

CAYMAN ISLANDS



GOVERNMENT SECURITIES LAW

(2003 Revision)

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ENACTED by the Legislature of the Cayman Islands.

Part 1 – Introductory

Short title

1. This Law may be cited as the *Government Securities Law, (2003.Revision)*

Definitions

2. In this Law —

“**Authority**” means the Cayman Islands Monetary Authority established under section 3(1) of the *Monetary Authority Law (2003 Revision)* and includes any employee of the Authority acting under the Authority’s authorisation;

“**civil proceedings**” do not include proceedings which in England would be taken on the Crown side of the Queen’s Bench Division;

“**Crown**” means Her Majesty in right of Her Government in the Islands;

“**fiscal agent**” includes any bank, corporation or company appointed by the Governor in Council to be the fiscal agent of the Government for the service of securities;

“**Governor**” means the person for the time being holding the office of Governor of the Islands, and includes any person for the time being lawfully performing the functions of that office under section 1 of Schedule 2 to the Cayman Islands (Constitution) Orders 1972 to 1993, and to the extent to which

a Deputy appointed under section 4 of Schedule 2 to the Cayman Islands (Constitution) Orders 1972 to 1993 is authorised to act, that Deputy;

“Governor in Council” means the Governor acting in accordance with the advice of the Executive Council of the Islands;

“Government” means the Government of the Islands;

“prescribed” means prescribed by regulations made under this Law;

“registered securities” means securities, including notes, bonds and debentures authorised to be issued under this Law;

“register” means the register of each issue of securities kept under section 11;

“Registrar” means the Registrar appointed under section 9;

“revenue” means all tolls, taxes, imposts, rates, duties, fees, penalties, forfeitures, rents and dues, proceeds of sale and all other receipts of the Government from whatever sources arising, over which the Legislative Assembly has the power of appropriation, including the proceeds of all loans raised; and

“securities holder” means a person holding registered securities who is entered as owner in the register.

Application

3. This Law shall be applicable only to loans raised for the Islands.

Part II - Power To Raise Loans

Issue of registered securities for the purpose of raising authorised loans

4. (1) Whenever, by any law or a resolution of the Legislative Assembly, authority is given to the Governor in Council to raise any money by way of loan for any purpose mentioned in that law or resolution, or whenever it is necessary to raise any sum of money for the purpose of repaying any loan raised by the Government under this or any other law or a resolution of the Legislative Assembly, the Governor in Council may, from time to time, raise such sum or any part thereof under this Law by the creation and issue of registered securities.
- (2) Each issue of registered securities made under this Law for the purpose of raising any specified sum of money shall be deemed to be securities issued in respect of a separate loan notwithstanding that the sum of money so raised is part only of a sum of money authorised by any other law or a resolution of the Legislative Assembly to be raised by way of a loan.



Securities to be charged on the revenue

5. The principal moneys and interests represented or secured by any registered stock issued under this Law are charged upon and shall be payable out of the revenue.

Financial Secretary to give directions as to name of securities and other matters

6. (1) The Financial Secretary may, in respect of each issue of securities to be raised under this Law, specify, by directions published in the Gazette —
- (a) the name of the securities;
 - (b) the amount of securities to be issued;
 - (c) the form and denominations of the securities;
 - (d) the rate or rates of interest payable on the securities;
 - (e) the dates on which the interest on the securities shall be payable;
 - (f) whether there shall be sinking fund for the redemption of the securities;
 - (g) whether all or part of the amount of the securities issued may be in foreign currency;
 - (h) the date of the redemption of the securities; and
 - (i) any other matter related to each issue of securities.
- (2) The date of redemption of any securities shall not be later than thirty years from the date of issue of such securities.
- (3) Where the Financial Secretary considers it necessary to reserve an option to redeem any securities at any date earlier than the date of redemption specified for such securities by the directions under subsection (1) he shall, by such directions, specify the terms and conditions on which such securities may be redeemed at any earlier date.

Accountant General to make necessary arrangements

7. Upon the publication, under section 6, of the directions of the Financial Secretary in respect of any securities to be raised under this Law or a resolution of the Legislative Assembly, the Accountant General may, subject to the provisions of such directions and to further directions as the Financial Secretary may give in that behalf, make all such arrangements with the Authority as may be necessary to raise those securities upon the most favourable terms that can be obtained.

