STATUTORY INSTRUMENTS

# 1963 No. 1397

# BORROWING AND SECURITIES

## The Protection of Depositors (Contents of Advertisements) Regulations 1963

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| *Made* - - - - | 13*th August* 1963 |
| *Laid before Parliament* | 19*th August* 1963 |
| *Coming into Operation* | 10*th October* 1963 |

The Board of Trade in pursuance of the powers conferred upon them by subsections (1)(*a*) and (2) of section 3 of the Protection of Depositors Act 1963(a) hereby make the following Regulations:—

**1.** An advertisement with respect to deposits to be made with a company incorporated in, or having an established place of business in, Great Britain (hereinafter referred to as " an advertisement ") shall, if it is to qualify for exemption under section 2(3) of the Protection of Depositors Act 1963 (hereinafter referred to as " the Act "), comply with the following provisions of these Regulations.

**2.** An advertisement shall state—

(*a*) the name of the company;

(*b*) subject to the provisions of Regulation 9 hereof, any other name under which the company carries on business; and

(*c*) where the company is incorporated outside Great Britain, the country in which it is incorporated.

**3.**—(1) Subject to paragraph (3) of this Regulation an advertisement shall contain—

(*a*) a general description of the business of the company, and where any business which the company proposes to carry on but does not yet carry on is mentioned, the advertisement shall distinguish between any business carried on and any business which the company proposes to carry on;

(*b*) the names of the directors of the company;

(*c*) the name of the company's bankers; and

(*d*) except in the case of an advertisement issued on or before the appointed day, the date of the balance sheet comprised in the last accounts delivered by the company to the Registrar and the Board of Trade under the Act, or where no accounts have been so delivered, the date of the prospectus, statement in lieu or other document referred to in section 10 of the Act.

(a) 1963 c. 16.

(2) For the purpose of this Regulation any business carried on or proposed to be carried on by a subsidiary of the company shall be treated as though it were a business carried on or proposed to be carried on (as the case may be) by the company.

(3) In relation to any advertisement issued in a newspaper, or by the display of a poster, or by the exhibition of a cinematograph film, or by way of sound broadcasting or television this Regulation applies only if the advertisement—

(*a*) contains a reference to the rate of interest payable on deposits (whether the rate is specified or not) or to the amount or rate of any premium at which deposits are repayable; and

(*b*) does not contain an indication that further particulars will be sent if application is made to an address specified in the advertisement.

**4.**—(1) Where an advertisement specifies the rate of interest payable on deposits the advertisement shall state—

(*a*) the minimum amount, if any, which would have to be deposited in order to earn that rate of interest;

(*b*) the minimum period of time, if any, during which a deposit of that amount would have to be retained by the company in order to earn that rate of interest; and

(*c*) the minimum period of notice, if any, which would have to be given before repayment could be required of a deposit earning that rate of interest.

(2) Where an advertisement specifies more than one rate of interest payable on deposits the advertisement shall contain the information required by paragraph (1) of this Regulation in relation to each such rate of interest.

**5.**—(1) Where an advertisement contains a reference to the amount of the authorised capital or issued capital of the company or of any holding company of the company that amount shall be described as such and the advertisement shall also state with equal prominence the amount of the paid-up capital, described as such, of the company or of that holding company, as the case may be.

(2) Where an advertisement contains a reference to the amount of the capital (whether authorised, issued or paid-up) of a holding company of the company the advertisement shall also state with equal prominence the amount of the paid-up capital of the company, described as such.

**6.**—(1) Where an advertisement contains a reference to the amount of the company's assets the advertisement shall, unless that amount relates to the company's net assets and is so described, state with equal prominence the amount of the company's liabilities, described as such.

(2) Where an advertisement contains a reference to the amount of the assets of a holding company of the company—

(*a*) the advertisement shall, unless that amount relates to the net assets of that holding company and is so described, state with equal prominence the amount of the liabilities of that holding company, described as such; and

(*b*) the advertisement shall state with equal prominence the amount of the net assets of the company, described as such.

