

ECLA/POS 70/9

Distribution: Restricted

Date: 17 July 1970

ECONOMIC COMMISSION FOR LATIN AMERICA

Office for the Caribbean

A

NOTE

on

THE ISSUE OF TREASURY BILLS

in

SAINT LUCIA

with the necessary

DRAFT LEGISLATION AND FORMS

Prepared

by

M. Husain

UN Regional Tax Laws Adviser

12

C O N T E N T S

	<u>Page</u>
PART I	
Introduction	1
Salient Features of the Proposed Scheme for the issue of Treasury Bills in St. Lucia	1
PART II	
Draft Legislation and Forms -	
(1) Draft - The Treasury Bills Act	6
(2) Draft - Proclamation for the Commencement of the Treasury Bills Act	12
(3) Draft - The Treasury Bills Regulations (including the Schedule containing the Form of the Treasury Bill)	13
(4) Form of Notice Inviting Applications or Tenders for Treasury Bills	16
(5) Form of Application/Tender for Treasury Bills	17
(6) Form of Letter of Allotment of Treasury Bills	19

A
NOTE
ON THE
PROPOSED ISSUE OF TREASURY BILLS
BY THE GOVERNMENT OF ST.LUCIA.

PART I
INTRODUCTION

The decision of the St.Lucia Government to raise moneys for public uses through the issue of Treasury Bills is in line with the prevailing practice in several countries, including some in the Caribbean (e.g. Guyana, Barbados, St.Kitts and Grenada).

SALIENT FEATURES OF THE PROPOSED SCHEME FOR THE
ISSUE OF TREASURY BILLS IN ST. LUCIA

2. The scheme for the issue of Treasury Bills which may be adopted in St.Lucia may, it is felt, be modelled on the following lines:-

- (1) An Act may be passed authorising the Minister of Finance to borrow moneys for public uses of St. Lucia Government by the issue of Treasury Bills.

The actual issue of the Treasury Bills will, of course, take place in accordance with the Cabinet's decision and with its prior approval (general or specific), under the rules of procedure.

- (2) Treasury Bills may be issued either within the country or outside it (e.g. on the London Money Market, etc.) or both within and outside St.Lucia, as may be decided by the Minister of Finance on each occasion.

Here again, the decision will be taken with the approval (general or specific) of the Cabinet, as required by the rules of procedure.

- (3) Treasury Bills may also be issued to pay off those issued earlier, which is the normal practice followed in countries issuing Treasury Bills.
- (4) The issue cannot obviously be unrestricted. It is felt that 15 per cent (which is a very reasonable and safe - rather modest - percentage) of the revenue estimates of the country for the last preceding year, as laid before the House of Assembly, may be adopted as the upper-limit.

In Guyana, the upper-limit for borrowings through Treasury Bills and advances from Banks is 20 per cent. In Grenada, it is 15 per cent, but, of the revenue estimates of the current year. In St. Kitts and Barbados, there is no specified upper-limit, but each issue of Treasury Bills requires a Resolution of the House of Assembly.

It is considered that a percentage based on the estimated revenue of the last preceding financial year, as laid before the Legislature, would serve as a safer and more reassuring limit from the point of view of both the Government and the investors, especially those in the foreign countries, than one linked with the current revenue estimates, which, in many cases, generally happen to differ considerably from the revised estimates or the actual collections and although there are, very often, good and valid reasons for the difference these are not usually known to all the prospective investors.

The fixing of the upper-limit, as proposed above, would also obviate the necessity of going to the Legislature for a Resolution (which though, in actual fact, may be a pure formality, but would, nevertheless, take a lot of time and involve avoidable delay), whenever a fresh issue has to be made.

- (5) Treasury Bills may be issued in St.Lucia by the Accountant General. Outside the country, the issue may be handled by the Crown Agents or any other authorised financial institution (Bank), as may be decided on each occasion.
- (6) Notice for the issue of Treasury Bills may be published in the St.Lucia Gazette and such local or foreign newspapers, as may be considered necessary, at least four clear days before the applications or tenders are to be received.
- (7) Treasury Bills may be issued at a fixed rate of discount (which must be specified in the notice inviting applications or tenders) or at rates of discount which may be determined after the receipt of the applications or tenders, as may be decided by the Minister on each occasion. This will leave the Government's hands free to take an appropriate decision, as demanded by the situation, depending on the condition of the money market and the investment climate.
- (8) Applications or tenders may be made only on the forms to be made available for the purpose.
- (9) The Government may reserve the right to reject any application or tender, without assigning any reason.
- (10) On receipt of the applications or tenders, allotment of Treasury Bills may be made in the manner and to the extent it is considered to be necessary or desirable and the successful applicants informed of the amounts allotted to them.
- (11) No Treasury Bill may be issued with a maturity period exceeding one year.

