

SUBSIDIARY LEGISLATION

AGRICULTURAL DEVELOPMENT BANK RULES

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105/1969.
[60 of 1987].

made under sections 27 and 33

1. These Rules may be cited as the Agricultural Development Bank Rules. Citation.

2. In these Rules— Interpretation.

“ordinary resolution” means a resolution passed by a simple majority;

“the Regulations” means the Agricultural Development Bank Regulations;

“share” means share in the share capital of the Bank.

PART I

**MANAGEMENT OF BANK, FUNCTIONS AND POWERS
OF THE BOARD, AND GENERAL PROVISIONS**

3. The Bank’s seal shall be authenticated by the signature of the Chairman of the Board or in his absence the Acting Chairman. Seal.

4. The Bank shall apply its funds for the following purposes: Application of funds.

- (a) the payment of salaries, fees, remuneration and other allowances of the officers and servants of the Bank;
- (b) payment of interest on sums borrowed by the Bank or other credits and repayments of such sums;
- (c) payment of interest on sums deposited under the terms of section 34(a) of the Act;
- (d) the making of loans and advances under terms of the Act;
- (e) the payment of rates, taxes, insurance premiums and other outgoings and of expenses of maintenance and disposal in connection with lands, buildings or other properties which become vested in the Bank;

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- (f) any overdraft at a commercial or other Bank at which the Bank may have an account;
- (g) the payment of all other sums and expenses authorised by or incidental to operations under the Act.

Financial procedure.

5. (1) Every sum payable to the Bank shall be collected and received for and on account of the funds of the Bank and a receipt for any sum paid to the Bank may be signed by an officer of the Bank authorised by the Board generally or specially in that behalf.

(2) All payments out of the funds of the Bank shall be made by officers of the Bank authorised by resolution of the Board generally or specially in that behalf.

(3) Officers of the Bank generally or specially authorised in that behalf by resolution of the Board may retain in their hands sums as may be specified in that resolution to meet petty disbursements or for immediate payments.

(4) Cheques on any banking account of the Bank shall be signed and countersigned by such officers of the Bank as may be generally or specially authorised in that behalf by resolution of the Board.

Procedure at Board meetings.

6. In pursuance of the powers conferred by section 13(5) of the Act the following rules shall apply:

- (a) the Chairman, or in his absence the Acting Chairman, shall preside at all meetings of the Board; and in the absence of both the Chairman and the Acting Chairman, the members present at a meeting shall elect one of their members to preside at that meeting;
- (b) the decisions of the Board shall be by a majority of votes;
- (c) every decision of the Board shall be taken at a meeting or, in cases in which the Chairman so directs, by the recording of the opinions of

members on papers circulated among them and, where papers are circulated, the Chairman may direct that the papers be not circulated to any member who through interest, illness, absence from Trinidad and Tobago or otherwise is, in the opinion of the Chairman, incapacitated from voting on the papers;

- (d) minutes in proper form of each meeting shall be kept by the Secretary and shall be confirmed by the Board and signed by the Chairman or other member presiding;
- (e) so long as Government holds a controlling interest in the Bank a certified copy of the minutes of every meeting when confirmed shall be forwarded to the Minister;
- (f) the provisions of these rules that apply to general meetings shall, where the Board thinks fit, be applied *mutatis mutandis* to meetings held by the Board.

7. The Board may by resolution delegate to any of its members or to any officer or officers of the Bank such of its powers and duties as it considers expedient to do so.

Delegation of powers of the Board.

8. The Board may at any time after the approval of a loan or advance and before the actual payment of the money and without assigning any reason therefor cancel or modify its approval and withhold payment of the whole or a portion of the money, or modify the approval of such terms and conditions including those in respect of the interest payable as it thinks fit.

Cancellation or modification of approval of loan.

9. (1) The Board may, in arriving at the valuation of any lands offered as security for a loan or advance under the provisions of the Act, procure information on statutory declaration concerning the lands and determine the valuation on the basis of revenue, productive capacity or acreage, among other factors having regard to such information.

Determining the valuation of property.

(2) The Board may nominate or appoint a Valuation Authority for the purposes of subrule (1).

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Requirement for surety.

10. (1) The Board or such officers as are authorised under the Act to approve loans may require a surety in respect of any loan and such surety shall be a party to an instrument of charge required under the terms of the Act to secure the loan and shall be jointly liable with the borrower for repayment of the principal sum advanced with interest thereon or any outstanding part thereof.

