



BELIZE

**OFFSHORE BANKING ACT
CHAPTER 267**

REVISED EDITION 2000
SHOWING THE LAW AS AT 31ST DECEMBER, 2000

This is a revised edition of the law, prepared by the Law Revision Commissioner under the authority of the Law Revision Act, Chapter 3 of the Laws of Belize, Revised Edition 1980 - 1990.

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| This edition contains a consolidation of the following laws- | Page |
| ARRANGEMENT OF SECTIONS | 3 |
| OFFSHORE BANKING ACT | 8 |
| Amendments in force as at 31st December, 2000. | |



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CHAPTER 267

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CHAPTER 267**OFFSHORE BANKING**

11 of 1996.
Commencement
[1. 8. 1996]
S.I. 103 of 1996.

[26th July, 1996]

PART I*Preliminary*

- Short title. 1. This Act may be cited as the Offshore Banking Act.
- Interpretation. 2. In this Act, unless the context otherwise requires,
- “capital” means the net worth of a person, determined in accordance with generally accepted accounting principles as the excess of assets over liabilities;
- CAP. 262. “Central Bank” means the Central Bank of Belize, established by the Central Bank of Belize Act;
- “dollar” means a unit of currency of the United States of America;
- CAP. 263. “domestic bank” means a bank holding a valid banking licence under the Banks and Financial Institutions Act;
- “foreign bank” means a foreign company holding a valid banking licence under the laws of a country other than Belize;
- “foreign company” means a company incorporated in a country other than Belize;
- “foreign licensee” means a foreign bank holding a valid licence to carry on offshore banking business from within Belize, issued under this Act;

“foreign money” means a currency other than the Belize dollar;

“licence” means a licence granted under this Act, and “licensed” shall be construed accordingly;

“licensee” means a company holding a valid licence under the provisions of this Act to carry on offshore banking business from within Belize;

“local company” means a company incorporated in Belize under the Companies Act, or the International Business Companies Act; CAP. 250.
CAP. 270.

“local licensee” means a local company holding a valid licence granted under this Act to carry on offshore banking business from within Belize;

“Minister” means the Minister responsible for Finance;

“non-resident” means a person who is not a resident of Belize within the meaning of “resident” as hereinafter defined;

“offshore bank” means a company licensed under this Act to carry on the business of offshore banking;

“offshore banking” or “offshore banking business” shall have the meaning assigned to it in section 3;

“person” means an individual or a body corporate;

“resident” means-

- (a) a person ordinarily resident in Belize, irrespective of nationality; or
- (b) any incorporated or other body, wherever incorporated, formed or organized, that is controlled by a person described in (a)

above; or

- CAP. 270. (c) any company incorporated under the International Business Companies Act (other than a Public Investment Company) that holds or owns shares, debt obligations or other securities
- CAP. 250. in a company incorporated under the Companies Act, or has any of its shares, debt obligations or other securities beneficially owned or held by any person or company resident in Belize.

Offshore banking defined. 3.-(1) “Offshore banking” or “offshore banking business” means:-

- (a) receiving, borrowing or taking up foreign money exclusively from non-residents at interest or otherwise on current account, savings account, term deposit or other similar account and which according and subject to arrangement is repayable on the cheque, draft, order, authority or similar instrument of the customer, and investing the foreign money so received by lending, giving credit or otherwise exclusively to non-residents; or
- (b) carrying on exclusively with non-residents such other activities as are customarily related or ancillary to off-shore banking.

CAP. 263. (2) Paragraphs (a) and (b) of subsection (1) above do not include banking business which is carried on with non-residents by banks licensed under the Banks and Financial Institutions Act.

PART II

Licensing Requirements

Prohibition carrying on offshore banking business without a licence. 4.-(1) No person shall carry on offshore banking business from within Belize unless he holds a valid licence granted under this Act.

- (2) A person who not being duly licensed under this Act-
- (a) acts as an offshore bank, whether on his own account, in partnership or otherwise;
 - (b) holds himself out as being licensed as an offshore bank; or
 - (c) takes or uses any name, title, addition, or description implying or likely to lead another person to believe that he is licensed as an offshore bank,

commits an offence and is liable on summary conviction to a fine not exceeding one hundred thousand dollars or to a term of imprisonment not exceeding five years, or to both such fine and term of imprisonment.

5.-(1) No licence may be issued under this Act to any person other than an eligible company. Eligibility for the grant of a licence.

(2) A body corporate or proposed to be incorporated is an eligible company if-

- (a) it is incorporated or registered under the Companies Act or the International Business Companies Act as a company limited by shares, or it is a foreign bank; CAP. 250.
CAP. 270.
- (b) its shares are in registered form and not in bearer form;
- (c) its memorandum and articles of association are acceptable to the Central Bank; and
- (d) its authorized and paid up capital accords with the requirements of sections 16 or 17, as the case may be, and section 18 of this Act.