- (12) Treasury Bills may be issued in the denominations of E.C. \$100 or multiples thereof (i.e. E.C. \$100, \$500, \$1,000, \$5,000, \$10,000, \$50,000 and \$100,000).

The minimum figure of \$100 is designed to attract small national investors to give them an opportunity to have a sense of participation in the national development effort.

- (13) Treasury Bills may be issued on the prescribed form and under the joint signatures of the Secretary of Finance and the Accountant General, which should constitute sufficient evidence, on behalf of the holder, that the issue has been validly made. This, it is felt, would serve as the necessary safeguard, both from the Government's and the investor's point of view.

- (14) Duplicate Bills may be issued in place of the damaged or defaced ones, which become unsaleable or Treasury Bills which are reported to be lost or destroyed. In the latter case, the claimant will have to produce satisfactory evidence and also furnish adequate security in case the original Bill comes to be presented later on for payment.

- (15) The principal sums of the Treasury Bills and the relevant expenses incurred in connection with the issue thereof will be a charge on the Consolidated Fund.

- (16) The proceeds of the Treasury Bills issued in St. Lucia by the Accountant-General will be paid into and form a part of the Consolidated Fund. In the case of Treasury Bills issued by the Crown Agents, the proceeds will be paid into the general account of St. Lucia with them. Where the Treasury Bills are issued by any

financial institution (Bank) authorised for the purpose, the proceeds will either be paid into the general account of the State with the Crown Agents or remitted to the Accountant-General (when they would form part of the Consolidated Fund), as may be decided by the Minister on each occasion.

DRAFT LEGISLATION AND FORMS

3. With a view to assisting the St. Lucia Government to implement their decision for the issue of Treasury Bills as quickly as possible and as desired by them, the necessary draft legislation and forms (listed below) have been prepared. These documents, which are attached to this Note, present a comprehensive and easily workable scheme in a form which would permit of action for its implementation, subject to Government's approval, being initiated immediately:-

- (1) Draft - Treasury Bills Act, 1970;
- (2) Draft - Proclamation for the Commencement of the Treasury Bills Act;
- (3) Draft - Treasury Bills Regulations, 1970;
- (4) Notice Inviting Applications or Tenders for Treasury Bills;
- (5) Form of Application/Tender for Treasury Bills; and
- (6) Form of Letter of Allotment of Treasury Bills.

PART II

SAINT LUCIA

D R A F T B I L L

The Treasury Bills Act, 1970

No. of 1970.

AN ACT to provide for the issue of Treasury Bills
and for matters connected therewith or incidental thereto.

Commencement.

(By Proclamation)

BE IT ENACTED by the Queen's Most Excellent
Majesty, by and with the advice and consent of the House
of Assembly of Saint Lucia, and by the authority of the
same, as follows:-

Short title.

1. This Act may be cited as the Treasury Bills Act,
1970.

Interpretation.

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

- (a) "Accountant General" means the Accountant
General of Saint Lucia and includes any person
authorised by the Minister to perform the
functions of the Accountant General for the
purposes of this Act;
- (b) "Consolidated Fund" means the Consolidated
Fund of the State of Saint Lucia;
- (c) "financial institution" means any company
carrying on the business of banking recognised
as such by the Minister and includes the Crown
Agents;

- (d) "financial year" means the period of twelve months beginning on the first day of January in each year and ending on the thirty-first day of December next following;
- (e) "Government" means the Government of Saint Lucia;
- (f) "Minister" means the Minister charged for the time being with the responsibility for the subject of Finance;
- (g) "Secretary of Finance" means the Secretary of Finance of Saint Lucia and includes any person authorised by the Minister to perform the functions of the Secretary of Finance for the purposes of this Act;
- (h) "the State" means the State of Saint Lucia; and
- (i) "Treasury Bill" or "Bill" means Treasury Bill issued under this Act and includes a duplicate Bill issued under section 10 in lieu of a Bill which has been damaged, defaced, lost or destroyed.

Authority to
issue Treasury
Bills.

3. (1) Subject to the provisions of this Act, the Minister is hereby authorised to borrow moneys for public uses of the State by the issue of Treasury Bills.

(2) Such Treasury Bills may be issued -

(a) in Saint Lucia, by the Accountant General; and

(b) in any country outside Saint Lucia, by a financial institution,

as the Minister may, from time to time, direct.

