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Repealed by  
The Currency Law  
1/1974

THE CAYMAN ISLANDS CURRENCY LAW, 1971  
(LAW NO 19 OF 1971)

## MEMORANDUM OF OBJECTS AND REASONS

From ever since the Cayman Islands were a dependency of Jamaica the Jamaican currency was used as the currency of the Islands. This situation continued after Jamaica became an independent Commonwealth country and the Islands remained a colony. It is now considered that from a social and economic point of view the time has come for the Islands to have its own distinctive currency.

The object of this Law is to establish a currency for the Islands, the unit of which will be the Cayman dollar, which will be divided into one hundred cents. The parity of the Cayman dollar will be C\$2.40= £1 sterling.

The Law provides for the establishment of a Board of Commissioners of Currency who will be responsible for the general administration of the Law, and the operation of a Currency Fund to be established under the Law, into which will be paid and upon which will be charged all amounts respectively due to and payable by the Board or the Fund under the provisions of the Law. Provision is made for a General Reserve of the Fund of an amount not less than 15% of the demand liabilities of the Board. If at any time the total assets of the Board is less than its total liabilities such deficiency will be a liability of the Government for so long as the deficiency continues.

The Law also contains provisions with respect to currency offences and the punishment of offenders.

It is hoped that the new currency will add greatly to the prestige and economy of the Islands and that the currency, linked as it will be to sterling, will give greater confidence to local and off-shore investors and enhance the stable image of the Islands.

## D REASONS

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## CAYMAN ISLANDS CURRENCY LAW

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2. Interpretation

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29. Mutilating or perforating coins
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*Repealed by  
The Currency Law  
1974*

LAW 19 of 1971

I assent,

(L.S.)

A.C.E. LONG

*Administrator*

28th October, 1971

A LAW TO INTRODUCE A LOCAL CURRENCY  
ENACTED BY THE LEGISLATURE OF THE CAYMAN  
ISLANDS

Short title  
and com-  
mencement.

1. This Law may be cited as the Cayman Islands Cur-  
rency Law 1971 and shall come into operation on a day  
to be appointed by the Administrator by Government  
Notice published in the Cayman Islands; so however,  
that different dates may be prescribed for the coming into  
force of different sections or sub-sections of the Law.

Inter-  
pretation.

2. In this Law, except as the context otherwise requires:-  
"Administrator" means the Administrator in Council;  
"Board" and "Commissioners" mean, respectively,  
the Board of Commissioners of Currency, and the indi-  
vidual members of the Board, referred to in Section 3  
of this Law;  
"Currency notes" and "coins" mean, respectively,  
currency notes and coins issued under the terms of

this Law;

“Fund” means the Currency Fund established by Section 4 of this Law;

“Jamaican currency” means currency issued by the Bank of Jamaica;

“Local bank” means any bank or branches thereof that may be authorised to transact business in the Islands.

#### Part I: Constitution

3. (1) There shall be established for the purposes of this Law a Board of Commissioners of Currency to be known as the Cayman Islands Currency Board, which shall consist of the Financial Secretary and two other persons one of whom shall be a person who does not hold an office of profit under the Crown who shall be appointed by the Administrator with the approval of the Secretary of State.

Establishment of  
Currency  
Board.

(2) Any duty devolving, and any power conferred, on the Board may be discharged or exercised by any two of the Commissioners acting together.

(3) The Financial Secretary shall be Chairman of the Board ex officio; and the Board shall meet at least once in every six months, and at such other times as may be deemed necessary by the Chairman.

4. (1) There shall be established, on the entry into force of this Law, a Currency Fund, into which shall be paid, and upon which shall be charged, all amounts respectively due to and payable by the Board or the Fund under the provisions of this Law.

Currency  
Fund.

(2) Such minimum proportion of the assets of the Fund as the Administrator shall from time to time determine not being less than 20% of the demand liabilities of the Board shall be held in liquid form, that is to say, it shall be held on deposit in London in the form of United Kingdom Treasury Bills or may be lent out at call or for short term in such ways or invested in such readily realisable securities as may be approved by the Secretary of State.

(3) Except as hereinafter provided the remainder of the assets of the Fund shall be invested in securities issued or guaranteed by the Government of the United Kingdom and maturing within five years: provided that such an amount of the assets of the Fund not exceeding 30% of demand liabilities of the Board as the Administrator with the approval of the Secretary of State may from time to time prescribe may be held in the form of balances with local banks or with the Treasury or may be invested in securities of or guaranteed by the Government of the Islands, such securities being in any case as the Board may select and, if issued in the Islands, to be held in the Islands by the Board.

