

CAYMAN ISLANDS



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THE CAYMAN ISLANDS REGISTERED STOCK LAW, 2002

(LAW 33 OF 2002)

(Price \$4.00)

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Passed by the Legislative Assembly the 19th day of December, 2002

JULIANNA O’CONNOR - CONNOLLY

Speaker.

WENDY LAUER EBANKS

Clerk of the Legislative Assembly.

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- (f) the disposal of unclaimed interest;
- (g) the conditions subject to which stock may be exchanged, consolidated or subdivided;
- (h) the description of holders of registered stock 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 stock so described;
- (i) the fees to be paid in respect of anything to be issued or done under the provisions of 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 nor the Registrar nor any person holding or acquiring any interest in any registered stock shall by reason of any entry in the register of stock of anything in any document or instrument relating to registered stock, be affected with notice of any fiduciary obligation attaching to the holding of any registered stock.

46. 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. Immunity

47. Nothing in this Law shall affect the Loans Law (1997 Revision) or the Public Management and Finance Law, 2002. Saving

- (i) any issue of registered stock;
- (ii) the payment of interest thereon;
- (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

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

Payment of unclaimed moneys into revenue

43. (1) Where-

- (a) the principal amount of any registered stock; or
- (b) the dividend or interest on any registered stock 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 2 years from the date on which that sum became due for repayment or payment, the sum so unclaimed shall be paid into the Revenues.

(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 stock due for redemption is transferred to the revenue under subsection (1), the Registrar shall within 12 months after such transfer publish a notice in the Gazette showing the name of the holder of such registered stock and the amount so transferred.

Inspections of registers and documents

44. (1) No person shall be entitled to inspect or to receive any information derived from, any registered stock 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 register stock or securities except-

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

as may be prescribed.

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

Regulations

45. (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-

45. Regulations.

46. Immunity.

47. Saving.

CAYMAN ISLANDS

Law 33 of 2002.

I Assent

B.H. Dinwiddy

Governor.

Date: 22 January, 2003

**A LAW TO PROVIDE FOR THE CREATION AND ISSUE OF
REGISTERED STOCK FOR THE PURPOSE OF ENABLING THE
GOVERNMENT TO RAISE FUNDS FOR THE ISLANDS; AND FOR
INCIDENTAL AND CONNECTED PURPOSES**

ENACTED by the Legislature of the Cayman Islands.

Short title

1. This Law may be cited as the Cayman Islands Registered Stock Law, 2002.

PART 1

PRELIMINARY

Interpretation

2. In this Law, unless the context otherwise requires-

“Authority” means the Cayman Islands Monetary Authority established under section 3(1) of the Monetary Authority Law (2002 Revision) and includes any employee of the Authority acting under the Authority’s authorisation;

“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;

payment to such person of the amount due in respect of that stock; or
(b) where any stock relates 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 or 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

38. There shall be printed, stamped, engraved or impressed by any mechanical process on every stock certificate the signature of a person duly authorised by the Registrar 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.

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

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

Notice of trust not receivable save as provided

40. All documents or instruments made or used under the provisions of this Law shall be in such form as may be prescribed.

Documents to be in prescribed form

41. There shall be charged on and paid out of the revenue-
(a) all expenses of and incidental to –

Payments of expenses incurred under this Law

Cancellation of converted debentures 33. Every debenture, loan or security exchanged or otherwise converted into registered stock shall be forthwith cancelled by the Registrar and forwarded to the Accountant General.

PART VIII

ISSUE OF DUPLICATES OF STOCK CERTIFICATES, EXCHANGE AND CONSOLIDATION

Issue of duplicates 34. The Registrar may issue duplicate stock certificates in such circumstances as may be prescribed.

Consolidation and subdivision of stock 35. 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 stock certificate or certificates relating to such stock, consolidate or subdivide such stock and issue to the stockholder or stockholders a new stock certificate or certificates as may be required.