Proof as to means of surety.

(2) The Board may require the surety to furnish to its satisfaction proof as to his means in the manner and to the extent it thinks necessary so as to ensure that the loan is adequately secured.

Leave of members of the Board.

11. The Minister may, on the application of any member of the Board, grant to such member leave of absence for any period not exceeding six months.

Board member or employee or servant of the Bank not to borrow from Bank without Minister's approval.

12. A member of the Board or an employee or servant of the Bank shall not become a borrower from the Bank, except with the prior approval of the Minister.

Managing Director to render full-time service.

13. Subject to section 14(3) of the Act, any person who is appointed to the post of Managing Director should render full-time service and should not engage in any other business except with the prior permission of the Board.

Supervision of authority of branch manager during training period.

14. The exercise of authority by the branch managers may be limited by the Managing Director for good reason during a training period and until he considers the branch manager fully competent to exercise the powers granted to him under the Act.

Rules for carrying out objects of the Bank.

15. In furtherance of the objects stated in section 6 of the Act, the policy of the Bank shall be as follows:

- (a) to increase the total productive investment in agriculture both in real terms and in comparison with investments in other sectors of the economy;
- (b) to increase the productivity of the individual farmer and his actual production of the commodities most needed in the national economy;

- (c) to increase the level of employment and earnings among farmers and fishermen with consequent improvement in their levels of living;
- (d) to provide both credits and technical assistance in the proportions necessary to the achievement of these ends.

16. (1) Notwithstanding anything to the contrary contained in these Rules, the Bank may demand from a borrower to whom it proposes to make a loan or advance whether on the security or by way of mortgage, charge, assignment or policy, agreement, Bill of Exchange, promissory note or howsoever otherwise the loan or advance may be secured or made, on a stated day, the principal moneys of the loan or advance with interest thereon in the meantime at a stated rate and thereafter, if and as long as the principal moneys or any part of the loan or advance remains unpaid to demand and receive interest thereon, at the stated rate by either equal monthly, quarterly, semi-annual or annual payments, the first thereof to be made at the end of one, three, six or twelve calendar month or months, as the case may be, accordingly.

Terms and conditions of loan.

(2) Subject as otherwise expressly provided in the Act, a loan or advance made by the Bank to a borrower may carry interest at a rate stated, a year, as may be determined by the Board in the manner provided by subrule (1) provided that the loan or advance may be made by the Bank to a borrower subject to a provision of the repayment of the loan or advance on an amortisation plan by means of a fixed number of monthly, quarterly, semi-annual or annual instalments, sufficient to cover the interest on the loan or advance and such amounts to be applied towards the principal as will extinguish the debt within the agreed period of not more than thirty years.

Amortisation.

(3) Notwithstanding these Rules, the borrower may at any time or times pay off all or any part of the principal money for the time being owing on any loan or advance, provided that upon the payment the interest on the whole principal money for the time being owing computed to the end of the current month be fully

paid and that interest shall thereafter be payable by the borrower on so much only of the principal money as remains unpaid after the payment.

(4) The Bank may—

- (a) at any time accept payment of the whole or any part of the amount representing the principal of a loan or advance and interest thereon computed to the end of the current month or any fixed sum or payment of the principal of a loan or advance and interest thereon on an amortisation plan, before the time when the payment is due;
- (b) if payment of any principal sum is made after the date for payment expressed in the amortisation plan require that interest shall be paid on the outstanding principal sum up to the time of payment or on such terms and conditions as the Bank may think fit.

Loans to
Agricultural
Credit Society.

17. When a loan is made to an Agricultural Credit Society or to an Agricultural Co-operative Society—

- (a) the loan may be made repayable by instalments in such sums and at such times as the Bank may determine;
- (b) the society and the Bank shall enter into an agreement for the repayment of the loan and the payment of interest thereon in the form set out in the First Schedule to the Regulations.

First Schedule
of Regulations.

Repayment by
half-yearly
instalments.

18. Every loan with interest at the prescribed rate shall be repaid by the borrower to the Bank within such terms of years as is agreed upon by the borrower and the Bank by payment on 30th June or on 31st December in each year or on both such dates of instalments consisting partly of principal and partly of interest.

Enforcement of
loan repayment.

19. If any borrower makes default in the repayment of any loan made to him for any of the purposes specified in the Act, the Bank may take such action as may be specified in the charge securing the loan or as may by law be taken by a mortgagee.

