

CAYMAN ISLANDS



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**A BILL FOR A LAW TO ESTABLISH THE MARITIME AUTHORITY
OF THE CAYMAN ISLANDS; AND FOR INCIDENTAL AND
CONNECTED PURPOSES**

THE MARITIME AUTHORITY OF THE CAYMAN ISLANDS

MEMORANDUM OF OBJECTS AND REASONS

The Bill seeks to establish a corporate entity to be known as the Maritime Authority of the Cayman Islands to supersede, and assume the responsibility for the operations formerly conducted by the Cayman Islands Shipping Registry. The Bill would also make provision for matters connected therewith and incidental thereto.

Details pertaining to the appointment, constitution and proceedings of the Board as well as to the transitional provisions in relation to the divestment to the Authority of the powers and responsibilities of the Cayman Islands Shipping Registry, are set out in Schedules 1 and 2.

Clause 1 provides the short title and commencement of the legislation.

Clause 2 defines certain terms used in the legislation.

Clause 3 establishes the Authority with the status of a body corporate, which status entitles the Authority to perpetual succession, a common seal and all the powers of ownership and disposition of its property of every kind.

Clause 4 creates the Board of Directors of the Authority and alludes to the structure of the Board's constitution.

Clause 5 deals with the appointment of advisers and secretary to the Board and briefly outlines the duties of the secretary.

Clause 6 describes the powers and functions of the Authority as being primarily to administer and enforce all the matters with which the Minister with responsibility for shipping is entrusted. The clause further requires the Authority, among other things, to advise the Minister on maritime policy, to

promote the development of the Islands as an international shipping centre, to engage the services of such officers and consultants as it considers appropriate and to provide certain specific maritime regulatory services to the shipping community such as survey, inspection, documentation and certification services.

Clause 7 empowers the Minister to give to the Board general and lawful directions on matters of policy and requires the Board to give effect to such directions.

Clause 8 deals with the matter of delegation by the Board of the powers of the Authority, other than the power to borrow, to a committee of the Board or to the Chief Executive Officer. The clause however reserves to the Authority the right to exercise any of the powers so delegated.

Clause 9 provides for the appointment by the Board of the Chief Executive Officer and that he shall render his services exclusively to the Authority.

Clause 10 makes the Chief Executive Officer accountable to the Board for the day to day management of the affairs of the Authority and goes on to enumerate his responsibilities as including-

- (a) personnel recruitment and management in accordance with policies approved by the Board;
- (b) establishing and maintaining the appropriate executive, management, technical and administrative structure of the Authority, in accordance with policies approved by the Board;
- (c) the achievement of the outputs and performance of the Authority; and
- (d) public relations and financial management of the Authority, carrying out the functions of the Authority in accordance with the decisions of the Board; and providing technical advice and guidance on matters of policy, legislative development needs and strategic planning.

The clause empowers the Authority to arrange with the Chief Officer of the Ministry or Portfolio concerned for the secondment of public officers to the Authority.

Clause 11 requires the Authority, as a general rule, to contribute to the Public Service Pensions Fund in accordance with the Public Service Pensions Law so as to ensure that its employees are eligible to receive pensions. Exceptions to this rule are-

- (a) a transferred officer who is entitled to a contracted officer's supplement;

- (b) an officer employed by the Authority after the commencement of this Law, in which case the Authority may opt to subscribe to one of two pension funds; and
- (c) an officer whose contract is of six months duration or less.

Clause 12 speaks to the applicability of the Health Insurance Law (2003 Revision) to the Authority.

Clause 13 identifies the sources of the Authority's revenue as being-

- (a) such monies as may be appropriated by the law for the purposes of the Authority;
- (b) fees and charges received under the Merchant Shipping (Fees) Regulations, 2004 and such other sources of non-coercive revenue as may be available in respect of shipping and maritime services;
- (c) amounts borrowed by the Authority in accordance with this Law;
- (d) miscellaneous receipts including interest and returns on investments;
- (e) amounts charged to the Government or to other bodies in respect of fees paid for consulting and other services; and
- (f) costs recoverable from the Government relating to casualty and other inquiries and investigations, and judicial and administrative proceedings.

The clause goes on to impose a duty on the Authority to establish bank accounts for the deposit of its revenue and declares that precedence is to be given to the financial provisions of this Law in the event of conflict between them and certain provisions of the Merchant Shipping Law (2004 Revision).

Clause 14 provides that the financial year of the Authority is the period of twelve months ending on 30th June.

