



GUYANA

BILL No. 10 of 1984

GENERAL LOCAL LOAN (AMENDMENT) BILL 1984

ARRANGEMENT OF SECTIONS

SECTION

1. Short title.
2. Amendment of the Principal Act.

A BILL

Intituled

AN ACT to amend the General Local Loan Act.

A.D. 1984 Enacted by the Parliament of Guyana:—

Short title. 1. This Act, which amends the General Local Loan Act, may
Cap. 74:04 be cited as the General Local Loan (Amendment) Act 1984.

Amendment of the Principal Act. 2. The Principal Act is hereby amended by the insertion, after section 22, of the following sections as sections 23, 24, 25, 26 and 27 —

‘Renewal of fixed-date debentures and issue of fixed-date debentures in lieu of interest falling due on fixed-date debentures. 23. (1) In this section and sections 24, 25 and 26 “the Bank” means the Bank of Guyana established by section 3 of the Bank of Guyana Act

(2) If the Bank is directed by the Minister so to do in respect of any series of fixed-date debentures, the Bank shall, on an application made therefor to the Bank by any person holding a fixed-date debenture of that series (hereafter in this subsection and subsection (3) referred to as the original debenture), within a period of three months before the fixed date declared for its redemption or within a period of one month after that date, and the production of the original debenture to the Bank, issue to that person a fixed-date debenture or fixed-date debentures for the whole or any part of the principal moneys represented by the original debenture.

(3) The date of issue of any fixed-date debenture issued under subsection (2) shall be the fixed date declared under section 7 (a) as the date for the redemption of the original debenture.

(4) If the Bank is directed by the Minister so to do with reference to any series of fixed-date debentures, the Bank shall, on an application made therefor to the Bank by any person holding a fixed-date debenture of that series (hereafter in this subsection referred to as the original debenture), within a period of three months before any date specified therein under section 15 as a date on which the half-yearly interest upon the principal moneys represented by the original debenture shall be paid, and the production of the original debenture to the Bank, issue to the holder of the original debenture, fixed-date debenture or fixed-date debentures for the whole or any part of the interest payable on the aforesaid date upon the principal moneys represented by the original debenture.

(5) The date of issue of any fixed-date debenture issued under subsection (4) shall be the date on which the interest, in lieu of which it is being issued, is payable under section 15.

(6) The fixed date declared as the date for the redemption of a fixed-date debenture issued under subsection (2) or (4) shall not be later than five years from the date of issue of the debenture.

(7) Subject to the provisions of this section and section 26, the other provisions of this Act in relation to fixed-date debentures shall *mutatis mutandis* apply in relation to a fixed-date debenture issued under subsection (2) or (4).

24. (1) If the Bank is directed by the Minister so to do in respect of any series of equated annuity debentures, the Bank shall, on an application made therefor to the Bank by any person holding an equated annuity debenture of that series, within a period of three months before any date fixed for making any of the half-yearly or annual payments, as the case may be, towards the redemption of that debenture or within a period of one month after the aforesaid date, and the production of the equated annuity debenture to the Bank, issue to that person a fixed-date debenture or fixed-date debentures for the whole or any part of the amount of the half-yearly or annual payment payable on that date.

Issue of fixed-date debentures in lieu of amounts payable on equated annuity debentures.

(2) The date of issue of any fixed-date debenture issued under subsection (1) for the whole or any part of the amount of any half-yearly or annual payment towards the redemption of an equated annuity debenture shall be the date fixed for making the half-yearly or annual payment.

(3) The fixed date declared as the date for the redemption of a fixed-date debenture issued under subsection (1) shall not be later than five years from the date of issue of the debenture.

(4) Subject to the provisions of this section and section 26, the other provisions of this Act in relation to fixed-date debentures shall *mutatis mutandis* apply in relation to a fixed-date debenture issued under subsection (1).

25. (1) If the Bank is directed by the Minister so to do in respect of any issue of Treasury Bills, the Bank shall on an application made therefor to the Bank by any person holding a Treasury Bill of that issue, within a period of fourteen days before the time or any time (if there are more times

Issue of fixed-date debentures in lieu of Treasury Bills.

