

CHAPTER 254

BAHAMAS MORTGAGE CORPORATION

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ARRANGEMENT OF SUBSIDIARY LEGISLATION

SECTION 24

Mortgage Corporation (Issue of Bonds) Regulations.

CHAPTER 254

BAHAMAS MORTGAGE CORPORATION

S.I. 27/1984
S.I. 12/2015**MORTGAGE CORPORATION
(ISSUE OF BONDS) REGULATIONS**

(SECTION 24)

[Commencement 28th June, 1984]

- 1.** These Regulations may be cited as the Mortgage Corporation (Issue of Bonds) Regulations. Citation.
- 2.** In these Regulations unless the context otherwise requires — Interpretation.
- “Authorised Agent” means the Central Bank acting as such pursuant to regulation 3;
- “bonds” means those instruments issued under section 7 of the Act by the Corporation as securities to persons for monies advanced to or invested by them in the Corporation;
- “Central Bank” means the Central Bank of The Bahamas established under the Central Bank of The Bahamas Act. Ch. 351.
- 3.** Subject to the approval of the Minister of Finance the Central Bank shall act as the Authorised Agent of the Corporation in respect to bonds and as the Authorised Agent carry out the functions in relation to the issuing and redemption of the bonds including — Authorised Agent.
- (a) the sale of, and the development of a market for, the bonds;
 - (b) the maintenance of a register for issued bonds;
 - (c) effecting transfers of issued bonds;
 - (d) the issuing of duplicate of bonds lost or destroyed;
 - (e) the payment of interest on bonds when due;
 - (f) the redemption of issued bonds.

Specification of bonds.	<p>4. The Corporation shall in respect of each issue of bonds advise the Authorised Agent as to —</p> <ul style="list-style-type: none"> (a) the name; (b) the amount to be issued; (c) the denomination; (d) the rate of interest payable; (e) the dates in each year on which the half/yearly interest shall be payable; (f) the date of redemption; and (g) the form and condition of the bonds.
Trustees of sinking fund.	<p>5. The Chairman of the Corporation, a public officer designated by the Minister of Finance, a Member of the Corporation nominated by the Minister and a nominee of the Central Bank shall be trustees of the sinking fund established pursuant to section 10 of the Act in respect of each issue of bonds.</p>
Investment of sinking fund. <i>S.I. 12/2015.</i>	<p>6. (1) All monies paid into a sinking fund may be invested in deposits at interest or invested in such stock or in such other securities or classes of securities or real or personal property as the trustees may, with the approval of the Minister after consultation with the Minister of Finance, decide.</p> <p>(2) The dividends, interest, bonus and other profits of any investment of any part of any sinking fund shall, subject to the approval of the Minister, as aforementioned, be deposited at interest or invested by the trustees so as to form part of the sinking fund in like manner as monies constituting the sinking fund.</p> <p>(3) The trustees shall not invest any monies contained in a sinking fund —</p> <ul style="list-style-type: none"> (a) by way of deposit at interest; or (b) in any stock or securities, <p>the date for the repayment or redemption of which is later than the date specified under regulation 4 for the redemption of the bonds for which the sinking fund was established.</p>
Trustees to hold sinking funds and other monies in trust for redemption.	<p>7. The trustees of the sinking fund shall hold all monies received by them for constituting the sinking fund and all monies derived from the investments thereof in trust to apply them for the Corporation in the redemption of the bonds in respect of which the sinking fund was established.</p>

8. Notwithstanding anything to the contrary contained in these Regulations, if at any time the trustees are satisfied in relation to any bonds issued under the provisions of these Regulations for the redemption of which a sinking fund was established that the sinking fund will be sufficient with further accumulations of interest, but without further payments under section 10 of the Act to enable the bonds to be redeemed at the time fixed for its redemption, they shall inform the Minister accordingly and the Minister may in such event approve of the suspension of further payments into the sinking fund:

Cessation of contribution to sinking fund.

