limited to a fine of \$1,000 and imprisonment for any term not exceeding one year. It is thought that, in certain cases, it is desirable to enlarge that penalty and punishment and Clause 2 of this Bill amends section 3 of the Emergency Regulations Ordinance of 1922 so as to allow of a penalty or punishment other than that laid down in that Ordinance. Clause 3 of this Bill, which has a retrospective effect, is intended to validate a certain set of regulations passed very recently indeed and under which, I may say, no proceedings at all have been taken. As it is necessary to validate, or desirable to validate, that particular set of regulations, clause 3 of the Bill is drafted in such a way as to effect the validation not merely of these regulations but also any other regulations which have been made since June 1st, 1925. It is proposed, if hon. members have no objection, to move the suspension of the Standing Orders in order to enable this Bill to be passed through all stages at one sitting the Council.

THE COLONIAL SECRETARY seconded, and the Bill was read a first time.

H.E. THE GOVERNOR—To permit the suspension of the Standing Orders I have to declare that a state of emergency exists. I declare an emergency exists that makes it necessary to pass this Bill through all its stages at one sitting of the Council. My reasons for so stating

are that the regulations which it is necessary to validate have been passed to deal with the present position in the Colony, and it is essential that the Government should have at the earliest possible moment the right to exercise the powers conferred upon them.

THE ATTORNEY-GENERAL—I beg to move the suspension of the Standing Orders to enable the Bill to be passed through all its stages.

THE COLONIAL SECRETARY seconded, and the motion was agreed to.

THE ATTORNEY-GENERAL then moved the second reading of the Bill.

THE COLONIAL SECRETARY seconded, and the Bill was read a second time.

Council then went into Committee to consider the Bill clause by clause.

No amendments were made in Committee and upon Council resuming,

THE ATTORNEY-GENERAL proposed that the Bill be read a third time.

THE COLONIAL SECRETARY seconded, and the Bill was read a third time and passed.

### Settlement Day

THE ATTORNEY-GENERAL—I beg to move the first reading of a Bill intituled, An Ordinance relating to the postponement of the June Settlement and to the facilitation of the carrying out of the June and July settlements. I have already addressed the Council on a previous edition of this Bill, but hon. members now have before them a new edition and I would ask them kindly to follow my remarks with that new edition. As regards Clauses 3, 4 and 5 of the present Bill, the sole object of these clauses is to validate the postponement of the June Settlement, and the only material difference between these clauses and the clauses of the Bill which was last before the Council is that it has now been decided, instead of allowing the June settlement to extend over four days from the 14th to 17th of July inclusive, to carry out the Settlement on one day, and to make that day

the 23rd of July.

Coming to Clause 6 of the Bill, this clause gives the buyer of shares for either the June or July settlement—and it also includes those who are having shares carried for June or July settlement—a certain option which I will now explain to the Council.

The option is that the buyer, if he does not intend to take delivery of shares on the due date at the contract price, may, on or before July 21st, 1925, make a request in writing to the seller to carry such shares for such buyer until and including the 22nd day of September, which I may mention is the date of the September Settlement. Clause 6 also gives the buyer the option, if he pleases, to redeem the shares at an earlier date. But there is one important point in this connection. It is not enough for the buyer merely to express the request which I have mentioned on or before July 21st, because such a request shall not be effective unless concurrently with the making of it, the buyer pays to the seller all interest, brokerage and stamp duty, and also, where the price at which the buyer has bought is greater than the flat rate, the difference between the flat rate and the contract price.

Now with reference to what is termed the flat rate, hon. members will see the definition of it in Clause 2c of this Bill. The "flat rate" means the quotation for shares which is set out in the schedule and, in the case of shares which are not included in the schedule, such quotation as may be fixed by the Governor.

My attention has been called by the Stockbrokers Association to a mistake in the quotation of Hongkong Tramway shares as given in the schedule. They are shown at  $\$37\frac{1}{4}$ . I am told they should appear as  $\$37\frac{1}{2}$ . I have myself spotted another error. Singapore trams are given at \$22. That is obviously a misprint for \$2. I do not know whether \$22 is a case of intelligent anticipation. It will be noticed in clause 2c also that provision is made for shares not included in the Schedule. In such circumstances it has been thought advisable to give the Governor power to fix the flat rate. I presume it will be necessary for His Excellency to obtain the information by telegraph and then give the flat rate.

Generally I may say the idea of clause 6 of this Bill is to obviate the necessity

for a buyer of shares, as it were, to fulfill his contract at the June and July Settlements. He is given the option, if he pays up the difference between the contract price and the flat rate I have mentioned—a difference which in some cases will no doubt amount to \$20 or so a share—to request the postponement of his liability to take up his contract until the September settlement. That means he will get practically an extension of two months for taking up and paying over the balance of the purchase money due on his shares.

I may say that although this legislation seems somewhat exceptional, the Government has been careful to take the opinion of leading brokers in the Colony and the opinion has also been taken of the Chief Manager of the Hongkong and Shanghai Banking Corporation. Their opinion is that this clause—although it may seem unusual legislation—is the best kind of legislation that can be devised in the exceptional circumstances which now exist in the Colony.

Clause 7 of the Bill provides that so long as a seller is by the provisions of the Ordinance required to carry shares a pledgee, chargee or mortgagee of such shares from such seller shall not be entitled to call in any loan made by him to such seller. I think hon. members will agree that that is desirable.

Clause 8 gives the power of sale to the seller if the buyer, after making the request to which I have referred and paying the difference between the flat rate and the contract price, fails to redeem his shares on or before the September Settlement day.

Clause 9 was inserted in order to prevent the seller from "squeezing" the buyer. It is, of course, quite obvious, if a seller has no shares in effect to deliver, that he has no right to call upon the buyer to carry out his contract at all. Therefore clause 9 provides that the buyer may ask for the scrip numbers of the shares to be supplied to him.

I may say, Sir, that it is regretted that it has been found necessary to bring forward this Ordinance at such comparatively short notice.

The Government, however, has done the best it can in the time at its disposal, to consult those who seemed most competent to advise regarding this form of legislation. Before I sit down I should also like to express my great indebtedness to Mr. Mattingley, of Messrs. Deacons, who has given a considerable amount of his time in drafting, with me, the various clauses of this somewhat exceptional piece of legislation.

THE COLONIAL SECRETARY seconded, and the Bill was read a first time.

THE ATTORNEY-GENERAL—I should like to correct two erroneous statements that have been made regarding this Bill. It should be clearly understood that if any buyer of shares for the June or July settlement, or any other person for whom shares are being carried for these statements, wishes to take advantage of the option referred to in Clause 6 he must do so on or before July 21st. The other is that the settlement day for June settlement is not on the 21st of July but on the 23rd of July.

Council then adjourned until Saturday at noon.

#### FINANCE COMMITTEE

A meeting of the Finance Committee following, the COLONIAL SECRETARY presiding.

#### Police Quarters

The Governor recommended the Council to vote a sum of \$6,060 on account of Public Works, extraordinary, Hongkong, miscellaneous, altering and equipping the properties rented in Percival Street and Wong Nei Chung Road for Police quarters.

THE CHAIRMAN—These police quarters will have to be rented until the No. 1 Police Station which it is proposed to erect on the Morrison Hill site is ready. That will be three or possibly four years.

Approved.