(4) For a period of one year from the coming into force of Section 12, the assets of the Fund may include Jamaican currency.

(5) For the purposes of this Section and of Section 7 demand liabilities of the Board mean currency notes and coins in circulation other than such currency notes and coins as have not been legal tender within the last ten years, together with amounts standing to the credit of any accounts opened in the name of local banks in accordance with Section 20 paragraph (a) of this Law.

General  
Reserve.

5. There shall be a General Reserve of the Fund to which shall be allocated any amounts that may become available through the operation of Section 7 of this Law.

Calculation  
of profits.

6. (1) The net profits of the Board for any calendar year shall be determined by the Board after meeting or providing for all expenditure for that year and making such provisions for contingencies and the establishment of such additional reserves as they may consider desirable.

(2) Notwithstanding the provisions of sub-section (1) of this section, the Administrator may, with the approval of the Secretary of State, direct that any expenditure of an exceptional nature shall be a charge upon the General Reserve of the Fund and shall be excluded from the calculation of the net profits of the Fund.

7. (1) The net profits of the Board for each calendar year shall be calculated in accordance with Section 6 of this Law, and shall be distributed as follows:-

Allocation  
of profits.

(a) So long as the General Reserve established under Section 5 of this Law amounts to less than 15% of the demand liabilities of the Board at the end of the calendar year in which such profits were earned, there shall be allocated to the said Reserve all such net profits or such lesser amount as shall make the said Reserve equivalent to 15% of the said liabilities.

(b) Any net profits not allocated to the General Reserve in accordance with paragraph (a) above shall be transferred to the General Revenue of the Islands: provided that the Administrator with the approval of the Secretary of State may decide that further allocations to the General Reserve may be made out of such remaining net profits: and provided also that any deficiency of the kind referred to in Section 9 shall be a first charge on the Board's net profits.

(2) If through the operation of Section 8 (2) or otherwise the General Reserve shall at the end of any calendar year exceed the equivalent of 20% of the demand liabilities of the Board, any such excess may at the discretion of the Board be transferred in whole or in part to the General Revenue of the Islands.

8. (1) The value of securities held in the name of or on behalf of the Fund shall for the purposes of this Law be calculated by reference to the latest-known market price of such securities provided that where no such price is available the value of the securities concerned shall be calculated in such manner as, with the concurrence of the Auditor of the Islands, may seem reasonable to the Board.

Valuation of  
Securities.

(2) Any alteration from time to time in the value of the securities held in the name of or on behalf of the Fund

together with any capital profit or loss resulting from the sale or maturity of such securities, shall represent as the case may be an accrual to or a charge upon the General Reserve of the Fund and shall not be deemed to be profit or loss for the purposes of calculation of the net profits of the Fund in accordance with Section 6 of this Law.

Government  
liable for  
any defi-  
ciency.

9. If at any time the total assets of the Board shall be less than the total liabilities of the Board, such deficiency shall be a liability of the Government for so long as the deficiency shall continue.

#### Part II: Currency

Unit of  
Currency.

10. (1) The unit of currency of the Islands shall be the Cayman dollar, which shall be divided into one hundred cents.

(2) The parity of the Cayman dollar shall be C\$2.40 - £1 sterling.

Contracts  
etc. to be  
in currency.

11. (1) Every contract, sale, payment, bill, note, instrument and security for money and every transaction, dealing, matter and thing whatsoever relating to money or involving the payment of or the liability to pay any money which, but for this Section, would have been deemed to be made, executed, entered into, done and had, in and in relation to Jamaican currency shall in the Islands be deemed instead to be made, executed, entered into, done and had, in and in relation to an equivalent amount of currency issued by the Board; provided that this Section shall not affect any obligation to pay any money in any country other than the Islands where Jamaican currency is legal tender.

(2) In any law in force in the Islands or any part thereof at the time of the coming into force of this Section, and in any subsidiary legislation made under any such law, any reference to Jamaican currency shall be construed as a reference to currency issued by the Board; and any reference to a sum expressed in Jamaican currency shall be construed as a reference to the equivalent



sum expressed in currency issued by the Board.

(3) For the purposes of this Section, sums expressed in Jamaican currency shall be converted into Cayman dollars at the parity in force at the date of the coming into operation of Section 10; and such parity shall be published by the Board.