Clause 15 provides for the establishment of the initial capitalisation of the authority and authorises the Authority to borrow monies for or in connection with the performance of its responsibilities, functions and duties up to a maximum of one hundred thousand dollars, except with the approval of the Governor. The payment of the principal and interest on any such borrowings may be guaranteed by the Governor subject to the Public Management and Finance Law (2003 Revision) and a resolution of the Legislative Assembly.

Clause 16 provides for the establishment and maintenance of a reserve fund to be managed exclusively by and for the Authority.

Clause 17 deals with the applicability of the Public Management and Finance

Law (2003 Revision) to the Authority's accounting practices and provides that in the event of inconsistency between that Law and this Law, the former shall prevail to the extent of the inconsistency.

Clause 18 requires the Authority on the written direction of the Governor to comply with certain directions including the periodic payment of dividends, which dividends are to be calculated by a formula determined by the Financial Secretary after consultation with the Governor and the Authority.

Clause 19, in the absence of bad faith, protects the Authority, its directors and employees from liability in damages for anything done in discharge of their functions and indemnifies directors against all claims, damages, costs, charges or expenses incurred in the discharge of their functions.

Clause 20 imposes upon directors, officers, employees, agents and advisers of the Authority an obligation to refrain from disclosing without prior authorisation of the Board, information relating to the affairs of the Authority except in special specified circumstances set out in the clause.

Clause 21 empowers the Governor to make regulations for the carrying into effect the provisions of this Law.

Clause 22 vests in the Authority the power to formulate policy guidelines and procedures necessary or expedient for the conduct of its operations.

Clause 23 points to the transitional provisions that are set out in Schedule 2.

SCHEDULES

Schedule 1 contains detailed information relating to the appointment and constitution of the Board and includes guidelines relating to the declaration of pecuniary interests of members of both the Board and committees of the Board.

Schedule 2 sets out the transitional provisions with special reference to the vesting of the Cayman Islands Shipping Registry's property, powers and interests in the Authority.

**THE MARITIME AUTHORITY OF THE CAYMAN ISLANDS BILL,
2004**

ARRANGEMENT OF CLAUSES

PART I-Introductory

1. Short title and commencement
2. Definitions

**PART II-- Establishment, Structure and Functions of the Maritime
Authority**

3. Establishment and incorporation of the Maritime Authority of the Cayman Islands
4. Board of Directors of the Authority
5. Advisers and secretary to the Board
6. Functions and powers of the Authority
7. Minister may give general directions
8. Delegation of Board's powers

PART III-- Personnel of the Authority

9. Board to appoint Chief Executive Officer
10. Responsibilities of the Chief Executive Officer
11. Authority to subscribe to Public Service Pensions Fund
12. Applicability of the Health Insurance Law (2003 Revision)

PART IV-- Financial Provisions

13. Funds available to the Authority
14. Financial year of the Authority
15. Capital and borrowing powers of the Authority
16. Reserve fund
17. Applicability of the Public Management and Finance Law (2003 Revision)
18. Payment of dividends by the Authority

PART V--General Matters

19. Immunity and indemnity
20. Confidentiality
21. Regulations

- 22. Policy guidelines and procedures of the Authority
- 23. Transitional provisions

Schedule 1 Appointment and Constitution of the Board

Schedule 2 Transitional Provisions

CAYMAN ISLANDS

**A BILL FOR A LAW TO ESTABLISH THE MARITIME AUTHORITY
OF THE CAYMAN ISLANDS AND TO VEST PROPERTY IN THE
AUTHORITY; AND FOR INCIDENTAL AND CONNECTED PURPOSES**

ENACTED by the Legislature of the Cayman Islands.

PART I - INTRODUCTORY

1. (1) This Law may be cited as the Maritime Authority of the Cayman Islands Law, 2004. Short title and commencement

(2) This Law shall come into effect on 1st July, 2005.

2. In this Law, unless the context otherwise requires- Definitions

“Authority” means the Maritime Authority of the Cayman Islands established under section 3;

“Board” means the board of directors of the Authority as constituted under section 4;

“Cayman Islands ship” means a ship registered in the Islands under the Merchant Shipping Law (2004 Revision);

“Cayman Islands Shipping Registry” means the Shipping Registry established under the Merchant Shipping Law (2004 Revision);

“chairman” means the chairman of the Board;

“Chief Executive Officer” means the Chief Executive Officer of the Authority appointed under section 9;

“director” means a member of the Board appointed under section 4;

“Governor”, except in section 10(3) and paragraph 6 of Schedule 1, means the Governor in Cabinet;

“Minister” means the member of Cabinet for the time being charged with responsibility for merchant shipping in accordance with section 9 of the Constitution;