Nature, form, etc., of securities

8. (1) Securities shall be direct, unconditional and general obligations of the Islands, and the full faith and credit of the Islands shall be unconditionally pledged for the payment of the principal of and interest on securities and any premium, charge, assessment or other expense which may be incurred in connection with the issue or redemption thereof and for the performance of all the covenants and obligations of the Islands thereunder or with respect thereto.
- (2) The principal of and the interest on securities, any other payments to be made with respect to such securities and any sinking fund payment to be made under section 24 are hereby charged on and shall be payable out of the revenue.

PART III - The Registrar**The Registrar**

9. The Authority may be the registrar of each issue of securities.

Delegation by registrar

10. (1) The Registrar may, with the approval of the Financial Secretary, delegate any person to exercise such control of the powers to perform such of the duties conferred or imposed on the Registrar by this Law as may be specified by instrument in writing under the seal of the Registrar, and thereupon the person delegated shall have and may exercise such powers and perform such duties.
- (2) The delegation by the Registrar under subsection (1) —
- (a) shall not preclude the Registrar from exercising or performing at any time any of the powers or duties so delegated;
 - (b) may be conditional, qualified or limited in such manner as the Registrar may think fit; and
 - (c) may be amended at any time by the Registrar.

Register of securities

11. (1) The Registrar shall keep a register of each issue of registered securities under this Law in which all such securities and all transfers of and all dealings in such securities shall be registered and in which shall be entered all matters and things which by the Law or by the terms of the securities are required to be entered in the register.
- (2) The register shall be kept in such form as the Registrar considers appropriate.



Matters to be registered

12. A copy of the documents containing the authority for and the conditions of each issue of registered securities shall be lodged with the Registrar by the Accountant General.

Fiscal agents

13. Notwithstanding any other provisions in this Law the Governor in Council may, on such terms and conditions as it thinks fit, and when it considers it necessary so to do, authorise a fiscal agent to carry out any or all of the duties and functions of the Registrar under this Law.

Part IV - Registered Securities

Stockholder

14. For the purposes of this Law, no person shall be entitled to any registered securities unless he is registered as a stockholder in respect thereof.

Registration of ordinary stockholders

15. No person shall be registered as the original holder of any registered securities except upon payment in full of the purchase price of his holding in those securities.

Securities certificate

16. (1) Subject to subsection (2), the Registrar may issue to every securities holder a securities certificate in such form as may be determined by the Financial Secretary from time to time.
- (2) Where a security is held by two or more persons jointly, they shall nominate in writing to the Registrar the person to whom the securities certificate may be issued.

Transfer of registered securities

17. For the purposes of this Law the title of any stockholder to any registered securities shall not be deemed to be transferred to any other person except upon the execution of such instrument of transfer as may be determined by the Financial Secretary and upon the registration of the transferee as the stockholder under section 18.

Registration of transfer securities

18. (1) The Registrar shall not register a transfer of securities until he has received the instrument of transfer and the securities certificate or certificates relating to those securities.
- (2) Notwithstanding subsection (1), the Registrar may, subject to such conditions as may be prescribed, register that transfer of securities where it is proved to

his satisfaction that the securities certificate or certificates relating to those securities have been lost, stolen or destroyed.

Register to be conclusive evidence of facts entered therein

- 19.** (1) The entries in the register kept under this Law shall be conclusive evidence of the facts, matters, particulars and transactions to which those entries relate unless a securities holder or his representative indicates to the satisfaction of the Registrar that there is a manifest error.
- (2) Notwithstanding subsection (1) and the provisions of any other law, a copy of any entry in the register certified in writing by or on behalf of the Registrar to be a true copy of the original entry shall be receivable in evidence in any judicial proceedings unless a judge of the Grand Court otherwise directs.

Liability of Government in respect of issue of securities

- 20.** The Government shall be obligated to pay, to the person registered for the time being as the securities holder, the principal sum represented by that securities and that interest due thereon, and any premium, charge, assessment or other expense which may be incurred in connection with the issue or the redemption thereof, in accordance with this Law, at the rate and on the dates directed by the Financial Secretary under section 6 or under an option to redeem such securities reserved in such directions.