Provided that the payments to the sinking fund shall be recommenced if the trustees at any time thereafter inform the Minister that they are no longer satisfied that the sinking fund with further accumulations of interest will be sufficient for the redemption of the relevant bonds' issue.

9. (1) If a sinking fund at the date fixed for the redemption of the bonds in respect of which the fund was established is insufficient for such redemption, the Minister shall appropriate and pay out of the Reserve Fund of the Corporation to the Authorised Agent such sum as is equivalent to the deficiency for the purpose of redeeming that issue of bonds or make in consultation with the Minister of Finance such other arrangements as may be necessary for that purpose.

Redemption of bonds.

(2) The bonds shall be redeemed on the first day of the month following the expiry of the duration of the bond.

10. (1) The rate of interest payable under a bond shall be indicated in the bond.

Interest on bonds.

(2) Interest shall be paid half yearly, the first payment being on the first day of the month following the expiry of six months from the date of issue. Subsequent instalments shall be paid every six months thereafter.

(3) No person shall be entitled to claim interest on any bond in respect of any period which has elapsed after the earliest date on which demand could lawfully have been made for the payment of the principal amount due on such bond.

Indemnity for
issuing duplicate
bonds.

11. Where any bond is defaced, lost or destroyed, application may be made to the Authorised Agent for the issue of a duplicate bond certificate and such Agent may require the applicant, as a condition precedent to the grant of the application, to execute an instrument, with or without sureties indemnifying the Central Bank and the Corporation against the claims of all persons claiming under the original bond certificate.

Register of
bonds.

12. (1) The Authorised Agent shall cause to be kept in writing on one or more sheets, whether bound or unbound, a register of the holders of bonds and there shall be entered therein such particulars as the Agent considers necessary, including —

- (a) the name and address of the respective holders;
- (b) distinguishing number/s of the bonds;
- (c) the date of issue of the respective bond certificates;
- (d) the amount paid for each bond and the amount of interest payable thereon;
- (e) the respective dates for payment of interest on the bonds.

(2) The register of bonds shall be kept at the offices of the Authorised Agent.

Certificate of
bonds.

13. A bond certificate shall bear the common seal of the Corporation and shall be *prima facie* evidence of the registered holder of the bond to the payment by the Corporation of the sum for which the bond was issued.

Death of bond
holder.

14. (1) The title of any person as successor to a deceased registered holder of a bond shall be proved by production of a duly certified copy of the respective probate or letters of administration and, where necessary, a declaration as to the identity of the deceased shall be made by some disinterested person to the satisfaction of the Authorised Agent.

(2) On proof of the death of one of the joint holders of a bond, the bond shall be held at the disposal of the survivor, but the name of the deceased bond-holder shall not be removed from the account kept in the register.

(3) In the event of the death of the surviving holder of a bond that was originally held in the names of two or more persons the bond and interest thereon shall be held at the disposal of the executors or administrators of such last survivor.

15. Information with regard to a bond account shall only be furnished at the request of the bond-holder to whom such account relates or his duly authorised representatives or as otherwise provided by law.

Information as to bond accounts.

16. The Corporation, the Authorised Agent, and any person acting under their authority, shall not be liable without proof of negligence or fraud, in respect of any payment duly made or act duly done in accordance with these Regulations, and any such payment shall, subject to the provisions of regulation 17 be deemed to have been a valid payment and a receipt issued by the person to whom the money was paid shall be a full discharge to the Corporation and to the Authorised Agent for the amount of such payment.

Validity of payments by Corporation under bonds.

17. No provision of these Regulations for the protection of the Corporation and of the Authorised Agent in respect of any act done or any money paid shall operate to prevent the recovery by any person or his representative of any bond or money lawfully due to him from the person whom such bond was transferred or such money was paid by or under the direction of the Authorised Agent, or from the representative of that person.

Saving rights of third parties.