“non-coercive revenue” means fees and related payments paid to the Authority in respect to ship registration services, surveys, annual tonnage fees and related matters in accordance with the Merchant Shipping (Fees) Regulations, 2004;

“port state control” means the inspection of ships, other than Cayman Islands ships, whilst they are in Cayman waters, in accordance with the Merchant Shipping (Port State Control) Regulations, 2003;

“property” includes-

- (a) money, goods, things in action, land and every description of property, whether real or personal; and
- (b) obligations, easements and every description of estate, interest and profit, present or future, vested or contingent, arising out of or incident to property as defined in paragraph (a);

“public officer” has the meaning assigned to that expression in the Constitution;

“ship” includes every description of vessel used in navigation; and

“ship registration services” includes the registration of ships, tonnage measurement and surveys and certification related to the registration process.

PART II -- ESTABLISHMENT, STRUCTURE AND FUNCTIONS OF THE MARITIME AUTHORITY

Establishment and
incorporation of the
Authority

3. (1) There is established in accordance with this Law a body corporate called the Maritime Authority of the Cayman Islands, having perpetual succession and a common seal and being capable in its corporate name, of entering into contracts, of suing and being sued and of acquiring, holding, mortgaging, leasing and disposing of all kinds of property, movable or immovable.

(2) The Authority shall establish and maintain its head office and

principal place of business in the Islands and shall cause details thereof to be published in the Gazette, and service of all documents on the Authority shall be deemed to be effective if delivered at the head office.

(3) Where expedient, the Authority may establish and maintain branch offices outside the Islands.

(4) The Authority shall have exclusive right to use the names “the Maritime Authority of the Cayman Islands”, “the Cayman Islands Shipping Registry” and “the Cayman Islands Yacht Registry”.

(5) It shall be within the capacity of the Authority as a statutory corporation to carry on any activity and enter into such transactions as appear to it to be requisite, convenient or conducive to, or for the discharge of, any of its functions under this Law.

4. (1) There shall be a board of directors of the Authority, which, subject to this Law, shall be responsible for the governance and performance of the Authority and the general conduct of its affairs and business, having regard to the Public Management and Finance Law (2003 Revision).

Board of Directors of the Authority

(2) The Board shall consist of seven directors appointed by the Governor in accordance with Schedule 1 which Schedule shall have effect with respect to the Board.

Schedule 1

5. (1) The Board may appoint a legal adviser or such other adviser whom the Board considers necessary for the discharge of its functions under this Law for such period and on such terms and conditions of employment as the Board considers fit.

Advisers and secretary to the Board

(2) The Board shall appoint for such period and on such terms and conditions of employment as the Board considers fit, a person not being a director, to be the secretary of the Authority, and the appointee shall be present at all meetings and shall take minutes of the business transacted, which minutes shall record all decisions, resolutions, orders, policies and rules made by the Board.

6. (1) It shall be the function of the Authority to administer and enforce all matters for which the Minister is responsible under the laws in force in the Islands relating to merchant shipping and seamen and to promote the proper development of ship registration, survey and related services.

Functions and powers of the Authority

(2) For the purposes of carrying out its functions, the Authority may-

(a) engage such officers and consultants as it considers necessary,

on such terms and conditions as it considers appropriate, subject to the requirements of applicable law of the Islands;

- (b) provide an advisory service and disseminate information and guidance on matters relating to ship registration, maritime regulatory requirements and maritime legislation in the Islands;
- (c) make such charges, as the Authority may determine, for the provision of its services under this subsection; and
- (d) borrow money and otherwise raise capital in accordance with this Law.

(3) In particular and without prejudice to the generality of subsection (1) the Authority shall-

- (a) provide shipping registration services, and maintain a register of ships;
- (b) provide maritime regulatory services, including-
 - (i) survey and inspection services for all ships on the register;
 - (ii) documentation and certification services for all ships on the register and all crew serving on those ships;
 - (iii) monitoring in respect of all ships on the register to ensure compliance with applicable requirements of international conventions relating to shipping which have been extended to the Islands, together with related instruments and codes;
 - (iv) issuance, in appropriate circumstances, of exemptions and dispensations from the requirements referred to in subparagraph (iii);
 - (v) port state control;
 - (vi) investigations into marine casualties;
 - (vii) detention of unsafe or unseaworthy ships;
 - (viii) preparation of cases for prosecution of offences committed under Cayman Islands shipping laws and regulations;
 - (ix) maritime search and rescue in co-ordination with other relevant Government departments and bodies;
 - (x) issuance of shipping notices disseminating advice and information to the shipping industry; and
 - (xi) international relations within the maritime sector including cooperation with regional agreements on port state control;
- (c) promote the development of the Islands as an international shipping centre including, but not limited to-
 - (i) onshore ship operations and activities;
 - (ii) shipping dispute resolution and other maritime services;
 - (iii) international ship finance; and
 - (iv) the growth and utilisation of the Admiralty jurisdiction of the Grand Court,

- (d) provide advice to the Minister on maritime policy, legislative requirements and economic issues pertaining to the activities in this section and with respect to maritime administration in the Islands;
- (e) represent the Islands at international fora related to maritime affairs; and
- (f) discharge such other functions as are for the time being conferred on it by virtue of this Law or any other Law.

