

CAYMAN ISLANDS



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**THE LOANS (CARIBBEAN DEVELOPMENT
BANK) LAW, 1977
(Law 17 of 1977)**

Date of operation: 15th August, 1977.
Date of non-disallowance



Passed the Legislative Assembly this 27th day of July, 1977.

MEMORANDUM OF OBJECTS AND REASONS

The principal object of this Law is to empower the Governor to borrow from the Caribbean Development Bank for purposes agreed between the Governor and the Bank such moneys as may be required by the Government not exceeding \$250,000 or such greater sum as the Legislative Assembly may approve.

The Law, inter alia, also provides for the appropriation of moneys borrowed under its provisions and charges their repayment on the general revenue and assets of the Islands.

T. RUSSELL
President

SYBIL McLAUGHLIN
Clerk of the Legislative Assembly.

THE LOANS (CARIBBEAN DEVELOPMENT BANK) LAW, 1977

ARRANGEMENT OF SECTIONS

Section

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such agreement, bond, promissory note or instrument or under this Law.

(2) The statutory authority shall notwithstanding any provision contained in any other law comply with directions given by or under any such order.

(3) Nothing in the provisions of this section affects or derogates from any other power of the Governor or other public officer in respect of the statutory authority.

(4) Where any sum becomes payable by the Government pursuant to a guarantee or undertaking given in exercise of section 8, that sum shall be charged on the general revenue and assets of the Cayman Islands and the Governor shall direct payment to issue thereout.

Statutory
authorities to repay
to general revenue
sums paid under
guarantee.

11. (1) If any sum is paid out of the general revenue in respect of any liability incurred by the Governor under a guarantee or other undertaking given under subsection (1) of section 8 in respect of any borrowing by a statutory authority the statutory authority shall repay such sum (together with interest thereon at such rate as the Governor may from time to time specify) to the general revenue in such manner and at such time or by such instalments as the Governor may direct.

(2) Sums so paid out of the general revenue shall as soon as possible after the end of each financial year beginning with that in which the sum was paid and ending with that in which all liability in respect thereof and any interest payable thereon is finally discharged by the statutory authority concerned, be laid by the Governor before the Legislative Assembly in a statement relating thereto.

Arbitration.

12. Disputes between the Bank on the one part and the Governor or a statutory authority or both on the other part arising under agreements concluded or guarantees or undertakings given by this Law or under any bond, promissory note or other instrument issued pursuant to any such agreement shall be determined by arbitration in the manner agreed by the parties.

Implementation of
agreements.

13. (1) Notwithstanding anything to the contrary, agreements concluded with the Bank in respect of borrowing authorised by subsection (1) of section 3 or subsection (1) of section 6 and bonds, promissory notes or other instruments issued pursuant to any such agreement and guarantees or undertakings given in respect of any such agreements, bonds, promissory notes or instruments by the Governor or a statutory authority are valid and enforceable in the Cayman Islands.

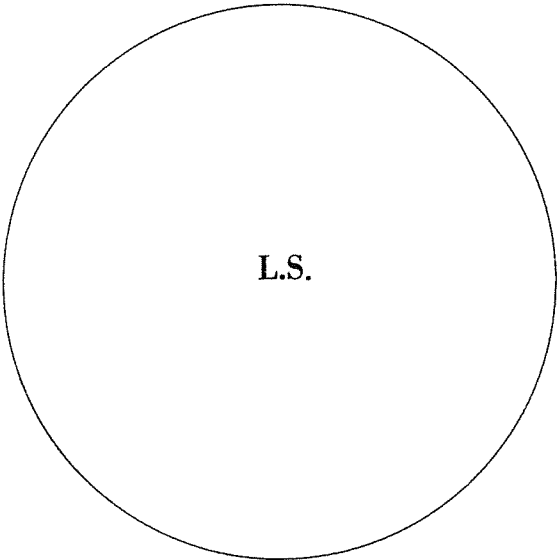
(2) Neither the Government nor any agency thereof nor any statutory authority shall, except as shall be otherwise agreed between the Governor and the Bank, create any lien on any of its assets as security for any external debt unless it is expressly provided that the lien will ipso facto equally and rateably secure the payment of the principal of and interest and other charges on any loan made by or any bonds, promissory notes or instruments issued pursuant to any loan made by the Bank to the Cayman Islands or to a statutory authority.

(3) In subsection (2) —

“lien” includes mortgages, pledges, charges, privileges and priorities of every kind;

“external debt” means a debt payable in any medium other than currency which at the time in question is legal tender in the Cayman

CAYMAN ISLANDS



Law 17 of 1977.

I assent,

T. RUSSELL
Governor.

11th August, 1977.

A LAW to provide for the raising of loans from the Caribbean Development Bank by the Government and by certain statutory authorities and for matters connected therewith.

ENACTED by the Legislature of the Cayman Islands.

Short title.

1. This Law may be cited as the Loans (Caribbean Development Bank) Law, 1977.

Interpretation.

2. In this Law —

“Bank” means the Caribbean Development Bank;

“Government” means the Government of the Cayman Islands;

“Governor” means the Governor in Council;

“Member” means the Member of Executive Council responsible for Finance;

“statutory authority” means an authority established by statute exercising powers vested in it for a public purpose.

Power of the
Governor to borrow
from the Caribbean
Development Bank.

3. (1) Subject to this Law, the Governor may in such manner and on such terms and subject to such conditions as may be agreed between the Governor and the Bank borrow from the Bank from time to time such sums as may be required by the Government not exceeding \$250,000 or, with the consent of the Legislative Assembly, amounts in excess of that sum.