CAP. 250.
CAP. 270.

(3) Notwithstanding anything contained in the Companies Act, or the International Business Companies Act, no company may be incorporated or registered under those Acts, whose objects include the carrying on of offshore banking business from within Belize unless its incorporation or registration has been consented to by the Central Bank.

Contents of
application.

6.-(1) An eligible company desirous of carrying on offshore banking business from within Belize shall make an application to the Central Bank for the grant of a licence in the prescribed form.

(2) An application under subsection (1) shall show that the applicant is an eligible company. The Central Bank may also require that such application-

(a) give particulars of, but not limited to:-

(i) the names and addresses of its directors and principal shareholders;

(ii) the ultimate beneficial ownership of the company or proposed company where the shareholders of record are, or are to be, corporations, trusts or other legal entities or organizations, or where the shareholders of record are acting as nominees for or under the direction of any other person notwithstanding anything to the contrary contained in any other law;

(iii) the shareholding structure and management of the company;

(iv) the financial standing of the company, if applicable;

(b) contain a detailed business and financial plan of the company;

- (c) provide particulars of referees, guarantors and other third parties;
- (d) provide details of any subsidiary or affiliated company;
- (e) provide details of any overseas office which the company has or proposes to open;
- (f) provide the names and addresses of the external auditors of the company or proposed company, including the experience of the auditors in auditing banks;
- (g) provide such other information of a financial or other nature as the Central Bank may require in any general or particular case; and
- (h) be accompanied by a non-refundable fee as may from time to time be prescribed by the Minister.

(3) In addition to the requirements of subsection (2), a foreign bank shall further supply to the Central Bank when making its application, a written statement from the banking supervisory authority in its country of incorporation, and the banking supervisory authority in the country where its principal office is located if different, confirming that the authority has no objection to the application.

(4) An application for a licence and all documents submitted pursuant to this Act in support of the application shall be signed by the directors of the eligible company or proposed company making the application.

(5) Documents submitted to the Central Bank under subsection (4) may be produced in evidence in any court of law or before the Appeal Board established under the Banks and Financial Institutions Act.

CAP. 263.

Examination of applications.

7.-(1) On receipt of an application from an eligible company for a licence under this Act, the Central Bank may cause such investigation to be made of the applicant company or proposed company, its financial standing, and of any associates or affiliates of the applicant company or proposed company, as the Central Bank considers necessary to satisfy itself that the applicant meets the criteria of licensing and that it will conduct its business in a sound and prudent manner.

(2) Without prejudice to the generality of subsection (1), the Central Bank may require an examination or investigation to be made of any or all of the following:

- (a) the financial status and history of the applicant company and any of its directors, associates, principal shareholders or affiliates;
- (b) the character and experience of the directors and managers thereof;
- (c) the adequacy of its capital for the purpose of the business it intends to carry;
- (d) the earning prospects and viability of the proposed offshore bank;
- (e) the source of funds for capitalization;
- (f) any other matter relating to the fitness and propriety of the applicant company, its directors, beneficial owners or management;
- (g) the adequacy of the applicant company's liquidity;
- (h) the adequacy of the applicant company's provision for non-

performing and doubtful assets; and

- (i) the adequacy of the applicant company's accounting methods and records.

(3) For the purposes of this section, "associate" when used to indicate a relationship with any person, means:

- (a) a company of which the person so referred to beneficially owns or controls, directly or indirectly, shares, or securities convertible into shares, carrying more than twenty five *per centum* of the voting rights;
- (b) a partner of the person so referred to, acting on behalf of the partnership;
- (c) a trust or estate in which the person so referred to has a substantial beneficial interest or in respect of which he serves as a trustee or in a similar capacity.

(4) For the purposes of this section:

- (a) one company is affiliated with another company if that company is the subsidiary of the other or both are subsidiaries of the same holding company or each of them is controlled by the same person;
- (b) if two companies are affiliated with the same company at the same time, they are affiliated with each other at that time;
- (c) a company is the holding company of another if that other company is a subsidiary of the first-mentioned company;

(d) a company is a subsidiary of another company if it is controlled by that other company.

(5) The Central Bank shall submit its recommendation to the Minister within sixty days of the acceptance of the application, provided that, if the Central Bank requests additional information from the applicant, the period during which the additional information is outstanding shall not be included in the said period of sixty days.

Grant of licence. 8.-(1) On the recommendations of the Central Bank, the Minister may grant a licence under this Act upon payment of the prescribed fee and subject to such terms and conditions as he may specify; or he may refuse to grant a licence.

(2) The Minister shall give his decision on an application submitted to him within four weeks of the date of its receipt by him from the Central Bank.

(3) Where a licence is granted subject to the conditions that the terms and conditions thereof may be varied subsequent to its issue, the Minister may, on the recommendations of the Central Bank, at any time vary or revoke any of the original terms and conditions or impose additional terms and conditions.