20. The Bank shall keep adequate financial and statistical records, books and other documents to record in detail all transactions taking place at the head office and branch offices.

Books and records.

21. All transactions or dealings in shares under the Act shall be effected by such forms as may be prescribed by the Board.

Forms for dealing in shares.

PART II

GENERAL MEETINGS OF SHAREHOLDERS OF THE BANK

TERMS AND CONDITIONS OF EMPLOYMENT

22. (1) An Ordinary General Meeting of Shareholders of the Bank called the Annual General Meeting shall be convened once in every year at such place and at such time as may be specified by the Board. In default of the General Meeting being so held, it shall be held in the month next following, and may be convened in the same manner as Meetings of the Board under section 13 of the Act.

Annual General Meeting.

(2) The Board may whenever it thinks fit convene any other General Meeting to be called an Extraordinary General Meeting, and such Meetings shall also where Government no longer holds a controlling interest in the Bank be convened on the requisition of holders of one-tenth of the paid-up capital of the Bank and if the Board does not within two months of the deposit of such a requisition convene the Meeting the requisitionists may thereafter convene it themselves.

Extraordinary General Meeting.

23. (1) An Annual General Meeting shall be called by giving at least fourteen days' notice in writing and an Extraordinary General Meeting shall be called by giving at least twenty-eight days' notice in writing. The notice shall specify the place, the day and the hour of meeting and in case of special business, it is sufficient if the general nature of that business is expressed and notice shall be deemed to be served by the Bank to a member on the date it was posted to him or to his registered address or if he

Notice of Meetings.

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has no registered address within Trinidad and Tobago, to the address supplied by him to the Bank for this purpose or in such other manner, if any, as may be prescribed by the Board, or on the date it was given to him personally.

(2) The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by a member shall not invalidate the proceedings at any meeting.

Notice in writing of matter brought forward by shareholder for discussion.

24. A shareholder who desires to bring forward any matter for discussion at an Annual General Meeting shall give notice thereof in writing to the Secretary of the Board at least seven days before the date fixed for the meeting.

Business at Annual General Meeting.

25. The Chairman shall at the Annual General Meeting present the Annual Report and review the affairs and operation of the Bank during the preceding year. The Financial Statement, the Audited Accounts of the Bank and the Auditors Report shall also be presented to the meeting.

Special business at Extraordinary Meetings.

26. At an Extraordinary General Meeting any business may be transacted and all business shall be deemed special that is transacted at the meetings with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the ordinary report of the Board of Directors and the auditors, the election of Board members and other officers.

Chairman of Annual and Extraordinary General Meetings.

27. The Chairman of the Board of Directors shall preside as Chairman at every Annual General Meeting and Extraordinary General Meeting of the Bank and if there is no such Chairman, or in his absence or inability to act or if he is not willing to act as Chairman, any member of the Board chosen by Board members present may do so or failing this the members present shall choose someone of their number to be Chairman.

Conduct of Meetings.

28. (1) The decision of the Chairman on all points of order or concerning the interpretation of any part of these Rules shall be final and conclusive at any Annual General or Extraordinary General Meeting over which he is presiding.

(2) No motion may be debated unless and until it has been moved and seconded by two shareholders.

(3) All speeches shall be strictly limited to moving or supporting or opposing a motion or an amendment regularly before the meeting or to a point of order and shall be addressed to the Chairman of the Meeting.

(4) No shareholder shall be allowed to speak on any question after it has been put to the Meeting for a vote to be taken thereon.

(5) It shall be the duty of the Chairman to preserve order and to see that procedures are regularly conducted and he may warn any shareholder disturbing the good order of the Meeting and if that shareholder persists in so doing the Chairman may require him to withdraw from the Meeting.

29. (1) No business shall be transacted at any General Meeting unless a quorum of members is present at the Meeting when the Meeting proceeds to business; save as herein otherwise provided twenty members personally present shall be a quorum.

(2) If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the members present shall be a quorum.

(3) The Chairman may, with consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time but no business shall be transacted at an adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

30. (1) At any General or Extraordinary General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the

Manner of voting.

result of the show of hands) demanded by at least three members present in person or by proxy entitled to vote or by one member or two members so present and entitled, if that member or those two members so present and entitled, together hold not less than fifteen per cent of the paid up capital of the Bank. Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority or lost, and an entry to that effect in the book of proceedings of the Bank, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

(2) If a poll is demanded it shall be taken in such manner as the Chairman directs, and the result of the poll shall be held to be the resolution of the meeting at which the poll was demanded.