Indemnity bonds 36. Where application is made to the Registrar under this Law for the issue of a duplicate stock certificate or for the exchange, consolidation or subdivision of any stock, 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 stock certificates or under the stock so exchanged, consolidated or subdivided as the case may be.

Summary procedure special cases 37. (1) If within 6 months of the death of a person who was entitled to registered stock 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 stock or to administer estate of the deceased and thereupon the Registrar may-

- (a) where any such stock 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

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

“registered stock” or “stock” means stock of the Islands issued under the provisions of this Law;

“register” means the register of each issue of stock kept under the provisions of section 10;

“Registrar” means the Registrar appointed by virtue of section 8;

“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

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

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

Application

PART II

POWER TO RAISE 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 the provisions of this Law by the creation and issue of registered stock.

Issue of registered stock for the purpose of raising authorised loans

(2) Each issue of registered stock made under this Law for the purpose of raising any specified sum of money shall be deemed to be stock 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.

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.

Stock to be charged on the revenue

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

6. (1) The Financial Secretary shall, in respect of each issue of stock to be raised under this Law, specify by directions published in the Gazette-
- (a) the name of the stock;
 - (b) the amount of stock to be issued;
 - (c) the denominations of the stock;
 - (d) the rate of interest payable on the stock;
 - (e) the dates in each year on which the interest on the stock shall be payable;
 - (f) whether there shall be sinking fund for the redemption of the stock;
 - (g) whether all or part of the amount of the stock issued may be in foreign currency; and
 - (h) the date of the redemption of the stock.

(2) The date of redemption of any stock shall not be later than thirty years from the date of issue of such stock.

(3) Where the Financial Secretary considers it necessary to reserve an option to redeem any stock at any date earlier than the date of redemption specified for such stock by the directions under subsection (1) he shall, by such directions, specify the terms and conditions on which such stock 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 stock 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 that stock upon the most favourable terms that can be obtained.

PART III

THE REGISTRAR

The Registrar

8. The Authority shall be the registrar of each issue of stock.

Delegation by registrar

9. (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)-

(2) If a sinking fund has not been established under section 24 for the redemption of an issue of stock 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 stock earlier than the date of redemption, at any earlier date determined by the Governor in Council,

pay out of the revenue and pay to the Registrar such sum as is required to redeem that stock.

PART VII

CONVERSIONS OF LOANS ETC. INTO STOCK

31. (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 stock on such terms as it may from time to time determine; or
- (b) authorise the creation and issue under this Law of registered stock-
 - (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 coming into operation of this Law.

Power of Governor in Council to authorise conversion of loans generally

(2) Any conversion authorised under this section may be effected either by arrangement with the holders of existing securities or by the purchase thereof out of moneys raised by the sale of registered stock or partly in one way and partly in the other.

32. 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 the securities on being cancelled under the provisions of section 33 shall be regarded for all the purposes of such law as if they had never been issued.

Exchange of debentures for stock

(3) The dividends, interest, bonus and other profits of any investment of any part of any sinking fund shall, subject to the approval of the Governor in Council, 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 25 as contributions to that sinking fund.

(4) The trustees may, at any time utilise the sinking fund or the money paid in under section 25 for the purchase of the stock for the redemption of which the sinking fund was established.

- (5) 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

29. (1) Notwithstanding anything to the contrary contained in this Law, if at any time the trustees are satisfied in relation to any stock issued under the provisions of this Law for the redemption of which a sinking fund was established under section 24, that such sinking fund will be sufficient with further accumulations of interest, but without further payments under section 25, to enable the stock 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 that stock.

Redemption of stock

30. (1) If-
- (a) a sinking fund has been established under section 24 for the redemption of an issue of stock raised under this Law; and
 - (b) at the date fixed for the redemption of that issue of stock, such sinking fund is insufficient for such redemption,

the Governor in Council shall pay out of the revenue and pay to the Registrar a sum equivalent to the deficiency for the purpose of redeeming that issue of stock.

