



**Speaking Notes for the
Honourable Minister for Finance and Economic Development on:**

**Government Motion No. 4/2020 – 2021
Government Guaranteed Loan Scheme for Medium and Large-Sized
Businesses**

Mister Speaker, I'd be grateful for your indication that I can proceed to read the Government Motion.

[When called upon by Mister Speaker, the Hon Minister for Finance will rise and say:]

Thank you, Mister Speaker.

I Beg to Move Government Motion No. 4/2020-2021, which is captioned "Government Guaranteed Loan Scheme for Medium and Large-Sized Businesses" and which reads as follows:

WHEREAS resulting from the contraction of the local economy and the loss of revenue due to COVID-19, the Government and five (5) local Banks have agreed to a Government Guaranteed Loan Scheme to assist qualifying Medium and Large-Sized businesses for the purpose of meeting their operating and capital expenditure and re-financing debt needs;

- a. A Medium-Sized business is defined as a business employing from 13 to 50 employees or it has gross revenue of CI\$750,001 to CI\$5,000,000;
- b. A Large-Sized business is defined as a business employing over 50 employees or it has gross revenue of over CI\$5,000,000;
- c. To be eligible for a loan under the Scheme, businesses must:
 - i. be at least 60% Caymanian owned;
 - ii. be a Cayman-registered company, Caymanian Sole Proprietorship, or Partnership on 22 March 2020;
 - iii. have 13 or more employees as at 22 March 2020;
 - iv. be in good credit standing with their bank; and
 - v. satisfy all credit approval and other requirements of the participating Banks.
- d. The maximum that each Medium and Large-sized business can borrow is up to CI\$750,000 and CI\$3,000,000, respectively;
- e. The interest rate will be variable at the prevailing CI Dollar or US Dollar Prime Rate plus a margin of up to 1.50%. The Current CI Dollar and US Dollar Prime Rate is 3.25%. The Banks will charge the usual application, commitment and legal fees and may require businesses to obtain insurance in a sum at least equal to the loan amount, among any other internal requirements and may also necessitate other security from borrowers, in addition to the Government Guarantee;
- f. The maximum repayment period, including a 12-month moratorium period, is 7 years and businesses will have up to one (1) year to apply for the loan;

- g. The maximum duration of the Government loan Guarantee is for the duration of the loan – which is seven (7) years; and
- h. The Government will waive the 1 – 1½% Stamp Duty that may be applicable to any charges placed over assets to provide security for the loans. Other stamp duties and normal charges may be applicable.

AND WHEREAS the Government seeks to Guarantee 50 percent, or a total not to exceed CI\$100.0 million, of the loan Scheme limit of CI\$200.0 million;

AND WHEREAS the following Banks have agreed to lend up to a maximum of CI\$200.0 million of the sought Government Guaranteed Loan Scheme to Medium and Large-sized businesses:

- a. Butterfield Bank (Cayman) Limited;
- b. Cayman National Bank Ltd;
- c. FirstCaribbean International Bank (Cayman) Limited;
- d. RBC Royal Bank (Cayman) Limited; and
- e. ScotiaBank & Trust (Cayman) Limited.

AND WHEREAS Section 8 of the Public Management and Finance Law (2020 Revision), states that as a general rule, no Guarantee may be given by, or on behalf of, the Government unless it has been authorised by a resolution of the Legislative Assembly;

BE IT THEREFORE RESOLVED THAT a Government Guarantee for the Government Guaranteed Loan Scheme for Medium and Large-Sized Businesses be approved as follows:

- a. A blanket Guarantee, for seven (7) years, of 50 percent of the maximum loan scheme limit of CI\$200.0 million, which is equivalent to CI\$100.0 million;

- b. The Government to guarantee 50 percent of the loans which are not to exceed a total of CI\$200.0 million, to the following local financial institutions:
 - i. Butterfield Bank (Cayman) Limited;
 - ii. Cayman National Bank Ltd;
 - iii. FirstCaribbean International Bank (Cayman) Limited;
 - iv. RBC Royal Bank (Cayman) Limited;
 - v. ScotiaBank & Trust (Cayman) Limited; and
 - vi. such other local financial institution as regulated by the Cayman Islands Monetary Authority and as considered suitable by the Minister for Finance and Economic Development; and
- c. that the Guarantees shall be signed by the Minister for Finance and Economic Development, on behalf of the Government of the Cayman Islands.

Thank you Mister Speaker.

[When called upon by Mister Speaker to speak to the Motion, the Hon Minister for Finance will rise and say:]

Mister Speaker, the Motion is very detailed and provides all the key terms and conditions of the Scheme. I therefore believe Honourable Members have all the required information needed to consider the merits of the Scheme and, I respectfully ask for their support of the Government Motion – which will provide much needed relief for Medium and Large-Sized Businesses in the Cayman Islands.

Thank you Mister Speaker.