7. (1) The Minister may, after consultation with the Board, give in written form general and lawful directions on matters of policy and the Board shall give effect to such directions.

Minister may give general directions

(2) Any such direction given by the Minister which affects members of the public shall be published in the Gazette.

8. (1) Subject to this Law, the Authority may delegate to a director, to a committee appointed by the Board or to the Chief Executive Officer such of the Authority's powers, together with powers that the Board determines are necessary or expedient to enable that director, committee or the Chief Executive Officer to carry out a delegated function as the Authority sees fit, but the Authority's borrowing powers may not be delegated.

Delegation of Board's powers

(2) Every delegation under this section shall be in writing and shall be revocable by the Authority but no such delegation shall prevent the Authority from exercising the powers so delegated.

PART III -- PERSONNEL OF THE AUTHORITY

9. (1) The Board shall appoint for such period and on such terms and conditions of employment as it thinks fit, a Chief Executive Officer of the Authority.

Board to appoint Chief Executive Officer

(2) The Chief Executive Officer shall perform the duties and responsibilities specified in section 10 and shall render his services exclusively to the Authority as a full-time officer of the Authority.

10. (1) The Chief Executive Officer shall be accountable to the Board for the day-to-day management of the affairs of the Authority, including-

Responsibilities of the Chief Executive Officer

- (a) personnel recruitment and management, in accordance with policies approved by the Board;
- (b) the appointment and recruitment of the following officers-
 - (i) surveyors and inspectors under section 414 of the

- Merchant Shipping Law (2004 Revision); and
- (ii) the Registrar of Ships, the deputy Registrar of Ships and the Shipping Master under section 449 of the Merchant Shipping Law (2004 Revision).
- (c) establishing and maintaining the appropriate executive, management, technical and administrative structure of the Authority, in accordance with policies approved by the Board;
- (d) the achievement of the outputs and ownership performance of the Authority;
- (e) public relations and financial management;
- (f) the carrying out of the functions of the Authority in accordance with the decisions of the Board; and
- (g) the provision of technical advice and guidance on matters of policy, legislative development needs and strategic planning.

(2) In the Chief Executive Officer's absence or inability to fulfil his functions, the Board may appoint a senior employee of the Authority to discharge the functions of the Chief Executive Officer during the period of his absence or inability.

(3) The Authority may arrange with the Chief Officer of the Ministry or Portfolio concerned for the secondment of a public officer to work at the Authority and any person so seconded shall, in relation to salary, pensions, gratuity or conditions of service, be treated as if he were not seconded.

(4) Notwithstanding subsection (3) the cost of employing a public officer seconded to the Authority shall be met by the Authority during the period of the secondment.

Authority to subscribe to
Public Service Pensions
Fund

11. (1) The Authority shall subscribe to the Public Service Pensions Fund in accordance with the Public Service Pensions Law (2004 Revision) for the payment of pensions to all employees of the Authority.

(2) Notwithstanding subsection (1)-

- (a) where an employee, transferred in accordance with Schedule 2, is entitled to a contracted officer's supplement, the Authority shall not subscribe to the Fund in respect of such employee during the period in which the employee remains entitled to such supplement;
- (b) with respect to an employee employed by the Authority after the commencement of this Law, the Authority has the option of subscribing to the Public Service Pensions Fund or of creating and maintaining, or subscribing to, a fund in accordance with the National Pensions Law (2000 Revision); and

- (c) the Authority shall not subscribe to a fund in respect of an employee who is employed under a contract which is six months or less in duration.

(3) The Authority shall be considered to be an employer for the purposes of the Public Service Pensions Law (2004 Revision) and an employee referred to in subsection (2)(a) shall not be considered to have retired from the Service for the purposes of that Law.