Part V - Payment Of Interest On Securities

Payment out of revenue for payment of interest

- 21.** As long as interest is payable under this Law in respect of any security, the Financial Secretary shall cause to be paid out of the revenue a sum sufficient to meet all interest payable during a particular financial year and shall authorise and direct the Accountant General to pay to the Registrar such sums for the payment of that interest (including penalty interest) within sufficient time to enable the Registrar to make timely payments of interest to securities holders in accordance with the terms of the securities.

Payments

- 22.** All payments of interest and all repayments of the principal amount due on any registered securities and all payments of any premium, charge, assessment or other expense which may be incurred in connection with the issue or redemption thereof shall be made by the Registrar in the Islands unless otherwise directed by the Financial Secretary under section 6.



Part VI - Sinking Fund And Repayment Of Loans

Establishment of sinking fund

- 23.** If, by directions under section 6 (1), the Financial Secretary has specified that there shall be a sinking fund for the purpose of redeeming an issue of securities made under this Law, the Financial Secretary shall establish a sinking fund for that purpose with effect from the date specified under such directions as the date from which contributions to the sinking fund for that issue of securities shall commence.

Payment into sinking fund

- 24.** The Financial Secretary shall cause to be paid out of the revenue into each sinking fund established under section 23 a sum determined in accordance with the amount specified by directions under section 6 (1).

Trustees for sinking fund

- 25.** The following persons shall be trustees of any sinking fund under section 24 —
- (a) the Financial Secretary;
 - (b) the Deputy Financial Secretary;
 - (c) the Managing Director of the Authority; and
 - (d) a director of the Authority nominated by the Governor in Council.

Trustees to hold sinking fund and other moneys in trust for redemption

- 26.** The trustees of a sinking fund established under section 23 shall hold all moneys received by them or on their behalf under this Law and the investments for the time being representing those moneys in trust to apply them in redeeming the loan for which the sinking fund was established.

Investment of sinking fund

- 27.** (1) All money paid into a sinking fund established under section 23 may be invested by the trustees in investments approved from time to time by the Financial Secretary.
- (2) The dividends, interest, bonus and other profits of any investment of any part of any sinking fund shall, subject to the approval of the Financial Secretary, be placed at interest or invested by the trustees so as to form part of that sinking fund in like manner as moneys paid under section 24 as contributions to that sinking fund.
- (3) The trustees may, at any time, utilise the sinking fund or the money paid in under section 24 for the purchase of the stock for the redemption of which the sinking fund was established.
- (4) The trustees shall not invest any moneys contained in a sinking fund —

- (a) by way of deposit at interest; or
- (b) in any stock or securities,

the date for the repayment or redemption of which is later than the date specified by directions under section 6 (1) for the redemption of the stock for which the sinking fund was established.

Cessation of contributions to sinking fund

- 28.** (1) Notwithstanding anything to the contrary contained in this Law, if, at any time, the trustees are satisfied in relation to any securities issued under this Law for the redemption of which a sinking fund was established under section 23, that such sinking fund will be sufficient with further accumulations of interest, but without further payments under section 24, to enable the securities to be redeemed at the time fixed for its redemption, they shall inform the Governor in Council accordingly and the Governor in Council is hereby authorised in such event to suspend further payments into that sinking fund.
- (2) Notwithstanding subsection (1), payments to the sinking fund shall be recommenced if the trustees at any time thereafter inform the Governor in Council that they are no longer satisfied that the sinking fund with further accumulations of interest will be sufficient for the redemption of those securities.

Redemption of securities

- 29.** (1) If —
- (a) a sinking fund has been established under section 23 for the redemption of an issue of securities raised under this Law; and
 - (b) at the date fixed for the redemption of that issue of securities, such sinking fund is insufficient for such redemption,
- the Governor in Council shall pay out of the revenue to the Registrar a sum equivalent to the deficiency for the purpose of redeeming that issue of securities.
- (2) If a sinking fund has not been established under section 23 for the redemption of an issue of securities raised under this Law, the Governor in Council shall —
- (a) at the date of redemption;
 - (b) if an option has been reserved under section 6 (3) to redeem the securities earlier than the date of redemption, at any earlier date determined by the Governor in Council,
- pay out of the revenue to the Registrar such sum as is required to redeem that securities.