(3) The authority to issue Treasury Bills under sub-section (1) shall also extend to the issue of such Bills as may be required to pay off at maturity Treasury Bills already issued.

(4) The principal sums represented by any Treasury Bills outstanding at any one time shall not exceed in the aggregate fifteen per centum of the estimated annual revenue of the State for the last preceding financial year as shown in the annual estimates of revenue and expenditure laid before the House of Assembly with respect to that year.

Amounts and
Currency of
Treasury
Bills.

5. Every Treasury Bill shall be expressed to be issued in respect of a sum of one hundred dollars (Eastern Caribbean Currency) or a multiple thereof and shall be payable at par at such time or times (not later than the expiration of one year from the date of issue thereof) as the Minister may determine.

Issue of Treasury
Bills under joint
signatures of
Finance Secretary
and Accountant
General and in
the prescribed
form to consti-
tute sufficient
evidence of
validity.

6. Every Treasury Bill shall be issued under the joint signatures of the Secretary of Finance and the Accountant General and shall be in such form as may be prescribed and these facts shall constitute sufficient evidence, on behalf of the holder, that the issue has been validly made.

Proceeds of
Treasury Bills.

7. The proceeds of the Treasury Bills issued under -
(a) paragraph (a) of sub-section (2) of section 3 and any sum received by the Accountant General under sub-paragraph (ii) of paragraph (b) shall be paid into, and form part of, the Consolidated Fund; and
(b) paragraph (b) of sub-section (2) of section 3 shall -
(i) in the case of the Bills issued by

the Crown Agents, be paid into the general account of the State with the Crown Agents; and

- (ii) in the case of any financial institution other than the Crown Agents, be paid into the general account of the State with the Crown Agents or remitted to the Accountant General, as the Minister may, from to time, direct.

Principal sums, interest, etc. charge on Consolidated Fund.

8. The principal sums represented by the Treasury Bills issued under section 3 (including any interest thereon and charges or expenses relating or incidental to the issue of such Bills) shall be charged on, and payable out of, the Consolidated Fund.

Repayment of Treasury Bills.

9. (1) Upon the repayment of the principal sums represented by any Treasury Bill, the said Bill shall be delivered -

(a) in the case of a Bill issued under paragraph (b) of sub-section (2) of section 3, to the financial institution by which it was issued; and

(b) in any other case, to the Accountant General.

(2) Any Bill delivered under sub-section (1) shall be cancelled forthwith by the financial institution or the Accountant General, as the case may be.

Issue of Duplicate Bills in lieu of defaced or destroyed Bills.

10. Where a Treasury Bill issued by the Accountant General or any financial institution -

(a) has been so damaged or defaced as to be unsaleable; or

(b) is reported to have been lost or destroyed, the Accountant General or the financial

institution, as the case may be, may issue a duplicate Bill in lieu thereof:

Provided that in the case referred to in paragraph (b), a duplicate Bill as aforesaid shall not be issued unless -

(i) the Accountant General, or the financial institution, as the case may be, is satisfied on the basis of such evidence as he or it may require that the Bill was actually lost or destroyed; and

(ii) the claimant furnishes a good and sufficient security, to his or its satisfaction, for the amount of the Bill, should it be presented for payment at any time thereafter.

Regulations.

11. (1) The Minister may, from time to time, issue such directions and make such Regulations as he may think fit for the purposes, and to give effect to the provisions, of this Act.

(2) Without prejudice to the generality of subsection (1), such Regulations may -

(a) prescribe any form which is required to be prescribed under this Act and any other form as he thinks fit for the purposes of this Act;

(b) provide for the mode of issue, the mode of payment, and the maintenance of accounts and registers and other records relating to Treasury Bills; and

(c) make provision for any matter or thing for which no provisions or no sufficient provision exists in this Act.

(3) Any Regulations made under this section shall be published in the Gazette, and upon such publication, shall have effect as if they formed part of this Act.

Repeal.

12. The Colonial Treasury Bills Ordinance (Ch.125) is hereby repealed.

Commencement.

13. This Act shall come into operation on such day as the Governor may appoint by Proclamation published in the Gazette.

OBJECTS AND REASONS

The object of this Bill is to authorise the borrowing of moneys for public uses of St.Lucia by the issue of Treasury Bills and for matters incidental thereto.

ATTORNEY GENERAL.

No. of 1970.

By His Excellency FREDERICK CLARKE
Governor of Saint Lucia.

FREDERICK CLARKE
Governor.