12. The Health Insurance Law (2003 Revision) shall apply to the Authority.

Applicability of the Health Insurance Law (2003 Revision)

PART IV -- FINANCIAL PROVISIONS

13. (1) The funds available to the Authority for the performance of its functions under this Law shall consist of-

Funds available to the Authority

- (a) such sums as may be paid by the Cabinet for outputs purchased by it from the Authority or equity injections or loans to the Authority made by the Cabinet;
- (b) fees and charges received under the Merchant Shipping (Fees) Regulations, 2004 and such other sources of non-coercive revenue as may be available in respect of shipping and maritime services;
- (c) amounts borrowed by the Authority in accordance with this Law;
- (d) miscellaneous receipts including interest and returns on investments;
- (e) amounts charged in respect of fees paid for consulting and other services; and
- (f) other costs recoverable from the Government relating to casualty and other inquiries and investigations, port state control activities and judicial and administrative proceedings as agreed with Cabinet through a purchase agreement with the Authority.

(2) The revenue received shall be paid into bank accounts established for the purpose in the name of the Authority and approved by the Board.

(3) Subject to this Law, revenue of the Authority, equity invested in the Authority and loans made to the Authority shall be held and applied to furthering the purposes of the Authority in such manner as the Authority may think fit.

(4) Where this Part is inconsistent with the Merchant Shipping Law (2004 Revision), this Part shall prevail.

Financial year of the Authority	14. The financial year of the Authority is the period of twelve months ending on 30th June in each year.
Capital and borrowing powers of the Authority	<p>15. (1) The initial capitalisation of the Authority shall be established by agreement between the Minister and the Board and shall include sufficient working capital to allow the Authority to operate efficiently.</p> <p>(2) Subject to subsection (3) the Authority may borrow such sums required by it for meeting its obligations and discharging its functions.</p> <p>(3) The power of the Authority to borrow an amount in excess of a cumulative outstanding balance of one hundred thousand dollars shall be exercisable only with the approval of the Governor, as to the amount, sources of borrowing and terms on which the borrowing may be effected; and approval given in any respect for the purpose of this subsection may be either general or limited to a particular borrowing or otherwise and may be either conditional or subject to conditions.</p> <p>(4) Subject to the Public Management and Finance Law (2003 Revision) and in accordance with a resolution of the Legislative Assembly, the Governor may guarantee the payment of the principal and interest on any authorised borrowings of the Authority.</p>
Reserve fund	<p>16. (1) The Authority shall maintain a level of cash reserves of an amount agreed with the Governor in the annual ownership agreement prepared in accordance with section 49 of the Public Management and Finance Law (2003 Revision).</p> <p>(2) Subject to subsection (3), the management of the reserve fund, the sums to be carried from time to time on the credit thereof, and the application thereof, shall be as the Authority may determine.</p> <p>(3) Subject to section 18, no part of the reserve fund shall be applied otherwise than for the purposes of the Authority.</p> <p>(4) The Authority may invest its reserve funds and other surplus cash at interest, in cash and bank deposits, including Certificates of Deposit;</p>
Applicability of the Public Management and Finance Law (2003 Revision)	<p>17. (1) The Authority is a statutory authority as defined in section 3 of the Public Management and Finance Law (2003 Revision) and accordingly that Law applies, among other things, to -</p> <p>(a) the Authority's expenditure budget for each financial year; and</p> <p>(b) the preparation, maintenance, auditing and publication of the Authority's accounts.</p>

(2) Where the exercise of a power conferred by or under this Law would be inconsistent with the exercise of a power conferred by or under the Public Management and Finance Law (2003 Revision), that Law shall, to the extent of the inconsistency, prevail over this Law.

18. (1) The Governor may, by written notice to the Board direct the Authority to:

Payment of dividends by the Authority

- (a) pay a dividend for an amount, and at a time, specified in the notice; and
- (b) provide, at a time and in a manner specified in the notice, such information as is specified in the notice,

and the Authority shall comply with the directions.

(2) The dividend referred to in subsection (1) shall be calculated by a formula determined by the Financial Secretary after consulting the Governor and the Authority; and such method of calculation shall be so determined before a request for a dividend from the Authority is made by the Governor.

PART V -- GENERAL MATTERS

19. (1) Neither the Authority, nor a director or employee of the Authority shall be liable in damages for anything done or omitted in the discharge of their respective functions, responsibilities, powers and duties under this Law unless it is shown that the act or omission was in bad faith.

Immunity and indemnity

(2) The Authority shall indemnify a director against all claims, damages, costs, charges or expenses incurred by that director in the discharge of his functions, responsibilities, powers and duties under this Law, except claims, damages, costs, charges or expenses caused by the bad faith of that director.