(3) Where an advertisement contains a reference to the amount of the assets of a group of which the company is a member—

(*a*) the advertisement shall, unless that amount relates to the net assets of the group and is so described, state with equal prominence the amount of the liabilities of the group, described as such; and

(*b*) the advertisement shall state with equal prominence the amount of the net assets of the company, described as such.

(4) Where an advertisement contains a reference to the amount of the capital and reserves of a holding company of the company, or of a group of which the company is a member, the advertisement shall also state with equal prominence the amount of the capital and reserves of the company, described as such.

(5) References in this Regulation to the amount of the net assets of a group and the amount of the liabilities of a group shall be construed as references to the amount of the net assets or liabilities respectively, which appear or would appear from a consolidated balance sheet dealing with the state of affairs of the holding company of the group and all its subsidiaries and complying with the requirements of section 152 of the Companies Act 1948(a); and an advertisement shall not contain any reference to the amount of the assets or liabilities of a group other than references to the amount of such assets or liabilities as appear or would appear from such a consolidated balance sheet as aforesaid.

(6) Where by virtue of any provision of this Regulation an advertisement is required to state an amount as a consequence of the inclusion therein of any other amount that requirement shall be deemed to be complied with—

(*a*) if the amount required to be stated is stated with the same degree of approximation as is the other amount; or

(*b*) if the advertisement states that the amount of any liabilities required to be stated does not exceed an amount specified in the advertisement or that the amount of any assets or of any capital and reserves required to be stated exceeds an amount so specified.

(7) For the purposes of this Regulation—

(*a*) "liabilities" includes provisions;

(*b*) the net assets of a company or a group shall be taken to be the total assets less the liabilities;

(*c*) a group means a company and all its subsidiaries.

**7.** An advertisement shall not state or imply that the repayment of any deposits or the payment of any interest payable on deposits is guaranteed or secured unless the advertisement also states the nature and extent of the guarantee and the name of the guarantor, or the nature and extent of the security, as the case may be.

**8.** An advertisement shall not refer to any accounts as audited accounts unless they are audited accounts within the meaning of section 27(1) of the Act; and an advertisement shall not refer to any balance sheet or profit and loss account as an audited balance sheet or profit and loss account unless it is comprised in any such audited accounts.

**9.** An advertisement shall not contain the words "bank" or "banker" (whether in the singular or plural) or the word "banking", or any expression which includes any of those words, either in conjunction with the com-

(a) 11 & 12 Geo. 6. c. 38.

pany's name or in describing its business or in any other manner which might reasonably be held to imply that the company carries on banking business:

Provided that nothing in this Regulation shall prohibit an advertisement from—

(*a*) stating the name of any company;

(*b*) stating the name under which any company carries on business, being a name registered under the Registration of Business Names Act 1916(a), as amended (b); or

(*c*) describing any company as a member of the Industrial Bankers' Association.

**10.**—(1) References in these Regulations to "the company" shall be construed as references to the company with which deposits are invited to be made.

(2) In these Regulations "newspaper" includes any journal, magazine or other periodical.

(3) Without prejudice to the provisions of section 31 of the Interpretation Act 1889(c), words and phrases used in these Regulations shall, except where the context otherwise requires, bear the same meanings as in the Companies Act 1948(d).

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

**11.** These Regulations may be cited as the Protection of Depositors (Contents of Advertisements) Regulations 1963 and shall come into operation on 10th October 1963.

Dated 13th August 1963.

*Alan Green,*
Minister of State,
Board of Trade.

## EXPLANATORY NOTE

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

These Regulations, which are made under the Protection of Depositors Act 1963, specify the matters which must, and also those which must not, be included in advertisements inviting the public to deposit money with companies. In particular, Regulation 9 restricts the use in such advertisements of the words "bank", "banker" and "banking".

(a) 6 & 7 Geo. 5. c. 58. (b) The relevant amendment is contained in the Companies Act 1947 (c. 47), s. 58. (c) 52 & 53 Vict. c. 63. (d) 11 & 12 Geo. 6. c. 38.