

2022/08/08

OBJECTS AND REASONS

This Bill would provide for the public to invest in the Barbados Optional Savings Scheme Plus.

Arrangement of Sections

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SCHEDULE

Terms and conditions for the issue of the bonds

BARBADOS

A Bill entitled

An Act to provide for the public to invest in the Barbados Optional Savings Scheme Plus.

ENACTED by the Parliament of Barbados as follows:

Short title

1. This Act may be cited as the *Barbados Optional Savings Bonds Plus (Offer to the Public) Act, 2022*.

Interpretation

2. In this Act,

“Bank” means the Central Bank of Barbados;

“bonds” means the Barbados Optional Savings Bonds Plus issued under this Act;
and

“Scheme” refers to the Scheme established by section 3.

Establishment of Scheme

3. The Barbados Optional Savings Scheme Plus is hereby established.

Purpose of Scheme, issuance of bonds and rate of interest

4.(1) The purpose of the Scheme is to provide a vehicle through which the general public may invest in the bonds issued under this Act in order to facilitate the funding of environmental, economic and social development in Barbados.

(2) The bonds referred to in subsection (1) shall be issued upon terms and conditions set out in the *Schedule*.

(3) The bonds shall mature 5 years after the date of issue of each bond.

Payment of interest

5. Interest accrued on the bonds is payable semi-annually.

Monetary value of bonds

6. The monetary value of bonds to be issued for each financial year shall be in such amount as may be determined by Order made by the Minister.

Bonds to be tradeable and negotiable

7.(1) A bond shall be a tradeable and negotiable instrument and shall be subject to the terms and conditions set out in the *Schedule*.

(2) After the month of issuance market conditions shall apply to the trading of the bonds.

(3) Nothing in the *Income Tax Act*, Cap. 73, the *Stamp Duty Act*, Cap. 91 or any enactment relating to the imposition of a tax or any impost on bonds, shall apply to bonds issued under this Act.

Bank to be fiscal agent for the Government

8. The Bank shall be the fiscal agent of the bonds and shall perform all functions necessary in relation to dealing with bonds.

Bonds to be redeemable

9. A bond may be redeemed at par by the bondholder 24 months after the date of first issue.

Amendment of Schedule

10. The Minister may by Order amend the *Schedule*.

Commencement

11. This Act shall into operation on the 1st day of September, 2022.

SCHEDULE

(Sections 4(2) and 7(1))

Terms and conditions for the issue of the bonds

The terms of the bond are as follows:

1. A 5-year bond with a 4.5 per cent interest rate per annum.
2. Interest accrued shall be payable semi-annually and the principal paid 5 years from date of issuance of bond.
3. No withholding tax on the interest earned.
4. Stamp duty shall not be payable.
5. Bonds are fully tradeable in the Secondary Bond Market.
6. Bonds can be purchased on monthly tranches.
7. Protected bonds - As with the domestic debt restructuring of 2018 in which savings bonds issued pursuant to the *Debt Holder (Approval of Debt Restructuring) Act, 2018* (Act 2018-24) were not restructured, these bonds are protected from restructuring.
8. Bonds will have an early redemption feature (after 24 months of date of issue) which will allow individuals to redeem their bonds early.