A PROCLAMATION

WHEREAS it is provided by section 13 of the Treasury Bills Act, 1970 that the said Act shall come into operation on such day as the Governor may appoint by Proclamation published in the Gazette;

HOW, THEREFORE, I, FREDERICK CLARKE, Governor as aforesaid, hereby appoint theday of, 1970 to be the day on which the said Act shall come into operation.

Given under my Hand and the
Seal of St.Lucia at Government
House thisday of1970.

THE TREASURY BILLS ACT, 1970.

REGULATIONS

MADE BY THE MINISTER OF FINANCE UNDER SECTION 11 OF
THE TREASURY BILLS ACT, 1970.

THE TREASURY BILLS REGULATIONS, 1970

- Citation. 1. These Regulations may be cited as the Treasury Bills Regulations, 1970.
- Notice in-
viting
applications/
tenders. 2. (1) The Accountant General or the financial institution may, when authorised in this behalf by the Minister, invite applications or tenders for Treasury Bills by notice published in the Gazette and in any such newspaper or newspapers published in Saint Lucia, or any country other than Saint Lucia, as the Minister may direct.
- (2) Such notice shall be published not less than four clear days before the final date on which applications or tenders will be received.
- (3) The notice published under paragraph (1) shall specify the period (being a period not exceeding twelve months) for which the Treasury Bills are to be issued.
- Mode of
issue of
Treasury
Bills. 3. (1) The Treasury Bills may be issued at fixed rates of discount or at rates of discount to be determined after the applications or tenders therefor have been received, as the Minister may direct.
- (2) Where Treasury Bills are to be issued at a fixed rate of discount, such rate shall be specified in the notice published under paragraph (1) of regulation 2.

Applications/
Tenders for
Treasury
Bills.

4. (1) Applications or tenders for Treasury Bills shall be made only on such forms as may be issued for the purpose by the Accountant General or the financial institution, as the case may be.

(2) No application or tender for Treasury Bills shall be accepted unless payment in respect thereof is made as may be specified on the form of application or tender.

Allotment
of Treasury
Bills.

5. (1) On receipt of the applications or tenders for Treasury Bills, the Accountant General or the financial institution, as the case may be, may, subject to such general or specific directions as may be issued by the Minister, accept such applications or tenders as he or it, in his or its absolute discretion, thinks fit and make an allotment of the Treasury Bills accordingly.

(2) The Accountant General or the financial institution, as the case may be, shall advise the successful applicants or tenderers for Treasury Bills of the allotment made to them.

Rejection of
applications/
tenders.

6. (1) The Accountant General or the financial institution, as the case may be, shall not be bound to accept any application or tender and may reject it without assigning any reason therefor.

(2) Where an application or tender is rejected under paragraph (1), the Accountant General or the financial institution, as the case may be, shall inform the applicant accordingly and refund any payment made under paragraph (2) of regulation 4.

Form of
Treasury
Bill.

7. The Treasury Bills shall be in the form set out in the Schedule to these Regulations and shall be printed on such paper and to such design as may be approved by the Secretary of Finance.

Repayment.

8. Upon the surrender of a Treasury Bill, the principal sum of such Bill shall be paid by the Accountant General or the financial institution, as the case may be, on the date specified in the Bill without grace and the Bill shall be cancelled and dealt with in such manner as the Minister may direct.

SCHEDULE

GOVERNMENT OF ST. LUCIA

No. _____ TREASURY BILL Issue _____

THIS TREASURY BILL entitles

* _____ or order

to the payment of _____ Dollars

(East Caribbean Currency) at _____

on the _____ day of _____ 19 .

EC\$ _____.

Secretary of Finance

Accountant General

* If the blank is not filled, this Bill will be paid to BEARER.

Dated this _____ day of July, 1970. MINISTER OF FINANCE.

NOTICE

GOVERNMENT OF ST.LUCIA TREASURY BILLS

(ISSUE NO.)

Tenders are invited for the issue of St.Lucia Government Treasury Bills which will be made to the amount of \$_____ (ECC).

These Bills will be in denominations of \$100, \$500, \$1,000, \$5,000, \$10,000, \$50,000 and \$100,000, and will be payable at par ninety-one days after the date of issue. They will be issued on Wednesday, the19.. and shall be payable on Wednesday the.....19...

Each tender must be for an amount of not less than \$..... and must specify the amount which will be given for every ONE HUNDRED DOLLARS (ECC) of the amount tendered.

Bills will be issued in denominations appropriate to the amount requested in the tender.