Refusal of licence. 9.-(1) Where the Minister refuses to issue a licence under this Act, he shall inform the applicant of the grounds of his refusal.

(2) Where the Minister states that the refusal to grant a licence was in the public interest, he need not give details of that refusal, or state any other ground.

Duration of licence. 10.-(1) A licence granted under this Act remains valid until revoked pursuant to this Act, but it is a condition of every licence that an annual licence fee be paid by the due date by every class of licensee as prescribed by the Minister from time to time.

(2) Every licensee who defaults in paying the prescribed annual licence

fee in respect of a licence granted under this Act by the due date and who continues to transact offshore banking business shall be liable to pay, upon being called upon by the Central Bank to do so, an amount equal to three times the amount of the unpaid fee.

11.-(1) It is a condition of every licence granted under this Act that:-

Other special conditions.

- (a) a local licensee shall not change his name without the prior approval of the Central Bank;
- (b) a licensee shall not knowingly in the course of his business accept any deposit for the account of a beneficial owner who is a resident of Belize;
- (c) a local licensee shall not open outside of Belize a subsidiary, branch, agency or representative office without the prior written approval of the Central Bank;
- (d) the prior written approval of the Central Bank is required for the appointment of directors of a local licensee;
- (e) the Central Bank is notified as soon as a person ceases to be a director of a local licensee.

(2) No person, either alone or with any associate or associates, shall, without the prior written consent of the Central Bank, acquire control over any voting shares of a local licensee where such acquisition would result in that person exercising control equivalent to, or in excess of ten percent, twenty percent, fifty percent or seventy-five percent of the total voting shares issued.

(3) Before giving an approval to any matter mentioned in subsection (2) of this section, the Central Bank may carry out such investigations and examinations as it deems necessary or proper.

(4) Every licensee or other person who acts in contravention of this section commits an offence and is liable on summary conviction to a fine not exceeding one thousand dollars for each day during which the offence continues.

Display of licence. 12. A licensee shall display in a conspicuous place where he conducts business a copy of his current licence granted under this Act.

Use of word "bank", etc. 13. Every licensee shall use as part of his description or title the word "bank" or one or more of its derivatives in any language.

Duty to notify the Central Bank of change of address. 14.-(1) It shall be a condition of every licence granted under this Act that the Central Bank shall be notified forthwith of any change of address of a licensee's business office in Belize.

(2) Every person who fails to comply with the provisions of subsection (1) of this section commits an offence and is liable on summary conviction to a fine not exceeding one thousand dollars for every day during which the offence continues.

PART III

Types and Requirements of Offshore Banking Licences

Types of licences. 15. The following kinds of licenses may be granted under this Act, namely:-

(a) Unrestricted "A" Class Offshore Banking Licence; and

(b) Restricted "B" Class Offshore Banking Licence.

Unrestricted "A" Class offshore banking licence. 16.-(1) No company shall apply for, or obtain, or be eligible to hold, an "A" Class offshore banking licence under this Act unless it has at all times capital equivalent to not less than five hundred thousand dollars or, in the case of a

foreign bank, not less than twenty five million dollars. The capital shall be expressed in dollars or in any other foreign currency as the Central Bank may approve in writing.

(2) The holder of an “A” Class offshore banking licence shall:-

- (a) establish, maintain and operate a business office in Belize;
- (b) transact offshore banking business through its business office in Belize without restriction on that business.

(3) For the purposes of this section and section 17, a “business office” shall be a local physical presence in which the bank’s business is carried on.

17.-(1) No company shall apply for, or obtain, or be eligible to hold, a “B” Class offshore banking licence under this Act unless it maintains at all times capital equivalent to not less than two hundred thousand dollars or, in the case of a foreign bank, not less than fifteen million dollars. The capital shall be expressed in dollars or in any other foreign currency as the Central Bank may approve in writing.

Restricted “B”
Class offshore
banking licence.

(2) The holder of a “B” Class offshore banking licence shall:-

- (a) establish, maintain and operate a business office in Belize; and
- (b) transact only such offshore banking business as may be specified in the licence.

(3) In addition, the holder of a “B” Class offshore banking licence is prohibited from:-

- (a) soliciting or accepting any deposits of money or any other valuable property from the general public; and

- (b) issuing to any depositor a cheque book or providing any current deposit or chequing account facilities for the transaction of his offshore banking business.

Additional capital requirements.

18.-(1) In addition to the capital requirements of sections 16 and 17, the Central Bank may also require every local licensee to maintain capital in amounts not less than such percentage of that licensee's total assets and off-balance sheet contingencies, commitments, transactions and exposures, calculated in such a manner and using such methods as the Central Bank may prescribe.

The Central Bank may also at any time direct a particular licensee to maintain a higher percentage of capital in excess of the minimum specified above if it considers such higher percentage appropriate having regard to the financial condition of such licensee.