Part VII - Conversions Of Loans, Etc. Into Securities

Power of Governor in Council to authorise conversion of loans generally

- 30.** (1) The Governor in Council may —
- (a) from time to time, declare that any debentures, loans or other securities of the Government issued under any law for the time being in force are convertible, at the option of the holders thereof, into registered securities on such terms as it may from time to time determine; or
 - (b) authorise the creation and issue under this Law of registered securities —
 - (i) in exchange for debentures issued under any law for the time being in force; or
 - (ii) in order to raise money for the redemption of any outstanding loans, whether issued before or after the 28th January, 2003.
- (2) Any conversion authorised under this section may be effected either by arrangement with the holders of existing securities, by the purchase thereof out of moneys raised by the sale of registered securities or partly in one way and partly in the other.

Exchange of debentures for securities

- 31.** Where debentures, loans or other securities are exchanged for any registered stock issued under any law for the time being in force, the obligation imposed under such law to set aside sums of money in respect of such debentures, shall cease and such debentures, loans or securities on being cancelled under section 32 shall be regarded for all the purposes of such law as if they had never been issued.

Cancellation of converted debentures

- 32.** Every debenture, loan or security exchanged or otherwise converted into registered securities shall be forthwith cancelled by the Registrar and forwarded to the Accountant General.

Part VIII – Issue Of Duplicates Of Securities Certificates, Exchange And Consolidation

Issue of duplicates

- 33.** The Registrar may issue a duplicate certificate where it is proved to his satisfaction that the original certificate has been lost, stolen, damaged or destroyed.

Consolidation and subdivision of securities

- 34.** Subject to such conditions as may be prescribed, the Registrar may on the request in writing of —



- (a) a stockholder; or
 - (b) in the case of joint stockholders, of all the surviving stockholders,
- and on the surrender of the securities certificate or certificates relating to such securities, consolidate or subdivide such securities and issue to the stockholder or stockholders a new securities certificate or certificates as may be required.

Indemnity bonds

- 35.** Where application is made to the Registrar under this Law for the issue of a duplicate securities certificate or, if the Financial Secretary so requires by directions made under section 6, for the exchange, consolidation or subdivision of any securities, the Registrar may require the applicant, as a condition precedent to the grant of the application, to execute a bond, with or without sureties, undertaking to indemnify the Government and the Registrar against the claims of all persons claiming under the original securities certificates or under the securities so exchanged, consolidated or subdivided as the case may be.

Summary procedure-special cases

- 36.** (1) If, within six months of the death of a person who was entitled to registered securities the nominal or face value of which does not in the aggregate exceed one thousand dollars, either probate or the will or letters of administration of the estate of such person or copies of such probate or letters certified by a justice of the peace, or notary public to be true copies are not produced to the Registrar, the Attorney-General at the request of the Registrar shall, after such inquiry as the Attorney-General may deem necessary, determine who is the person entitled to such securities or to administer estate of the deceased and thereupon the Registrar may —
- (a) where any such securities relates to a loan due for repayment, authorise the registration of the name of such person in substitution for the name of the deceased in the register and the payment to such person of the amount due in respect of those securities; or
 - (b) where any securities relate to a loan not due for repayment, authorise the registration of the name of such person in substitution for the name of the deceased.
- (2) Any creditor or claimant against the estate of the deceased may recover his debt or claim out of any money paid to any person under subsection (1) and remaining in his hands unadministered in the same manner and to the same extent as if the said person had obtained letters of administration of the estate of the deceased, and nothing in this section shall affect any claim of an executor, administrator or other representative of the deceased against such person other than a claim to recover amounts lawfully paid by him in due course of administration of the estate of the deceased.



- (3) The Attorney-General may, for the purpose of an inquiry under this section, summon before him, administer an oath to and examine on oath any person.
- (4) Every examination on oath conducted by the Attorney-General in accordance with the powers conferred by subsection (3) shall be deemed to a judicial proceeding within the meaning of section 3 of the *Penal Code (1995 Revision)*.

Part IX - Miscellaneous

Signature of person authorised to sign securities certificate may be printed.

- 37.** There shall be printed, stamped, engraved or impressed by any mechanical process on every securities certificate the signature of a person duly authorised to sign such certificate and a signature so printed, stamped, engraved or impressed shall be as valid as if it had been inscribed in the proper handwriting of the person so authorised.

Notice of trust not receivable save as provided

- 38.** Save as otherwise provided in or under this Law, no notice of any trust in respect of any registered securities shall be receivable by the Registrar or by the Government.