(4) If a conversion of Jamaican currency into Cayman dollars results in a sum including a fraction of a Cayman cent, half a cent or more shall be regarded as a whole cent and lesser fractions shall be ignored.

12. The Board, on behalf of the Government of the Islands, shall have the sole right of issuing legal tender notes and coins in the Islands and no other person shall in the Islands issue currency notes, bank notes or coins or any documents or tokens payable to bearer on demand being documents or tokens which are likely to pass as legal tender: provided that Jamaican currency notes shall be legal tender in the Islands at their face value for any amount and Jamaican coins if they have not been illegally dealt with shall be legal tender in the Islands on the basis laid down in Section 16 (2), until such time as the Administrator may prescribe under Section 17; and the rate of exchange applicable to Jamaican currency shall be published by the Board.

Sole right  
of currency  
issue

13. (1) The Board shall on demand buy or sell sterling for immediate delivery in London against Cayman dollars: provided that -

Obligation  
to buy and  
sell sterling

- (a) the Board shall not be required to buy or sell sterling of an amount less than such minimum sum as may from time to time be prescribed;
- (b) the rate of exchange quoted by the Board in respect of spot transactions shall not differ by more than one percent point on either side of the parity of the currency of the Islands established in terms of Section 10.

(2) The Board shall publish or cause to be published at the Treasury and at the offices of their agents and

representatives the rates referred to in sub-section (1) (b) at which they are prepared to deal against sterling with the public: provided that the Board may at their discretion deal against sterling with local banks at rates between its published rates and parity.

Provisions relating to issue of currency.

14. The Board shall -

- (a) arrange for the printing of currency notes and the minting of coins and for all matters relating thereto and for the security of such notes and coins;
- (b) issue, re-issue, withdraw and, at their discretion, exchange, currency notes and coins at George Town and at such offices and agencies elsewhere in the Islands as they may establish.

Denominations and form of currency.

15. (1) Currency notes issued under this Law shall be of such denominations and of such form and design and printed from such plates and on such paper and authenticated in such manner as may from time to time be recommended by the Board and approved by the Secretary of State.

(2) Coins issued under this Law shall be of such denominations and of such form and design and made of such metal or metals and made or issued by such mint or mints as may from time to time be specified by Proclamation issued by the Administrator with the approval of the Secretary of State.

Legal Tender.

16. (1) Currency notes shall be legal tender in the Islands at their face value for the payment of any amount.

(2) Coins shall, if they have not been illegally dealt with, be legal tender in the Islands to an amount not exceeding ten dollars in the case of coins of denomination of not less than five cents, and not exceeding fifty cents in the case of a lower denomination.

(3) For the purposes of this Law, a coin shall be deemed to have been illegally dealt with where the coin has been impaired, diminished or lightened otherwise than by fair wear or tear, or has been defaced by having any name, word, device or number stamped or engraved thereon, whether the coin has or has not been thereby

diminished or lightened.

17. (1) The Administrator may, by proclamation issued with the approval of the Secretary of State declare that any currency notes or coins, or any Jamaican currency notes or coins, shall cease to be legal tender and provide for any matters incidental to the calling-in of such notes or coins, and any such proclamation shall have effect as from the date thereof or from such later date as may therein be specified: provided that the holders of any such notes or coins (but not Jamaican currency notes or coins) shall be entitled at any time after they have ceased to be legal tender to claim payment of the value thereof from the Board.

Calling-in  
of Currency.

(2) When any currency notes or coins are called in in accordance with sub-section (1) of this Section, the Board at its discretion may transfer from the Fund to the General Revenue of the Islands, ten years after the date of such calling-in an amount equivalent to the value of any such notes or coins still remaining in circulation: provided that the Board shall have the right to recover from the said General Revenue an amount equivalent to the value of any such notes or coins presented for payment thereafter.

18. No person shall be entitled to recover from the Board the value of any lost, stolen, mutilated or imperfect currency note or coin, or of any coin which has been illegally dealt with. The circumstances and conditions under which such value may be refunded as an act of grace shall be within the absolute discretion of the Board.

Mutilated  
etc.  
currency.

19. For a period of one year following the coming into force of Section 12, the Board may at its discretion issue notes or coin, free of commission or charges, in exchange for the equivalent value of Jamaican currency notes or coin; and the Board shall from time to time publish or cause to be published the rate of exchange at which such exchanges into Jamaican currency shall take place.