(2) The Central Bank may require any or every licensee to comply with such minimum standards of prudent conduct of business as it may by Order prescribe, including, but not limited to, standards relating to liquidity, concentration of risk and provisions against non-performing and doubtful assets.

Change of "B" Class Licence to "A" Class Licence.

19.-(1) The holder of a "B" Class offshore banking licence granted under section 17 may, at any time during the term of the licence, apply to the Central Bank for a change in licence to an "A" Class offshore banking licence.

(2) In reviewing an application under subsection (1) of this section, the Central Bank shall require such information as it deems necessary and shall have regard to the public interest and such other considerations as it thinks fit to take into account.

(3) The Minister may, on the recommendation of the Central Bank, approve an application submitted pursuant to subsection (1) of this section subject to such terms and conditions as he thinks fit; including, but not limited to, an increase in capital to comply with the requirements of an "A" Class offshore banking licence.

20.-(1) A domestic bank licensed under the Banks and Financial Institutions Act may carry on offshore banking business from within Belize only through a separately capitalized subsidiary company which has been granted an offshore banking licence under this Act.

Carrying on of offshore banking business by domestic and foreign banks. CAP. 263.

(2) A foreign bank may carry on offshore banking business from within Belize either through a locally incorporated subsidiary which has been granted an offshore banking licence under this Act or through a branch which is established and administered separately and independently from any branch or subsidiary which may be carrying on banking business licensed under the Banks and Financial Institutions Act.

CAP. 263.

21. The capital requirements prescribed in sections 16, 17 and 18 shall continue during the subsistence of a licence and a licensee who fails or neglects to maintain such requirements commits an offence and shall be liable on summary conviction to a fine not exceeding two thousand dollars for each day during which the failure or neglect continues.

Penalty for infringing capital requirements.

PART IV

Prohibited Activities and Disqualification of Directors, Management And Workers

22. (1) A licensee shall not:-

Prohibited transactions.

(a) transact any offshore banking business with any person or entity who is a resident of Belize unless such person or entity-

(i) is a bank licensed under the Banks and Financial Institutions Act or under this Act which is transacting business customarily carried on with foreign banks outside of Belize; or

CAP. 263.

(ii) is transacting such business in the capacity of agent, nominee, legal representative or other similar capacity exclusively for and in respect of non-residents where such persons or entity is not the beneficiary of such business transactions;

(b) transact any business otherwise than in accordance with the terms and conditions of the licence and the provisions of this Act or any regulations made thereunder.

(2) For the purpose of sub-section (1) (a) (ii) above, the onus of establishing residency and beneficial interest in such transactions to the satisfaction of the Central Bank shall be on the licensee.

(3) Every person or licensee who acts in contravention of this section commits an offence and is liable on summary conviction to a fine equal to two thousand dollars for each day during which the offence continues or to imprisonment for a term not exceeding five years, or to both such fine and term of imprisonment.

Prohibition on the use of the words “bank”, etc.
CAP. 263.

23.-(1) Except with the prior written approval of the Central Bank, no person other than the holder of a valid licence granted under this Act or under the Banks and Financial Institutions Act shall:-

(a) use the word “bank”, “savings”, “savings and loan” or any of their derivatives in any language, or any other word indicating the carrying on of banking business, or offshore banking business, in or from within Belize, in the description or title under which such person is incorporated or carrying on business in or from within Belize; or

(b) make, or continue to make, any representation in any billhead, printed form, letter, paper, notice, advertisement, solicitation, computer network, satellite or telephone transmission, or in

any other manner whatsoever, that such person is carrying on banking business or offshore banking business in or from within Belize.

(2) A licensee shall not:-

- (a) in the conduct of his offshore banking business, use or operate under a name other than the name under which he is licensed under this Act;
- (b) use, or operate under, a name which so closely resembles or is identical to the name of any company, firm, business house, or other financial entity or institution whether within or outside Belize as is likely to mislead or deceive; or
- (c) use, or operate under, a name which is calculated to suggest falsely that such licensee has a special status in relation to, or derived from, the Government of Belize, or has the official backing of or acts on behalf of, the said Government or of any department or official thereof or is recognized in Belize as a national or Central Bank.

(3) No licensee shall engage in advertising practices that are likely to mislead or deceive concerning:-

- (a) the relationship of the licensee with the Government of Belize, the Central Bank or any department or office thereof;
- (b) the true interest rate paid on deposits or charged on credit;
- (c) the true returns on the management of investments;
- (d) the insured or guaranteed status of deposits or other liabilities or of investments managed by it; or

(e) the financial condition of the institution.

(4) Every person who contravenes this section commits an offence and is liable on summary conviction to a fine not exceeding twenty five thousand dollars or to imprisonment for a term not exceeding five years, or to both such fine and term of imprisonment.

(5) In this section, the term “printed form” includes a form of which copies are produced by photocopying or by any duplicating or reproduction process, including but not limited to letterpress, photographic, lithographic or stencilling, or any other similar process.