20. (1) Subject to subsection (2), a director, officer, employee agent or adviser of the Authority who discloses, without the prior authorisation of the Board, information acquired by him by reason of his office or employment or in exercise of the Authority's function under or for the purposes of this or any other Law, which information relates to-

Confidentiality

- (a) the affairs of the Authority;
- (b) the affairs of a ship on the register; or
- (c) the affairs of a registered owner of a Cayman Islands ship,

is guilty of an offence and liable on summary conviction to a fine of ten thousand dollars and to imprisonment for one year, and on conviction on indictment to a fine of fifty thousand dollars and to imprisonment for three years.

- (2) Subsection (1) shall not apply to a disclosure-
- (a) lawfully required or permitted by a court of competent jurisdiction in the Islands;
 - (b) made for the purpose of assisting the Authority to exercise a function conferred on it by this or any other Law;
 - (c) made in respect of the affairs of a ship or its owner for which consent has been voluntarily given by the owner;
 - (d) where the information disclosed is or has been available to the public from any other source;
 - (e) where the information disclosed is in a summary or in statistics expressed in a manner that does not enable the identity of person to whom, or a ship to which, the information relates to be ascertained; or
 - (f) lawfully made to a person entitled to obtain such information under the laws of the Islands.

Regulations

21. The Governor may make regulations prescribing anything which may be or is required to be prescribed under this Law.

Policy guidelines and procedures of the Authority

22. (1) The Authority may formulate policy guidelines and procedures that it considers necessary or expedient for the purpose of enabling it to carry out its functions under this Law.

(2) Without prejudice to the generality of subsection (1), the guidelines and procedures may make provision for-

- (a) rules of procedure to be followed in the conduct of the meetings of the Board; and
- (b) the vetting of contracts, leases and other agreements which the Board may contemplate entering into.

Transitional provisions

23. The transitional provisions set out in Schedule 2 shall have effect.

Section 4

SCHEDULE 1

APPOINTMENT AND CONSTITUTION OF THE BOARD

Appointment of Directors

1. (1) The Governor shall appoint-
- (a) two directors who, in his opinion, are persons qualified for appointment as having had experience and shown capacity in financial management or law or who, in his opinion, are persons qualified for appointment as having had experience and shown

- capacity in matters relating to the Authority's functions; and
- (b) five directors who, in his opinion, are persons qualified for appointment as having had experience and shown capacity respectively in national security, international shipping, corporate services or maritime affairs.

(2) Prior to appointing a person to be a director, the Governor shall satisfy himself that the person will have no financial or other interest likely to prejudicially affect the exercise of his functions as a director and the Governor may require a person whom he proposes to appoint to give him such information as he considers necessary for that purpose.

(3) The Governor shall appoint one of the two directors appointed under subparagraph (1) (a) as chairman and the other such director as deputy chairman.

(4) A member of the Legislative Assembly or an official member of Cabinet shall not be eligible for appointment as a director.

2. The Chief Executive Officer shall be present at each meeting of the Board unless-

- (a) he has obtained leave of absence from the chairman;
- (b) he is incapacitated by illness; or
- (c) he is asked to leave the meeting temporarily so that the Board may discuss, in his absence, matters relating to—
 - (i) the standard of his performance; or
 - (ii) the soundness of his decisions.

Tenure of Directors

3. (1) The directors shall hold and vacate office in accordance with the terms of their appointment, subject to the following provisions:

- (a) a director may be appointed to hold office for a term not exceeding two years;
- (b) a director shall be eligible for reappointment but shall not hold office for more than four consecutive years;
- (c) a director may at any time, by notice in writing addressed to the Minister, resign his office; and
- (d) the Governor shall terminate the appointment of a director who—
 - (i) resigns his office;
 - (ii) is adjudged bankrupt or suspends payments to, or compounds with, his creditors;
 - (iii) is incapacitated by reason of physical or mental illness;

- (iv) has been absent without leave of the chairman for three consecutive Board meetings;
- (v) fails to comply with his obligations under paragraph 4;
- (vi) is guilty of serious misconduct in relation to his duties;
- (vii) has been convicted in the Islands or elsewhere of an offence involving fraud or dishonesty; or
- (viii) is otherwise not a fit and proper person to discharge the functions of a director.

(2) Where a director ceases to be a director before the normal expiration of his office, the Governor in accordance with this Law, may appoint another person to hold that office until the time that the director's office would have expired.

(3) A person appointed as a director shall not use his appointment to promote the interests of any commercial, financial, maritime or other organisation or institution with which he may be associated, in any capacity, during meetings of the Board or otherwise in his service as a Board member.