(3) In case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

(4) A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs.

(5) On a show of hands every member present in person shall have one vote. On poll every member shall have one vote for each share of which he is the holder.

(6) In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

(7) No member shall be entitled to vote at any General or Extraordinary General Meeting unless all calls or other sums payable up to date of the meeting by him in respect of shares in the Bank have been paid.

(8) On a poll votes may be given either personally or by proxy.

31. (1) The instrument appointing a proxy shall be in writing ^{Proxy.} under the hand of the appointor or of his attorney duly authorised by deed or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy shall be a shareholder of the Bank. The Minister may appoint a representative not being a shareholder to be a proxy and he shall be entitled to demand a poll and on the poll he shall be entitled to a vote for every share of which Government is the holder.

(2) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Bank not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

(3) An instrument appointing a proxy may be in the following form or any other form which the Board shall approve:

**AGRICULTURAL DEVELOPMENT
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APPOINTMENT OF PROXY

“I ofbeing a member of the Agricultural Development Bank of Trinidad and Tobago, hereby appoint of also a member thereof as my proxy to vote for me and on my behalf at the (Ordinary or Annual or Extraordinary as the case may be) General Meeting of the Bank to be held on the day of 20.....

Signed thisday of 20.....”.

(4) The instrument appointing a proxy shall be held to confer authority to demand or join in demanding a poll.

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PART III

SHARES IN THE BANK

Issue of statement of prospectus.

32. (1) For the purposes of section 30(1) of the Act the Bank shall issue a statement or prospectus or other invitation offering to the public the sale of shares in the Bank.

(2) The statement or prospectus shall contain such information and particulars as the Board may by resolution determine.

(3) The Board may, before the issue of shares to the public, authorise that a specified number of shares in the Bank or such less number as are not taken up by the public by way of subscription be underwritten on such terms and conditions as may be agreed.

(4) The Board may if necessary employ a reputable and independent broker or other person or body on such terms, as it may think fit, to procure the underwriting.

Application for shares.

33. (1) An application for shares in the Bank shall be made in writing in the form prescribed and if accepted a letter of allotment of shares shall be sent to the applicant.

Allotment of shares.

(2) The allotment shall be made by the Board and shall be effected by a letter of allotment containing such provisions including those in respect of payment and registration of the allottee as the Board may direct.

Post.

(3) The post shall be the recognised mode of communication of the acceptance or allotment of shares.

Return of allotment.

(4) Returns of allotment shall be prepared in such manner and within such period or periods as the Board may direct and may contain such particulars as the Board may determine including those in respect of the number and nominal amount of shares, the names and addresses of allottees and the amounts paid on the share.

Power of Board to limit number of shares to individual members.

34. The Board may if it thinks necessary limit the number of shares issued to any member or to members generally.

35. The Bank may, if it thinks appropriate in consequence of a demand by the public for shares or for expressed reasons, issue shares at a premium and the premiums from such an issue must be transferred to an account called “the Share Premium Account”.

Share premium account.

36. Any share or shares may be issued by the Board on the terms that they are, or at the option of the Bank are liable, to be redeemed on such terms and in such manner as the Board may by Resolution determine. However, shares so issued can only be redeemed—

Redeemable preference shares.

- (a) if they are fully paid;
- (b) out of the profits available for dividend;
- (c) out of a fresh issue of shares made for the purpose of redeeming them.

37. (1) The Bank shall keep an indexed register of shareholders containing—

Register of shareholders.

- (a) the names and addresses of the shareholders;
- (b) a statement of the shares held by the shareholder, distinguishing each share by its number (if it has one) and the amount paid (or considered as paid) on the shares of each shareholder;
- (c) the date at which any person was entered in the register as a shareholder and the date at which any person ceased to be a shareholder.

(2) The register is *prima facie* evidence of any matter contained in it, but it may be rectified by the Board on application in writing of any aggrieved shareholder affected by its provisions.

38. (1) Any share in the Bank may be issued with such preferred, deferred or other special rights as the Board may think fit.

Regulating the rights of shareholders.

(2) Without prejudice to any special rights conferred on the holders of any shares or class of shares, any share in the Bank may be issued subject to such terms and conditions as the Board may from time to time by ordinary resolution determine.