Disqualification of directors, management and workers.

24.-(1) No person shall apply for, or obtain, or be eligible, or continue to be employed, as a director, official, manager, secretary or other worker of any licensee licensed under this Act, without prior approval in writing of the Central Bank if-

CAP. 263.

- (a) he has been a director of, or directly or indirectly involved in, the management of a bank which has had its licence revoked in accordance with section 25 and section 27 of this Act or section 7 of the Banks and Financial Institutions Act, or in accordance with the banking laws of another country; or
- (b) he has been dismissed from the management of a bank for an act or conduct involving dishonesty or fraud; or
- (c) he has been convicted in Belize or elsewhere for any offence triable on indictment in Belize; or
- (d) he is or becomes bankrupt, suspends payment to, or compounds with, his creditors; or
- (e) he is, in the opinion of the Central Bank, not a fit and proper person to work or continue to work for a licensee.

(2) Every person who contravenes the provisions of subsection (1) above commits an offence and shall be liable on summary conviction to a fine not exceeding ten thousand dollars or to imprisonment for a term not exceeding two years, or to both such fine and term of imprisonment.

PART V

Revocation of Licences

25.-(1) The Minister may, on recommendation from the Central Bank, revoke a licence if the licensee so requests or if:

Grounds for revocation or licence and voluntary surrender.

- (a) the licensee does not within six months after the grant of the licence, or such longer period as the Central Bank may approve in writing, commence offshore banking business; or
- (b) the licensee fails to comply with any term or condition of his licence; or
- (c) the licensee is in breach of any duty or obligation imposed upon him by this Act or commits an offence under this Act or any regulations made thereunder; or
- (d) the licensee fails to comply with any provision of this Act, or any directive or Order issued by the Minister or the Central Bank under this Act; or
- (e) the licensee ceases to carry on offshore banking business; or
- (f) the licensee goes into liquidation or is wound-up or otherwise dissolved; or
- (g) the licensee fails to pay the prescribed annual licence fee as provided for under section 10 of this Act; or

(h) the circumstances specified in section 27 (1) exist.

(2) A licensee shall not be allowed to surrender his licence voluntarily and request subsequent revocation unless he produces evidence satisfactory to the Central Bank that he has repaid all of the deposits and other liabilities and has transferred all his assets held or administered by him and that he has ceased carrying on all other forms of offshore banking business from within Belize.

Consequences of revocation of licence.

26.-(1) Where a licence is revoked under section 25, the licensee shall forthwith surrender the licence and every copy thereof in his possession to the Central Bank and the Central Bank may appoint any person it deems suitably qualified to properly carry out the functions of an administrator or liquidator with respect to the affairs of the licensee.

Every such person so appointed shall have full power and authority to perform the functions of the administrator or liquidator for that licensee without further action on the part of the Central Bank and with such legal rights and duties under the laws of Belize as may be held by the Central Bank acting in such capacity.

(2) The Central Bank shall promptly give notice of the revocation of the licence and of the appointment of the administrator or liquidator (if any) to the licensee as well as to the creditors, depositors, directors, shareholders, customers, and employees of the licensee and to the relevant authorities in Belize and abroad.

Preventive actions by Central Bank in the interest of depositors, etc.

27.-(1) If in the opinion of the Central Bank, a licensee is carrying on his business in a manner detrimental to the public interest or to the interest of depositors, creditors and other customers, or has insufficient assets to cover his liabilities, or is contravening any of the provisions of this Act, or regulations made thereunder, the Minister may, on the recommendation of the Central Bank, take one or more of the following measures from time to time as may seem to him necessary:-

- (a) revoke the licence pursuant to section 25 of this Act;
- (b) impose new conditions upon the licence or amend or revoke existing conditions;
- (c) require the removal or substitution of any director or officer of the licensee;
- (d) at the expense of the licensee, appoint a person, who, in his opinion, has adequate training and experience, to advise the licensee on the proper conduct of his affairs and to report to him thereon within such time as may be specified; or
- (e) require the licensee forthwith to take such measures as he may consider necessary in relation to his business.

(2) If a licensee refuses or fails to take any measure required under paragraph (e) of subsection (1) of this section, he commits an offence and is liable on summary conviction to a fine not exceeding one thousand dollars in respect of every day during which the offence continues.

28.-(1) Any licensee who is aggrieved by the revocation of his licence under this Act may within twenty-one days of the communication of the decision to him appeal to the Appeal Board established under Part X of the Banks and Financial Institutions Act and thereafter the provisions of that Part of that Act shall *mutatis mutandis* apply to appeals under this Act.

Appeal against
revocation.

CAP. 263.

(2) Any party aggrieved by a decision of the Appeal Board may appeal to the Court of Appeal on the ground that the decision was erroneous on a point of law and the Court may affirm or set aside the decision appealed against, and may remit the matter to the Appeal Board for rehearing and determination by it.