Disclosure of interests

4. (1) Where a director or a member of a committee appointed under paragraph 8 has a pecuniary interest, direct or indirect, in a contract, proposed contract, licence or other matter and is present at a meeting of the Board at which the contract, proposed contract, licence or other matter is the subject of consideration, he shall, at the meeting and as soon as practicable after its commencement, disclose the fact and shall not take part in the consideration or discussion of the contract, proposed contract, licence or other matter or vote on a question with respect to it, and shall be excluded from the meeting for the duration of the consideration, discussion and voting procedure.

(2) A person fails to comply with subparagraph (1) is guilty of an offence and liable -

- (a) on summary conviction, to a fine of twenty thousand dollars and to imprisonment for two years; or
- (b) on conviction on indictment, to a fine of fifty thousand dollars and to imprisonment for five years,

unless he proves that he did not know that the contract, proposed contract, licence or other matter in which he had a pecuniary interest was the subject of consideration at that meeting.

(3) A disclosure under subparagraph (1) shall be recorded in the minutes of the meeting.

(4) The validity of an act or proceeding of the Board or committee shall not be questioned on the ground that a director or a member of a committee has contravened this section.

Pecuniary Interests for the purposes of paragraph 4

5. (1) For the purposes of paragraph 4, a director or a member of a committee shall be treated, subject to subparagraphs (2) and (3) and to paragraph 7, as having indirectly a pecuniary interest in a contract, proposed contract, licence or other matter if -

- (a) he, or a nominee of his, is a member of a company or other body with which the contract was made or is proposed to be made or which has a direct pecuniary interest in the licence or other matter under consideration;
- (b) he is a partner, or is in the employment of a person with whom the contract was made or is proposed to be made, or who has a direct pecuniary interest in the licence or other matter under consideration; or
- (c) he or a partner of his is a professional adviser to a person who has a direct or indirect pecuniary interest in a contract, proposed contract, licence or other matter under consideration.

(2) Subparagraph (1) does not apply to-

- (a) membership of or employment by a public body; or
- (b) an interest in a contract, proposed contract, license or other matter which a director, as a member of the public, has an interest or participates in, where such contract, proposed contract, license or other matter is one for which the right to participate is open to the public.

(3) In the case of married persons, the interest of one spouse shall be deemed for the purpose of this paragraph to be also the interest of the other.

Appointment of persons as directors in special cases

6. (1) The Governor in his discretion may, in the public interest and subject to such conditions as he may think fit, appoint persons to act as directors for a specified period, in any case in which the number of directors disabled by paragraph 4 at any one time would be so great a proportion of the whole as to impede the transaction of business.

(2) Nothing in paragraph 4 precludes a director from taking part in the consideration or discussion of, or voting on, the question whether an application should be made to the Governor for the exercise of the powers conferred by subparagraph (1).

Proceedings

7. (1) The Board shall meet at least once every three months and at such other times as may be necessary or expedient for the transaction of the business of the Authority and such meetings shall be held at such place and time and on such days as the Board may from time to time determine.

(2) Except in cases of unavoidable urgency, due notice of such place, date and time of meetings of the Board shall be given to each director in writing at least seven days in advance.

(3) The chairman shall call a meeting of the Board if so directed by the Minister or if requested to do so in writing by five directors; and such a direction or request shall include a statement of the agenda proposed for the meeting.

(4) Where the chairman refuses to convene a special meeting of the Board upon request or neglects to convene the meeting as requested, a meeting of the Board may be convened by the directors making the request.

(5) Subject to subparagraphs (6) and (7), the chairman shall preside at all meetings of the Board.

(6) In the absence of the chairman, the deputy chairman shall preside and perform the functions of the chairman.

(7) In the absence of both the chairman and the deputy chairman, the directors present shall elect one of their number to preside and perform the functions of chairman of the meeting provided there is a quorum.

(8) Every question or matter to be determined by the Board at a meeting shall be decided by a majority of the votes of the directors present and voting on the question or matter, and in the case of an equality of votes, the person presiding at that meeting shall have a second or casting vote.

(9) Subject to paragraph 6, the quorum of the Board and of a committee of the Board shall be a simple majority of the directors appointed for the time being to the Board or committee.

(10) The validity of the proceedings of the Board shall not be affected by a vacancy among the directors or by a defect in the appointment or the

disqualification of a director.

Committees of the Board

8. (1) For the purpose of advising or assisting the Board in the performance of its functions, the Board may appoint such committees as the Board determines is appropriate.

(2) Each committee appointed by the Board shall consist of at least two directors together with such other persons as the Board determines is appropriate for the purpose in respect of which the committee is appointed.

(3) On receipt of advice from its committees, the Board shall decide whether or not to adopt that advice, in whole or in part or with such modifications as the Board thinks fit.