Exchange of  
Jamaican  
currency.

## Part III: Operations

Permitted  
operations.

## 20. The Board may -

- (a) open accounts for and accept deposits payable on demand from local banks;
- (b) open and maintain accounts with local banks and with the Treasury of the Islands;
- (c) with the approval of the Administrator open and maintain accounts in London with such banks and other depositaries and appoint such correspondents or agents, outside the Islands as may be necessary for the effective operation and management of the Fund;
- (d) buy and sell securities of or guaranteed by the Government of the United Kingdom and securities of or guaranteed by the Government of the Islands within the limits and subject to the conditions imposed by sub-section (3) of Section 4 of this Law.

Prohibited  
operations.

## 21. The Board may not -

- (a) grant advances of any kind;
- (b) open accounts for or accept deposits from persons other than as provided in paragraph (a) of Section 20 of this Law;
- (c) buy or sell or invest in securities, or open or maintain accounts, denominated in currencies other than sterling or Cayman dollars.

## Part IV: Miscellaneous

Publication  
of accounts  
and annual  
report.

22. (1) The Board shall cause to be published by Government Notice as at 30th June and 31st December of each year a statement of the assets and liabilities of the Board together with a list of the securities and other assets held by the Fund.

(2) The Board shall submit annually to the Administrator and the Secretary of State, not later than the 31st March, a report on their transactions during the previous year, including a balance sheet and income and expendi-

ture account as at 31st December.

(3) The accounts of all transactions of the Board shall be audited by the Auditor of the Islands.

23. The Administrator may with the approval of the Secretary of State make such regulations as are required for the better carrying into effect of the provisions of this Law.

Regulations.

24. The Board shall be exempt from the provisions of any law in force from time to time relating to Income Tax; and shall not be liable for payment of stamp duty or any other tax in respect of its notes and coins.

Income tax and stamp duty.

25. (1) In any proceedings in which the genuineness of any currency note or coin purporting to have been issued by the Board shall be in question a certificate under the hand of one of the commissioners to the effect that such currency note or coin is spurious shall be received in all courts of law as conclusive evidence of the spuriousness of such currency note or coin.

Certification by Commissioners.

(2) The Commissioners shall not be examined or cross-examined with respect to any such certificate.

(3) Such certificate shall be in the following form -

“This is to certify that I have personally examined the currency note/coin shown to me and marked.....purporting to be a currency note/coin of the following description.... .. and that the said currency note/coin is spurious .....Commissioner of Currency”.

26. Section 2 of the Forgery Law is hereby amended by inserting in the definition of “Currency Note” next after the words “Authority of” in the second line of the definition the words “The Cayman Islands Currency Law, 1971,”.

Section 2 of Cap. 58 amended.

27. Subsection (2) of section 14 of the Forgery Law is hereby amended by deleting the words “ten pounds” occurring in the last line thereof and substituting therefor the words “two hundred dollars”.

Section 14 of Cap. 58 amended.

Section 15  
of Cap. 58  
reinstated  
in amended  
form.

28. Section 15 of the Forgery Law (which was repealed by the Cayman Islands Currency Law 1965) is hereby reinstated in the following form:-

"Mutilating  
or defacing  
currency  
notes.

15. Whoever, without lawful authority or excuse, the proof whereof shall lie on the accused, mutilates, cuts, tears or perforates with holes any currency note, or in any way defaces such note by writing, printing, drawing or stamping thereon or by attaching or affixing thereto anything in the nature or form of an advertisement, shall be liable on summary conviction before the Grand Court to a fine not exceeding two hundred dollars".

"Mutilating  
or perforating  
coins.

29. Whosoever without lawful authority or excuse (the proof whereof shall be on the person accused) mutilates or perforates with holes any coin which under this Law is made legal tender in the Islands shall be guilty of an offence and shall be liable on summary conviction to a fine not exceeding one hundred dollars or to imprisonment for a term not exceeding three months or to both such fine and imprisonment.

Repeal  
of Law 7  
of 1969.

30. The Decimal Currency and Legal Tender Law, 1969 is hereby repealed.

Passed the Legislative Assembly this 28th day of Sept. 1971.

A.C.E. LONG

*President*

SYBIL McLAUGHLIN

*Clerk of the Legislative Assembly.*

Government Notice 164 of 1971

Date of operation 1st November, 1971