PART VI

*Accounting Records, Inspections,
and Audits*

Keeping of
accounting
records.

29. A licensee shall keep his offshore banking business records in such a manner as will enable his accounts and records to be conveniently and properly audited and examined pursuant to the provisions of this Part of this Act.

Annual report and
audit.

30.-(1) Every local licensee shall appoint annually an approved auditor whose duties shall be to make a report upon the annual balance sheet, profit and loss accounts and statement of cash flows in respect of his offshore banking business, and in every such report the auditor shall state whether, in his opinion, proper books and records of account have been kept, whether the balance sheet and other accounts and financial statements are in agreement with the licensee's books and records, and whether the balance sheet, profit and loss accounts and statement of cash flows are complete and fair and properly drawn up and whether it exhibits a true and correct statement of the financial condition and affairs of the licensee, and in any case in which the auditor has called for explanation or information from the officers or agents of the licensee, whether the same was found to be satisfactory.

(2) The report of an approved auditor under subsection (1), along with copies of the balance sheet, profit and loss accounts, statement of cash flows, supplementary notes and management letter, shall be sent by the licensee to the Central Bank within four months after the close of the licensee's financial year, or such longer period as the Central Bank may in writing approve.

(3) In the case of a foreign licensee, the consolidated audit report and financial statements of the foreign bank as stipulated in subsection (2) of this section shall be sent to the Central Bank within the time stipulated therein.

(4) Every licensee who fails to comply with the requirements of subsection (2) or (3) of this section shall be liable to pay, upon being called upon by

the Central Bank to do so, a fine not exceeding five thousand dollars.

(5) A copy of the report of the auditor shall bear on its face the certificate of the auditor and shall be displayed by every licensee in a conspicuous place in his business office in Belize.

(6) No person having an interest in any local licensee other than as a depositor, and no director, officer or agent of the licensee or of an affiliate of the licensee shall be eligible for appointment as an approved auditor for that licensee; and any person appointed as such auditor to any licensee who subsequently acquires such interest or becomes a director, officer or agent of that licensee shall cease to be auditor.

(7) If the Central Bank, on reasonable grounds, is not satisfied with the annual report of an auditor appointed by a local licensee, it may appoint another auditor to make an independent audit report, and in every such case the Central Bank shall fix the remuneration to be paid by the licensee to such auditor appointed under this subsection.

(8) If a licensee fails to appoint an approved auditor under this section, the Central Bank may appoint an auditor who shall have all the powers and duties of an auditor appointed by the licensee to carry out an audit. The Central Bank shall fix the remuneration to be paid by that licensee to such auditor appointed under this subsection.

(9) If the auditor appointed under this section becomes aware, during the course of his examination of the licensee or at any other time, that the licensee is conducting his affairs in an unsafe and unsound manner, is insolvent, is in contravention of this Act or any terms and conditions that may be attached to his licence, is involved in or is aiding or abetting fraudulent or criminal activity, he shall forthwith report such findings to the Central Bank. Any auditor making such report shall not be legally liable for such disclosure if he acts in good faith.

(10) Any auditor who fails to report his findings to the Central Bank as required under subsection (9) above commits an offence and shall be liable on summary conviction to a fine not exceeding ten thousand dollars.

(11) For the purpose of this section, an approved auditor is an auditor who is a member of one of the professional bodies for the time being declared by the Central Bank by notice in the *Gazette* to be approved for such purposes.

Periodic
statements and
other returns.

31.-(1) Every licensee shall, in respect of his operations from within Belize, submit to the Central Bank such returns and information as the Central Bank may prescribe within such time as may be required.

(2) No statement, return or information shall be required under subsection (1) of this section with respect to the affairs of any particular customer of a licensee, except for large credit exposures.

(3) For the purpose of subsection (2) above, “large credit exposure” consists of the aggregate credit facilities, including contingent liabilities and other off-balance sheet transactions granted to, or entered into, on behalf of a person or group of associated persons, that exceeds twenty five percent of a licensee’s capital.

(4) Every licensee who fails to comply with the provisions of subsection (1) above commits an offence and shall on summary conviction forfeit to the Central Bank a penalty of one thousand dollars for every day the offence continues.

(5) Every director, officer or employee of a licensee who knowingly or wilfully supplies false or misleading returns or information to the Central Bank under this section commits an offence and shall be liable on summary conviction to a fine not exceeding ten thousand dollars or to imprisonment for a term not exceeding two years, or to both such fine and term of imprisonment.

32.-(1) Subject to subsection (3) of this section, the Central Bank shall have the right to inspect from time to time and during the normal office hours of the licensee and after giving reasonable notice to the licensee, all of the licensee's records, documents, business premises and assets wherever they may be kept notwithstanding anything to the contrary contained in any other law. Inspection of records.

(2) The Central Bank shall also have the authority to obtain particulars of the names and addresses of the ultimate beneficial owners of a licensee in cases where the shareholders of record are corporations, trusts or other legal entities or organizations, or where the Central Bank has reason to believe that the shareholders of record are acting as nominees for or under the direction of any other person, notwithstanding anything to the contrary contained in any other law.