Cap. 73:01. than one) determined under section 22 (3) of the Financial Administration and Audit Act for the payment thereof, and the production of the Treasury Bill to the Bank, issue to that person a fixed-date debenture or fixed-date debentures for the whole or any part of the principal moneys represented by the Treasury Bill as have not become payable before the date on which the application is made and the interest, if any, which has accrued due thereon up to the time referred to above.

(2) The date of issue of any fixed-date debenture issued under subsection (1) for the whole or any part of the principal moneys represented by a Treasury Bill and the accrued interest, if any, shall be —

- (a) where there is only one date determined under section 22 (3) of the Financial Administration and Audit Act for the payment of the Treasury Bill, that date;
- (b) where there are more dates than one determined under that section for the payment of the Treasury Bill, the date (from among such dates coming after the date on which the application for the issue of fixed-date debenture under subsection (1) is made) which is nearest to the date on which the application is made.

(3) The fixed date declared as the date for the redemption of a fixed-date debenture issued under subsection (1) shall not be later than five years from the date of issue of the debenture.

(4) Subject to the provisions of this section and section 26, the other provisions of this Act in relation to fixed-date debentures shall *mutatis mutandis* apply in relation to a fixed-date debenture issued under subsection (1).

Cap. 73:01. (5) The provisions of this section shall have effect notwithstanding anything contained in section 22 of the Financial Administration and Audit Act.

Interest payable upon fixed-date debentures issued under sections 23, 24 and 25.

26. (1) Interest shall be payable upon the principal moneys represented by fixed-date debentures issued under sections 23, 24 and 25 at such rate as may be fixed by the Minister from time to time, such rate being not lower than the bank rate prevailing on the date immediately preceding the date on which the Minister fixes it.

(2) The rate of interest fixed by the Minister under subsection (1) shall be notified in the *Gazette*.

(3) The interest payable upon the principal moneys represented by any fixed-date debenture issued under sections 23, 24 or 25 shall be computed half-yearly (the first half-year commencing on the date of issue of that debenture) in accordance with the rate of interest fixed by the Minister under subsection (1) and relevant for the half-year and the interest so computed shall be compounded with the principal moneys represented by that debenture for the purpose of computing future interest payable to the holder of the debenture.

(4) The aggregate of the interest payable under this section upon the principal moneys represented by any fixed-date debenture issued under sections 23, 24 or 25, and upon the interest compounded with such moneys under subsection (3), shall be paid to the holder of the fixed-date debenture, along with the principal moneys represented by the debenture, on the redemption of the debenture.

(5) In this section "bank rate" means the rate of interest determined and announced by the Bank under section 39 of the Bank of Guyana Act as the rate of interest it will charge for granting loans or advances to banks under section 38 of that Act. Cap. 85:02.

27. For the purposes of section 21 (1), or section 22 (6) of the Financial Administration and Audit Act, and for those purposes only, the issue of any fixed-date debentures under section 23, 24 or 25 shall, to the extent of the principal moneys represented by such fixed-date debenture, be deemed to be repayment of the principal moneys represented by the debenture, or the Treasury Bill, as the case may be, in lieu of which the fixed-date debenture is issued. Issue of fixed-date debentures under sections 23, 24 or 25 to be deemed to be repayment of principal for certain purposes. Cap. 73:01.

EXPLANATORY MEMORANDUM

This Bill seeks to amend the General Local Loan Act, Cap. 74:04, so as to empower the Minister, acting through the Bank of Guyana, to re-schedule payment of the amounts due under fixed-date debentures or equated annuity debentures and to convert Treasury Bills into fixed-date debentures. The above power, proposed to be conferred by the new sections 23, 24 and 25 sought to be inserted in the General Local Loan Act, can be exercised only on the application of the holder of the fixed-date debenture, equated annuity debenture or Treasury Bill,

as the case may be. Provision is also proposed to be made enabling the issue of fixed-date debenture in lieu of interest falling due on a fixed-date debenture if the holder of the fixed-date debenture applies for the same.

2. Under the new section 26 sought to be inserted in that Act compound interest will be payable upon the principal moneys represented by the fixed-date debentures issued under the proposed new sections 23, 24 and 25 at a rate to be fixed by the Minister from time to time. The rate of interest, it is proposed, should not be lower than the bank rate and shall be payable along with the principal on the redemption of the fixed-date debenture.

Carl B. Greenidge,
Minister of Finance and Economic Planning.

Bill No. 10/1984.