(2) Sums borrowed by the Governor under subsection (1) shall be applied and are hereby appropriated to the purposes for which they were borrowed as

specified in any agreement concluded with the Bank in respect of such sums:

Provided that where any part of such sum cannot be applied to the purposes aforesaid such part may be applied to such other purposes as may be approved by the Governor and the Bank.

(3) Agreements between the Governor and the Bank in respect of sums borrowed under subsection (1) shall be made in the name of the Government and may be signed in that behalf by the Member or by a person authorised thereto by the Governor in writing.

(4) So soon as possible after an agreement has been concluded with the Bank in respect of any sum borrowed under subsection (1) the Member shall cause a copy thereof to be laid before the Legislative Assembly.

(5) Nothing in the provisions of this section affects or derogates from any other power of the Governor to borrow money.

Loans etc. to be charged on general revenue and assets of the Cayman Islands.

4. There are hereby charged on and payable out of the general revenues and assets of the Cayman Islands all amounts —

(a) required for the repayment of any sums borrowed under section 3 and all interest and other charges on such sums;

(b) required for repayment to the Treasury of the United Kingdom, with interest at such rate as the said Treasury may fix, of any sum issued in pursuance of the Colonial Loans Act, 1949 (as amended) of the United Kingdom on account of any guarantee under that Act of any sums borrowed under section 3;

(c) payable pursuant to any guarantee or undertaking given under section 8.

Power to issue instruments including bonds.

5. (1) The Governor may issue such bonds, promissory notes or other instruments on such terms and conditions as may be necessary for giving effect to the terms of any agreement which may be entered into by him with the Bank in respect of any borrowing authorised by subsection (1) of section 3.

(2) Such bonds, promissory notes or other instruments may be signed on behalf of the Governor by the Member or by any other person authorised thereto by the Governor in writing.

Borrowing from the Bank by statutory authorities.

6. (1) Subject to this Law, a statutory authority may in such manner and subject to such terms and conditions as may be agreed between the statutory authority and the Bank and with the approval in writing first obtained of the Governor borrow from the Bank from time to time such sums as may be required by the statutory authority not exceeding \$250,000 or, with the consent of the Legislative Assembly, amounts in excess of that sum.

(2) Notwithstanding anything to the contrary any agreement between the statutory authority and the Bank is valid and binding on the authority if signed on behalf of the authority by a person approved by the Governor and authorised thereto in writing under the seal of the statutory authority.

(3) The power to borrow conferred by this section on a statutory authority is in addition to any power to borrow conferred on such authority by or under any other Law.

(4) Notwithstanding anything to the contrary, a statutory authority may charge or mortgage all or any of its property (movable or immovable), undertaking or revenue to secure any sum owing to the Bank in respect of sums

borrowed by it under subsection (1).

(5) Notwithstanding anything to the contrary, a statutory authority may issue such bonds, promissory notes and other instruments on such terms and conditions as may be necessary for giving effect to any agreement which may be entered into by it with the Bank in respect of any borrowing authorised by subsection (1).

Application of loan moneys by statutory authorities.

7. Sums borrowed by a statutory authority under subsection (1) of section 6 shall be applied by the authority to the purposes for which the sums were borrowed as specified in any agreement concluded with the Bank in respect of such sums:

Provided that where any part of such sum cannot be applied to the purposes aforesaid such part may be applied by the statutory authority to such other purposes as may be approved by the Governor and the Bank.

Power of Governor to guarantee loans by Bank to statutory authorities.

8. (1) The Governor may in such manner and on such terms and subject to such conditions as may be agreed between him and the Bank and with the consent of the Legislative Assembly when the sum involved exceeds \$250,000 —

(a) guarantee the discharge by a statutory authority of its obligations under any agreement which may be entered into by the statutory authority and the Bank in respect of any borrowing authorised by subsection (1) of section 6 or under any bond, promissory note or other instrument issued pursuant to any such agreement; and

(b) undertake such other obligations as may be agreed between the Governor and the Bank in relation to or pursuant to any such agreement, bond, promissory note or instrument.

(2) Guarantees and undertakings given under this section shall be given in writing in the name of the Government and any indorsement of any bond, promissory note or other instrument of any guarantee given under this section may be signed on behalf of the Government by the Member or by any person authorised thereto in writing by the Governor.

(3) So soon as possible after a guarantee or undertaking is given under this section, the Governor shall cause to be laid before the Legislative Assembly a statement of such guarantee or undertaking.

Restriction on borrowing powers of statutory authorities so far as guarantee outstanding.

9. So long as the Government continues liable under any guarantee or other undertaking given by subsection (1) of section 8 in respect of any borrowing by a statutory authority the statutory authority shall not, except with the consent of the Governor, exercise any other of its powers to borrow.

Powers exercisable by the Governor in the event or prospect of default by a statutory authority.

10. (1) Where it is made to appear to the Governor that there is reasonable cause to believe —

(a) that a statutory authority is likely to fail to discharge any of its obligations under any agreement concluded by it with the Bank or under any bond, promissory note or other instrument issued pursuant to any such agreement; and

(b) that the Government is or may become liable under any guarantee or other undertaking given under subsection (1) of section 8 in respect of such obligation,

the Governor may by order give or authorise any other person to give such directions to the statutory authority as he or such other person may from time to time think necessary or desirable to ensure that satisfactory arrangements are made by the authority to enable it duly to discharge its obligations under