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No. 26 of 2011

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Second Session Tenth Parliament Republic of  
Trinidad and Tobago

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HOUSE OF REPRESENTATIVES

## **BILL**

AN ACT to provide for the purchase by Government of certain rights belonging to holders of Short-Term Investment Products with Colonial Life Insurance Company (Trinidad) Limited and British American Insurance Company (Trinidad) Limited; to empower the Minister of Finance to make payments and issue bonds for the purchase of those rights; to validate funding provided by Government to Colonial Life Insurance Company (Trinidad) Limited and British American Insurance Company (Trinidad) Limited; and for related matters

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THE PURCHASE OF CERTAIN RIGHTS AND  
VALIDATION BILL, 2011

**Arrangement of Clauses**

*Clause*

1. Short title
2. Interpretation
3. Minister authorized to sign agreements, make payments and issue bonds
4. Charge on Consolidated Fund
5. Bonds deemed registered
6. Fiscal Agent
7. Regulations
8. Validation

THE PURCHASE OF CERTAIN RIGHTS AND VALIDATION  
BILL, 2011

**Explanatory Note**

(These notes form no part of the Bill but are intended only to indicate its general purport)

This Bill seeks to provide for the purchase of certain rights belonging to holders of Short-Term Investment Products (STIPs) with Colonial Life Insurance Company (Trinidad) Limited and British American Insurance Company (Trinidad) Limited; to empower the Minister of Finance to make payments and issue bonds for the purchase of those rights; to validate funding provided by Government to Colonial Life Insurance Company (Trinidad) Limited and British American Insurance Company (Trinidad) Limited; and for related matters.

Clause 1 of the Bill would provide the short title of the Bill.

Clause 2 of the Bill would provide the interpretation provisions.

Clause 3 of the Bill seeks to authorize the Minister to sign agreements, make payments and issue bonds.

Clause 3(2) seeks to provide that the Minister may in the first instance, issue twenty bonds of varying maturities from one to twenty years and which shall not exceed in the aggregate, ten billion, seven hundred million dollars after which he may issue additional bonds as may be specified by resolution of the House of Representatives.

Clause 4 of the Bill seeks to make the payment of all moneys under this Act a charge on the consolidated fund.

Clause 5 of the Bill seeks to provide that all bonds issued under this Act would be deemed registered in accordance with the provisions of the Securities Industry Act.

Clause 6 of the Bill seeks to provide that the Minister may by Order, designate the Central Bank or a financial institution as a Fiscal Agent under this Act.

Clause 6(2) seeks to provide that the Fiscal Agent shall establish and maintain a register of the bond holders and promptly pay on behalf of the Government, the principal sum upon the maturity of the bond.

Clause 7 of the Bill seeks to allow the Minister to make Regulations for carrying out the purpose and provisions of this Act which would include but shall not be limited to, the denomination of bonds, transfer of bonds, form, issue and recording of bonds and the method of holding bonds.

Clause 7(2) seeks to have Regulations made under subsection (1) be laid in Parliament.

Clause 8 of the Bill seeks to validate funds to the value of five billion, one hundred million dollars, paid by the Government from the period February, 2009 to May, 2010.

Clause 8(2) seeks to validate the purchase of rights from and the payment of moneys to holders of Short-Term Investment Products (STIPs) in respect of principal balances not exceeding seventy-five thousand dollars.

Clause 8(3) seeks to clarify the term “principal balances” as it relates to holders of Short-Term Investment Products (STIPs).

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Government to Colonial Life Insurance Company  
(Trinidad) Limited and British American  
Insurance Company (Trinidad) Limited; and for  
related matters

[ , 2011]

Preamble

WHEREAS the total funding provided by the Government to Colonial Life Insurance Company (Trinidad) Limited and British American Insurance Company (Trinidad) Limited (“the Companies”), between February, 2009 and May, 2010 amounted to five billion, one hundred million dollars:

And whereas on the 8th day of September, 2010, the Minister of Finance announced his intention to treat with the holders of Short-Term Investment Products (“STIPs”) with the Companies whose principal balances exceeded seventy-five thousand dollars over a twenty-year period at zero interest and structured in such a manner to accommodate trading on the secondary markets:

And whereas since the 4th day of March, 2011 the Government has purchased from the holders of STIPs with the Companies, certain rights in respect of principal balances not exceeding seventy-five thousand dollars:

And whereas the said funding of five billion, one hundred million dollars and the said purchase of rights in respect of principal balances not exceeding seventy-five thousand dollars were executed pending legislative authority:

Enactment

ENACTED by the Parliament of Trinidad and Tobago as follows:

Short title

1. This Act may be cited as the Purchase of Certain Rights and Validation Act, 2011.

## 2. In this Act—

Interpretation

“BAT” means the British American Insurance Company (Trinidad) Limited incorporated under the Companies Act;

Chap. 81:01

“bond” means a non-interest bearing transferable bond;

“Central Bank” means the Central Bank of Trinidad and Tobago established under the Central Bank Act;

Chap. 79:02

“CLICO” means the Colonial Life Insurance Company (Trinidad) Limited incorporated under the Companies Act;

“financial institution” means a company licensed under the Financial Institutions Act;

Act No. 26 of 2008

“Minister” means the Minister to whom the responsibility for finance is assigned;

“Short-Term Investment Products or STIPs” means—

- (a) an Executive Flexible Premium Annuity, Executive Single Premium Annuity, Group Advanced Protection or Guaranteed Annuity Advanced Protection Policy issued by CLICO; and
- (b) Executive Flexible Premium Annuity, Single Premium Annuity, Corporate Savings Contract and Flexible Premium Annuity II issued by BAT.

3. (1) For the purpose of purchasing rights belonging to the holders of STIPs, the Minister is authorized to—

Minister authorized to sign agreements, make payments and issue bonds

- (a) sign agreements on behalf of the Government; and
- (b) make payments in any form whatsoever including the issuing of bonds.

(2) For the purpose of issuing bonds under subsection (1)(b), the Minister may in the first instance, issue twenty bonds—

- (a) of varying maturities from one to twenty years; and
- (b) not exceeding in the aggregate, ten billion, seven hundred million dollars,

and may thereafter issue additional bonds as may be specified by resolution of the House of Representatives.

Charge on Consolidated Fund 4. The payment of all moneys under this Act shall be a charge on the Consolidated Fund.

Bonds deemed registered  
Chap. 83:02 5. The bonds issued under this Act are deemed to have been duly registered in accordance with the provisions of the Securities Industry Act.

Fiscal Agent 6. (1) The Minister may, by Order, designate—  
(a) the Central Bank; or  
(b) a financial institution,  
the Fiscal Agent under this Act.

- (2) The Fiscal Agent shall—
- (a) establish and maintain a register of the holders of bonds; and
  - (b) promptly pay, on behalf of Government, the principal sum at maturity of a bond.

Regulations 7. (1) The Minister may make Regulations for carrying out the purpose and provisions of this Act including but not limited to the—  
(a) denomination of bonds;  
(b) transfer of bonds;  
(c) form, issue and recording of bonds; and  
(d) method of holding bonds.





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Passed in the Senate this      day of      , 2011.

*Clerk of the Senate*

I confirm the above.

*President of the Senate*

No. 26 of 2011

SECOND SESSION  
TENTH PARLIAMENT

REPUBLIC OF  
TRINIDAD AND TOBAGO

**BILL**

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Received and read the

First time .....

Second time .....

Third time .....