(3) An examiner of the Central Bank carrying out an inspection under this section shall not have, nor shall be given access to, the name of the account or any information with respect to the affairs of any individual customer or depositor, except as provided for under subsection (2) of section 31 of this Act or on an order from the Supreme Court on application by the Central Bank.

(4) As soon as may be practicable after the conclusion of an examination under this section, the examiners or persons appointed to carry out the examination shall submit a full report on such examination to the Central Bank.

(5) Every person who-

- (a) refuses or fails or neglects to produce or obstructs or wilfully delays the production of any record, book, document, asset or information required under this section; or
- (b) knowingly produces any record, book, document or information required under this section which is false or misleading in any material particular,

commits an offence and is liable on summary conviction to a fine not exceeding two thousand dollars for every day during which the offence continues or to imprisonment for a term not exceeding six months, or to both such fine and term of imprisonment.

(6) Every director, officer or employee of a licensee who knowingly or wilfully supplies false or misleading records, books, documents or information to the persons authorized to carry out an inspection under this section commits an offence and is liable on summary conviction to a fine not exceeding ten thousand dollars or to imprisonment for a term not exceeding two years, or to both such fine and term of imprisonment.

Special
examinations.

33.-(1) The Central Bank may at any time and without notice appoint one or more of its examiners or other qualified persons to carry out a special examination under conditions of secrecy of the books and affairs of any licensee whether in Belize or elsewhere-

- (a) where it has reason to believe that such licensee may be carrying on his business in a manner detrimental to the interests of his depositors, creditors or other customers, or is not operating in a sound financial condition or may have insufficient assets to cover his liabilities to the public or may be, either in Belize or elsewhere, contravening any of the provisions of this Act or regulations made thereunder; or
- (b) if the licensee suspends payment to depositors or creditors or informs the Central Bank of his intention to do so; or
- (c) if the Central Bank has reasonable grounds to believe that the licensee is involved in fraudulent or criminal activity, or is aiding or abetting others in committing fraudulent or criminal activity or is otherwise conducting his business in a manner detrimental to the public interest.

(2) Subject to subsection (3) of section 32, every licensee of whom an examination has been ordered under subsection (1) of this section shall produce to the examiners, or other persons appointed under this section, at such times and in such places as the examiners or persons may specify, all records, books, accounts, minutes, cash, securities, vouchers and other documents and assets in whatever form in the possession or custody of the licensee or of which he is entitled to possession or custody relating to his assets, liabilities and business generally, and shall give, within such time as the examiners or persons may specify, such oral information concerning his business as may be required.

(3) As soon as may be practicable after the conclusion of an examination under this section, the examiners or persons appointed to carry out the examination shall submit a full report on such examination to the Central Bank.

(4) The Central Bank may order that all expenses of, and incidental to, a special examination under subsection (1) of this section shall be paid by the licensee examined.

(5) Every person who:-

- (a) refuses or fails or neglects to produce or obstructs or wilfully delays the production of any record, book, document, asset or information required under this section; or
- (b) knowingly produces any record, book, document or information required under this section which is false or misleading in any material particular,

commits an offence and is liable on summary conviction to a fine not exceeding two thousand dollars for every day during which the offence continues or to imprisonment for a term not exceeding six months, or to both such fine and term of imprisonment.

(6) Any director, officer or employee of a licensee who knowingly or wilfully supplies false or misleading information to the persons authorized to carry out an examination in terms of this section commits an offence and is liable on summary conviction to a fine not exceeding ten thousand dollars or to imprisonment for a term not exceeding two years, or to both such fine and term of imprisonment.

PART VII

Secrecy and Disclosure

Secrecy and disclosure.

34.-(1) No person shall disclose any information relating to the affairs of a licensee or any customer of a licensee which he has acquired in the performance of his duties or the exercise of his functions under this Act except where such information:-

- (a) is lawfully required or permitted by any law or court of competent jurisdiction in Belize; or
- (b) is in respect of the affairs of the licensee or a customer of the licensee with the authority of the licensee or the customer of the licensee which has been voluntarily given, as the case may be; or
- (c) is disclosed by the Central Bank to a banking regulatory or supervisory authority outside of Belize where such information is considered necessary for that authority to exercise functions similar to those of the Central Bank pursuant to this Act including any information which will assist that foreign authority in its consolidated supervision of a banking group which controls or is affiliated with the licensee.

(2) The Central Bank shall not make a disclosure under paragraph (c) of subsection (1) of this section unless:-

- (a) it has satisfied itself that there are adequate legal restrictions on further disclosures, including an undertaking on confidentiality, by the intended recipient banking regulatory or supervisory authority; and
- (b) it relates to information on large credit exposures as defined in subsection (3) of section 31.