Application Forms are available at the Treasury and the Commercial Banks and when completed should be forwarded in sealed envelopes marked and addressed as under:-

CONFIDENTIAL

TREASURY BILL TENDER

The Accountant General
Government Buildings
Castries,
(ST. LUCIA)

All applications must reach the Accountant General not later than 2 p.m. on Thursday, the19...

The Government of St.Lucia reserves the right to accept or reject any tender in whole or in part.

.....
Accountant General

Government Buildings,
Castries (St.Lucia).
The19...

APPLICATION FOR TREASURY BILLS

Address

.....

.....

Application No.
(For Office use only)

Date19..

The Accountant General
Government Buildings,
Castries, (St.Lucia).

Dear Sir,

In accordance with the terms of the Government Notice dated
the19.., in respect of the Treasury Bills
Issue No.....I/We hereby apply for Treasury Bills to the amount
ofdollars (\$) (ECC) to be issued on
the19...

PARTICULARS OF BILLS

.....	of \$100,000	each = \$	.....
.....	of \$ 50,000	each = \$	.....
.....	of \$ 10,000	each = \$	.....
.....	of \$ 5,000	each = \$	.....
.....	of \$ 1,000	each = \$	.....
.....	of \$ 500	each = \$	.....
.....	of \$ 100	each = \$	.....

Total \$

I/We undertake to accept the same or any less amount that may
be allotted to me/us and paydollarscents
(\$) for every One Hundred Dollars.

I/We further undertake to pay to the Accountant General,
either at the Treasury or through a Commercial Bank, the above
mentioned sum ofdollars andcents
for every One Hundred Dollars upon receipt of a letter notifying
me/us of my/our allotment.

*I/We wish my/our name(s) to be inserted on any Bills that might be issued to me/us.

Yours faithfully,

Signature)

or

Signatures)

Names(s) in full (Mr./Mrs./Miss)
(in block letters)

* Please delete this paragraph if you do not wish your name inserted.

NOTE: Each tender must be for not less than \$500.

Treasury Bills
LETTER OF ALLOTMENT

THE TREASURY
Government Buildings
Castries (St.Lucia)
.....19..

Issue No.
Application No.

Dear Sir(s)/Madam,

I am directed to inform you that your Tender dated thefor \$in the Treasury Bills has been accepted to the extent of \$(ECC). These Bills, which will be issued on the19.., and payable on the19.. will be in the following denominations:-

..... of \$	100 each =	\$	.....
..... of \$	500 each =	\$	.....
..... of \$	1,000 each =	\$	.....
..... of \$	5,000 each =	\$	.....
..... of \$	10,000 each =	\$	.....
..... of \$	50,000 each =	\$	.....
..... of \$	100,000 each =	\$	.....
Total			\$
		

2. The sum ofdollars andcents (\$) should be paid to the Accountant General not later than the19... Payment can be made at the Treasury or, if preferred, to Commercial Banks for the credit of the Treasury Account; in case payment is made to a Commercial Bank, the counterfoil of the Bank Deposit Slip should be presented at the Treasury. An official Treasury Receipt will be issued by me for payments made either at the Treasury or to a Commercial Bank. It is essential that payment be made not later than the date specified above as late payments will NOT be accepted.

3. Upon payment for the Treasury Bills, the Bills will be delivered to you at the Treasury on production of this Letter of Allotment with the receipt form shown overleaf completed. This Letter will then be retained by me.

Yours faithfully,

Accountant General.

Receipt to be given by Allottee of Treasury Bills

Date19..

RECEIVED from the Accountant General
Treasury Bills in the denomination shown overleaf to the total of
.....dollars (EC\$.....).

.....
Signature(s) of Allottee(s)

NOTE:

In case you are unable to take delivery in person of the Treasury Bills, the Order shown below should be completed and signed by you:-

To

The Accountant General, Castries (St.Lucia).

Please deliver to bearer (Mr./Mrs./Miss)
the Treasury Bills fordollars (EC\$.....).
in the denomination stated overleaf which have been allotted to me/us.

Date19..

.....
Signature(s) of Allottee(s)

FOR OFFICE USE ONLY

Paid on	
at Treasury	
Barclays Bank D.C.O.	
The Royal Bank of Canada	
Bank of Nova Scotia	
Canadian Imperial Bank of Commerce	
St.Lucia Co-operative Bank	
Dated	Issued.
Upon payment and on issue of Treasury Receipt below to be completed:-	
L/A received on	
Bills Issued on	
Initials	}
and	
Date	

PARTICULARS OF BILLS ISSUED

Quantity	Denomination	Bill No.