- (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.

10. (1) The Registrar shall keep a register of each issue of registered stock under this Law in which all such stock and all transfers of and all dealings in such stock shall be registered and in which shall be entered all matters and things which by the Law are required to be entered in the register.

Register of stock

(2) The register shall be kept in such form as the Registrar considers appropriate.

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

Matters to be registered

PART IV
REGISTERED STOCK

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

Stockholder

13. No person shall be registered as the original holder of any registered stock except upon payment in full of the purchase price of his holding in that stock.

Registration of ordinary stockholders

14. (1) Subject to the provisions of subsection (2) the Registrar shall issue to every stockholder a stock certificate in the prescribed form.

Stock certificate

(2) Where stock is held by 2 or more persons jointly they shall nominate in the prescribed form the person to whom the stock certificate shall be issued.

15. For the purposes of this Law the title of any stockholder to any registered stock shall not be deemed to be transferred to any other person except upon the execution of such instrument of transfer as may be prescribed and upon the registration of the transferee as the stockholder under section 16.

Transfer of registered stock

16. (1) The Registrar shall not register a transfer of stock until he has received the instrument of transfer in the prescribed form and the stock certificate or certificates relating to that stock.

Registration of transfer stock

(2) Notwithstanding subsection (1), the Registrar may, subject to such conditions as may be prescribed, register that transfer of stock where it is proved to his satisfaction that the stock certificate or certificates relating to that stock have been lost or destroyed.

Closing of register

17. The register shall be closed for a period not exceeding 28 days immediately preceding each date upon which interest on that stock falls due and interest shall be paid on the due date to every stockholder whose name appears in the register at the close of business on the date preceding the commencement of that period.

Register to be conclusive evidence of facts entered therein

18. (1) The entries in the register kept under that provisions of this Law shall be conclusive evidence of the facts, matters, particulars and transactions to which those entries relate.

(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 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 stock

19. The Government shall be obligated to pay to the person registered for the time being as the stock holder the principal sum represented by that stock and that interest due thereon, in accordance with the provisions of this Law, at the rate and on the dates directed by the Financial Secretary under section 6 or in pursuance of an option to redeem such stock reserved in such directions.

PART V

PAYMENT OF INTEREST ON STOCK

Payment out of revenue for payment of interest

20. As long as interest is payable under this law in respect of any stock, 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 the Accountant General to pay to the Registrar such sums for the payment of that interest.

Payment of interest

21. (1) The interest due on any registered stock shall be payable on the dates specified by the directions of the Financial Secretary under section 6.

(2) Where any amount has become payable on any date as interest on any registered stock, no interest on that amount shall, after that date, be paid or payable by the Government to any person in any circumstances.

22. No person shall be entitled to claim interest on any registered stock in respect of any period which has elapsed after the earliest date on which demand could lawfully have been made for the repayment of the principal amount on such stock.

No interest payable on stock after date of redemption

23. All payments of interest and all repayments of the principal amount due on any registered stock shall be made by the Registrar in the Islands.

Payments

PART VI

SINKING FUNDS AND REPAYMENT OF LOANS

24. If by direction under section 6 (1) the Financial Secretary has specified that there shall be a sinking fund for the purpose of redeeming an issue of stock 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 stock shall commence.

Establishment of sinking fund

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

Payment into sinking fund

26. The following persons shall be trustees of any sinking fund under section 24-

Trustees for sinking fund

- (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.

27. The trustees of a sinking fund established under section 24 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.

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

28. (1) All moneys paid into a sinking fund established under section 24 may be invested in deposits at interest or invested in such stock or in such other securities as the trustees may, with the approval of the Governor in Council, decide.

Investment of sinking fund

(2) Subject to the approval of the Governor in Council, the trustees may from time to time, vary any investments made under subsection (1) or may realise, place at interest or reinvest any moneys invested under that subsection.