Documents to be in form determined by the Financial Secretary

- 39.** All documents or instruments made or used under this Law shall be in such form as may be determined by the Financial Secretary and any documents and instruments which are required to issue securities under this Law shall be signed and executed by either the Governor or the Financial Secretary.

Payments of expenses incurred under this Law

- 40.** There shall be charged on and paid out of the revenue —
- (a) all expenses of and incidental to —
 - (i) any issue of registered securities;
 - (ii) the payment of interest thereon; and
 - (iii) the repayment of the principal moneys; and
 - (b) all other moneys required and expenses incurred in carrying out the provisions and objects of this Law.

Payment of fees

- 41.** All fees payable under this Law or under any regulations made thereunder shall be payable into the revenue.



Payment of unclaimed moneys into revenue**42. (1) Where —**

- (a) the principal amount of any registered securities; or
- (b) the dividend or interest on any registered securities is due for repayment or payment, as the case may be,

and such principal amount, dividend or interest is not claimed by a stockholder within two years from the date on which that sum became due for repayment or payment, the sum so unclaimed shall be paid into the revenue.

- (2) Notwithstanding the payment of any sum into the revenue under subsection (1), where any person shows his right thereto to the satisfaction of the Registrar and the Registrar so certifies in writing under seal, then such sum may be paid from the revenue.
- (3) Where the principal amount of any registered securities due for redemption is transferred to the revenue under subsection (1), the Registrar shall, within twelve months after such transfer, publish a notice in the Gazette showing the name of the holder of such registered securities and the amount so transferred.

Inspections of registers and documents**43. (1) No person shall be entitled to inspect or to receive any information derived from any registered securities in the possession of the Registrar or any register, book or other document kept or maintained by or on behalf of the Registrar in relation to registered securities except —**

- (a) in such circumstances and on such terms and conditions; and
- (b) on payment of such fee,

as may be prescribed or decided in accordance with financial agreements made under this Law.

- (2) Nothing in this section shall apply to the Auditor General.

Regulations**44. (1) The Governor in Council may make regulations for carrying out the purposes of this Law and, without prejudice to the generality of the foregoing, such regulations may provide for all or any of the following matters —**

- (a) the time, manner and place in which payment of amounts due in respect of securities is to be made and acknowledged;
- (b) the issue of duplicate securities certificates;
- (c) the manner of payment of interest to joint holders of securities;
- (d) the circumstances in which alterations may be made in the register;



- (e) the payment of principal or interest and transfer of securities in the case of persons under a legal disability;
 - (f) the disposal of unclaimed interest;
 - (g) the conditions subject to which securities may be exchanged, consolidated or subdivided;
 - (h) the description of holders of registered securities in the register as trustees and either as trustees of any particular trust or as trustees without qualification, and for the recognition of powers of attorney granted by holders of securities so described;
 - (i) the fees to be paid in respect of anything to be issued or done under this Law; and
 - (j) all matters required or permitted by this Law to be prescribed and all matters incidental to or connected with the matters specified in this subsection.
- (2) Nothing in any regulation made under this Law shall, as between any trustees or as between any trustees and beneficiaries under a trust, be deemed to authorise the trustees to act otherwise than in accordance with the rules of law applying to the trust and the terms of the instrument constituting the trust; and neither the Government, the Registrar nor any person holding or acquiring any interest in any registered securities shall by reason of any entry in the register of securities of anything in any document or instrument relating to registered securities be affected with notice of any fiduciary obligation attaching to the holding of any registered securities.

Immunity

- 45.** Neither the Registrar nor any person acting under the authority of the Registrar, nor the Authority or any director or employee of the Authority, shall be liable in damages in respect of any payment duly made or act duly done in accordance with this Law or any regulations made under this Law unless it is shown that the payment was made or the act was done in bad faith, or constituted wilful misconduct or negligence.

Waiver of sovereign immunity

- 46.** This Law binds the Crown and authorises civil proceedings to be taken against the Crown in respect of any alleged liability of the Crown arising out of any obligation under this Law and whether such alleged liability arises inside or outside of the Islands.

Saving

- 47.** Nothing in this Law shall affect the *Loan Law (2001 Revision)* or the *Public Management and Finance Law (2003 Revision)*.



**Publication in consolidated and revised form authorised by the Governor in Council
this 10th day of June, 2003.**

Carmena Watler
Clerk of Executive Council

