

Supplement No. 2 published with Gazette No. 9 of 29th April, 1996.

**THE PUBLIC LOANS LAW (10 OF 1976)**  
**(1996 Revision)**

Consolidated with Law 24 of 1985.

Revised under the authority of the Law Revision Law (19 of 1975).

Originally enacted-

Law 10 of 1976-25th June, 1976

Law 24 of 1985-10th September, 1985.

Consolidated and revised this 26th day of March, 1996.



**PUBLIC LOANS LAW**

**(1996 Revision)**

**ARRANGEMENT OF SECTIONS**

1. Short title
2. Definitions
3. Power to borrow
4. Limitations on borrowing
5. Principal and interest to be charged on Government revenues
6. Exemptions from stamp duty, etc.
7. Denomination in Cayman Island dollars
8. Mode of issuing public loans
9. Holder of "B" licence may apply
10. Appropriation of proceeds of an issue
11. Sinking fund
12. Cancellation of government bonds and treasury bills
13. Cayman Islands Currency Board as broker
14. Government not prevented from borrowing otherwise than under this Law
15. Regulations



**PUBLIC LOANS LAW**

**(1996 Revision)**

1. This Law may be cited as the Public Loans Law (1996 Revision). Short title
  
2. In this Law- Definitions
  - “Department” means the Department of Finance and Development;
  
  - “Governor” means the Governor in Council;
  
  - “Government” means the Government of the Islands:
  
  - “government bond” means a bond representing part of a public loan issued by or on behalf of the Government bearing interest, transferable by delivery or by registration, redeemable after a period not exceeding twenty years from the date of issue;
  
  - “government securities” means bonds or bills issued by the Government under this Law;
  
  - “issue”, with respect to any security, means-
    - (a) to allot in response to an offer to subscribe thereto;
    - (b) to place by private treaty; and
    - (c) to sell in the open market;
  
  - “public loan” means a liability in money to be met by the Government in respect of funds lent to the Government under this Law;
  
  - “redemption” means the discharge of the Government’s obligation in respect of a public loan either by repayment or purchase thereof by or on behalf of the Government followed by cancellation;
  
  - “sinking fund” means a fund accumulated by the Government to be applied in redemption of government bonds; and
  
  - “treasury bill” means a promissory note representing part of a public loan issued by or on behalf of the Government, transferable by delivery, and redeemable within one hundred and eighty days or less from the date of issue.

*Public Loans Law (1996 Revision)*

- Power to borrow 3. The Governor may raise funds for the Government by borrowing from time to time from the public such amounts of money as he deems expedient on such terms as he decides against the issue of government securities in accordance with this Law.
- Limitations on borrowing 4. The aggregate amount of public loans outstanding may not, at any given time, exceed-
- (a) ten million dollars upon the security of government bonds; or
  - (b) a figure based upon twenty-five per cent of the average annual government revenue receipts over the past three completed financial years prior to the issue thereof upon the security of treasury bills.
- Principal and interest to be charged on Government revenues 5. The liability for payment of principal, interest and expenses incurred by the issue of public loans is a charge upon the general revenues of the Government and is redeemable thereout.
- Exemptions from stamp duty, etc. 6. The issue of and transactions in public loans are exempt from stamp duty.
- Denomination in Cayman Island dollars 7. Each public loan shall be denominated and expressed in the currency of the Islands unless specifically determined otherwise by the Governor.
- Mode of issuing public loans 8. The terms and conditions of public loans including the payment of interest and the manner of repayment, together with the denominations, text and other specifications of government bonds and treasury bills, shall be determined by the Governor and published in the Gazette.
- Holder of "B" licence may apply 1995 Revision 9. (1) Notwithstanding section 5 of the Banks and Trust Companies Law (1995 Revision), a holder of a "B" licence thereunder may subscribe for and deal in government bonds and treasury bills.
- (2) Exempt and non-resident companies and trusts may hold government bonds and treasury bills.
- Appropriation of proceeds of an issue 10. The proceeds of the issue of public loans shall be paid to the Department and, subject to section 5, be appropriated for the purposes of the Government for which they were raised.
- Sinking fund 11. The Governor may establish a sinking fund in respect of any outstanding public loans, to which may be made transfers of money or securities in contribution towards the redemption thereof.

12. Upon repayment of the principal together with outstanding interest due on any public loan the relevant bonds or bills shall be surrendered by the holders to the Department and *ipso facto* cancelled.
13. The Governor may appoint the Cayman Islands Currency Board as its official broker for the issue and management of public loans and as manager of the sinking fund and the Board as broker may issue and purchase Government securities in the open market.
14. Nothing in this Law prevents the Government from borrowing otherwise than by invitation for subscriptions from the public.
15. The Governor may make Regulations for administering this Law and in particular for-
- (a) the preparation, form, advertisement, issue, interest payments registration, transfer, repayment and cancellation of government securities;
  - (b) replacement of destroyed, defaced and lost scrip;
  - (c) procedures to prevent the counterfeiting of, or fraud in respect of, government securities;
  - (d) the management of any sinking fund; and
  - (e) payment of commission and other expenses involved in the issue and management of Government securities.

Cancellation of government bonds and treasury bills

Cayman Islands Currency Board as broker

Government not prevented from borrowing otherwise than under this Law Regulations

Publication in consolidated and revised form authorised by the Governor in Council this 26th day of March, 1996.

Mona N. Banks-Jackson  
Clerk of Executive Council