Remuneration etc. of Directors

9. (1) The Authority may pay to its directors and the members of its committees, other than public officers, such remuneration, whether by salary or fees, and such reasonable allowances in respect of expenses properly incurred by them in the performance of their duties, as the Authority may determine.

(2) For the purposes of this paragraph “members”, includes members of a committee who are not also directors.

Use of Seal, authentication and authenticity of documents

10. (1) The seal of the Authority shall be authenticated by the chairman or deputy chairman, together with the signature of the Chief Executive Officer or other officer or servant of the Authority duly authorised to act on behalf of the Chief Executive Officer, and the seal shall be judicially noticed.

(2) All instruments, contracts and other documents issued by the Authority, other than those required by law to be under seal, and all decisions of the Authority, shall be signed by the chairman or some other member, officer or employee of the Authority authorised by the Board to do so on behalf of the Authority.

(3) Minutes of the proceedings of each meeting of the Board and each meeting of a committee of the Board shall be kept in such form as the Board determines, and shall be confirmed as soon as practicable at the next following meeting of the Board or that committee by the chairman or other person who

presided at the meeting at which the minutes were taken.

(4) A document purporting to be an instrument issued by the Authority and to be sealed or signed on behalf of the Authority in accordance with this paragraph, shall be received in evidence and shall be deemed to be such an instrument without further proof unless the contrary is shown.

Use of Government facilities

11. In carrying out its functions under this Law the Authority may, with the approval of the Governor, enter into arrangements with a department of the Government for the use of the personnel, facilities and services of that department to an extent not incompatible with that department's operation and all costs related to the use of the personnel, facilities and services shall be an expense of the Authority.

Section 23

SCHEDULE 2

TRANSITIONAL PROVISIONS

Transfer of property, rights and liabilities

1. Upon the commencement of this Law-
 - (a) all chattels and property of every kind vested immediately before the commencement of this Law in the Cayman Islands Shipping Registry are hereby transferred to and vested in the Authority in the same manner and for the same estate as previously held by such Registry ; and
 - (b) all rights, powers, privileges and advantages and all liabilities and other obligations to which, immediately before the commencement of this Law, the Cayman Islands Shipping Registry was entitled or subject to, are transferred to and conferred or imposed upon the Authority for the purpose of this Law.

Transfer of Cayman Islands Shipping Registry officers to the Authority

2. (1) A public officer or a person who immediately before the commencement of this Law was in the service of the Cayman Islands Shipping Registry, may be offered employment by the Authority and if he accepts the offer

he shall become an employee of the Authority on terms and conditions of employment no less favourable than those that applied to his office immediately before such commencement, except-

- (a) to the extent that other terms and conditions of employment are agreed between him and the Authority; and
- (b) that disciplinary matters shall be dealt with in accordance with the Labour Law (2001 Revision) and the disciplinary rules and procedures of the Authority, and not under General Orders.

(2) Pension arrangements and medical benefits relating to an employee referred to in subparagraph (1) shall be subject to sections 11 and 12.

Transfer of Appointments and related Powers

3. Upon the commencement of this Law-

- (a) the appointment of the Director of the Cayman Islands Shipping Registry under section 414 of the Merchant Shipping Law (2004 Revision) shall transfer to the Chief Executive Officer together with all the powers and functions vested in the appointments under that Law;
- (b) the appointment of surveyors and inspectors of ships under section 414 of the Merchant Shipping Law (2004 Revision) shall continue in effect under this Law, together with all the powers and functions of surveyors and inspectors vested in those appointees under that Law, as if made under this Law, until such time as those appointments are terminated or renewed under this Law;
- (c) the appointments of the Registrar of Shipping and Shipping Master under section 449 of the Merchant Shipping Law (2004 Revision), together with all the powers and functions vested in those appointees under that Law, shall continue in effect as if made under this Law until such time as those appointments are terminated or renewed under this Law; and
- (d) section 61 of the Merchant Shipping Law (2004 Revision) is repealed.

References in enactments and instruments

4. An enactment or other instrument passed or made before the commencement of this Law shall have effect as if a reference to the Cayman Islands Shipping Registry were a reference to the Authority.

Continuity

5. Anything done by or in relation to the Cayman Islands Shipping Registry and having effect immediately before the commencement of this Law shall, so far as is required for continuing its effect thereafter, be treated as if it had been done by or in relation to the Authority; and anything then in the process of being done by or in relation to the Cayman Islands Shipping Registry, including any legal proceedings then pending to which either of those bodies is a party, may be continued by or in relation to the Authority.

Passed by the Legislative Assembly the day of 20 .

Speaker.

Clerk of the Legislative Assembly.