(3) Every person who contravenes subsection (1) of this section commits an offence and is liable on summary conviction to a fine not exceeding five thousand dollars or to a term of imprisonment not exceeding six months, or to both such fine and term of imprisonment.

PART VIII

Exemption from Taxes, Duties and Exchange Control

35.-(1) Notwithstanding anything contained in any other law-

- (a) no income tax or any other direct or indirect tax or impost, shall be levied in Belize upon the profits or gains of a licensee, or upon any interest or dividends earned by a licensee in respect of the offshore banking business he carries on from within Belize;
- (b) no income tax or any other direct or indirect tax or impost shall be levied or collected in Belize in respect of any dividends, interest or other returns from any shares, securities, deposits or other borrowings of a licensee or any assets or property managed by the licensee if the dividends, interest or other returns are in respect of shares, securities, deposits or borrowings or assets or property beneficially owned by a person who is not a resident of Belize.

Exemptions from taxes on profits and dividends.

(2) For the purpose of paragraph (b) of subsection (1) above, the onus of establishing ownership to the satisfaction of the Central Bank shall be on the licensee.

Exemption from stamp duty.

36. Bills of exchange and promissory notes payable on demand and any other document, instrument or certificate executed by or in connection with an offshore banking business whether within or outside of Belize shall be exempt from stamp duty.

Exemption from currency and exchange control.
Sub. Leg. 1991 Edn.
Vol. I
CAP. 43.
P. 2.

37. The licensee and any offshore banking business conducted by and in accordance with a licence granted under this Act shall be exempt from any currency and exchange control restrictions or regulations under the Exchange Control Regulations, 1976.

PART IX

Winding-up, Dissolution and Abandoned Property

Winding-up and dissolution of licensees.
CAP. 263.

38.-(1) The provisions of Part VIII of the Banks and Financial Institutions Act shall apply *mutatis mutandis* to the winding-up and dissolution of licensees under this Act.

(2) The courts of Belize shall have jurisdiction in every such winding-up and dissolution.

Abandoned property.
CAP. 263.

39. The provisions of Part IX of the Banks and Financial Institutions Act, regarding abandoned property, shall apply *mutatis mutandis* to the disposition of abandoned property by licensees under this Act.

PART X

Miscellaneous

General penalty for offences.

40. Every person who commits an offence against this Act or any regula-

tions made thereunder for which no penalty is specifically provided is liable on summary conviction to a fine not exceeding ten thousand dollars or to imprisonment for a term not exceeding two years or to both such fine and imprisonment, and, if the offence is a continuing offence, to a further fine not exceeding one thousand dollars for every day during which the offence continues.

41. All fines, forfeitures and penalties recovered or incurred under this Act or regulations made thereunder shall be placed to the credit of the Central Bank. Fines, etc., to be placed to the credit of the Central Bank.
42. No prosecution in respect of any offence committed under this Act or regulations made thereunder shall be instituted except by, or with the consent in writing of, the Central Bank or the Director of Public Prosecutions. Authority for prosecutions.
43. All prosecutions, actions, suits, or other proceedings brought for any offence, or for the recovery of any fines, penalties or forfeitures, under this Act or regulations made thereunder, shall be brought within five years next after the date of the offence committed or the cause of action accrued. Limitation of proceedings.
44. Nothing in this Act shall affect any civil remedy that any person may have against a licensee in respect of any matter. Civil remedies not affected.
- 45.-(1) The Central Bank may, from time to time, with the approval of the Minister, issue such orders, directives, circulars or make such regulations prescribing all matters and things required or authorized by this Act to be prescribed or provided for, or which are necessary or convenient for the carrying out of, or the giving full effect to the provisions of, this Act. Regulations.
- (2) All regulations made under this Act shall be laid before the National Assembly as soon as may be after the making thereof and shall be subject to negative resolution.
46. Neither the Central Bank, nor any examiner or person responsible for the administration of this Act, shall be liable in damages for anything done or Indemnification.

omitted to be done in the discharge or purported discharge of their respective functions under this Act or any regulations made thereunder, unless it is shown that the act or omission was in bad faith.

Procedure where none is laid down.

47. In the event that any act or step is required or permitted to be done under this Act, and no form is prescribed or procedure laid down in this Act or regulations made pursuant to this Act for doing the same, the Central Bank, after consultation with the Minister, may in response to application made to it, or on its own motion, give directions as to the manner in which the same may be done, and any act or step done or taken in accordance with its directions shall be a valid performance of such act or step.

English to be the authentic text.

48.-(1) Every document filed with the Registrar of Companies or the Central Bank, and all records and accounts required to be kept under this Act shall be in the English language.

(2) Where a document is not in the English language it shall be accompanied by an authentic English translation, and in the event of any conflict in meaning between the foreign language and the English version, the English version shall prevail.

Commencement.

49. This Act shall come into operation on such day as the Minister may, by Order published in the *Gazette*, appoint.