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(3) The holder of every share shall have the right to attend and vote or to appoint a proxy to attend and vote at a general meeting, to be issued with a share certificate under seal, to transfer his shares and to be entitled to proper notice of calls and forfeiture of his shares and to dividends which have been declared for payment.

No notice of trust equitable future or partial interest in share.

39. No person shall be recognised by the Bank as holding any share upon any trust, and the Bank shall not be bound by or be compelled in any way to recognise even thereof any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder of the share.

Share certificate.

40. Every share certificate shall specify the share or shares held by the holder thereof and the amount paid up thereon, but in respect of a share or shares held jointly by several persons the Bank shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

Lien.

41. (1) The Bank shall have a lien on all shares which are not fully paid for moneys due from the shareholder to the Bank in respect of the shares.

- (2) The lien may be enforced by the Bank as follows:
- (a) by withholding dividends on the shares;
 - (b) by declining to register any transfer of the shares;
 - (c) by selling the shares;
 - (d) in pursuance thereof the Bank may enforce the lien by selling in such manner as the Board thinks fit, any shares on which the Bank has a lien, but no sale shall be made unless a sum in respect of which the lien exists is due and payable, nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of such

part of the amount in respect of which the lien exists as is due and payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy;

- (e) to give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be effected by any irregularity or invalidity in the proceedings in reference to the sale;
- (f) the proceeds of the sale shall be received by the Bank and applied in payment of such part of the amount in respect of which the lien exists as is due and payable, and the residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

42. (1) The Board may from time to time make calls upon ^{Calls.} the members in respect of any moneys unpaid on their shares, but no call shall exceed one-fourth of the nominal value of the shares or be payable at less than one month from the date fixed for the payment of the last preceding call, and each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Bank at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Board may determine.

(2) A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.

(3) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

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(4) If a sum called in respect of a share is not paid before or on the day appointed for payment, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment to the time of actual payment at such rate not exceeding six per cent a year but the Board shall be at liberty to waive payment of the interest wholly or in part.

(5) Any sum which by terms of issue of a share becomes payable on any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Rules be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Rules as to payment of interest and expenses, forfeiture or otherwise shall apply as if the sum had become payable by virtue of a call duly made and notified, subject to the provision of the Act.

(6) The Board may not, on issue of shares, distinguish between the holders as to the amount of calls to be paid and the times of payment, unless an express arrangement to that effect has been made in writing.

(7) The Bank may, if it thinks fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him.

Transfer of shares.

43. (1) The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

(2) Subject to the provisions of the Act shares shall be transferred in the form, specified herein or in any usual or common form which the Board shall approve:

“I, A.B., of, in consideration of the sum of Dollars (\$.....) paid to me by C. D., of (hereinafter called “the said transferee”) do hereby transfer to the said transferee the shares numbered in the Agricultural Development

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(2) Any person becoming entitled to a share in consequence of the death or bankruptcy of a member shall, upon the production to the satisfaction of the Bank of such evidence as it may require, have the right, either to be registered himself or to have the transfer of the share made as the deceased or bankrupt person could have made; but the Board shall in either case have the same right to decline or suspend registration as it would have had in the case of a transfer of the share by the deceased or bankrupt person before the death or bankruptcy.

(3) All the limitations, restrictions and provisions of these Rules relating to the right to transfer and the registration of transfers of shares shall be applicable to any such transfer as mentioned above as if the death or bankruptcy of the member had not occurred and transfer were a transfer signed by that member.

(4) A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Bank.

(5) However, the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Forfeiture of shares.

45. (1) If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, direct service of a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest if any which may have accrued.

(2) The notice shall name a further day (not earlier than the expiration of fourteen days from the date of the notice) on or

before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.

(3) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

(4) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board may think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Board thinks fit.

(5) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Bank all moneys which, at the date of forfeiture, were payable by him to the Bank in respect of the shares, but his liability shall cease if and when the Bank has received payment in full of all such moneys in respect of the shares.

(6) A statutory declaration in writing that the declarant is a Director or the Secretary of the Bank, and that a share in the Bank has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Bank may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings, in reference to the forfeiture, sale or disposal of the share.

(7) The provision of these Rules as to forfeiture shall apply in the case of non-payment of any sum which, by the

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terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Conversion of
shares into
stock.

46. (1) The Board may by ordinary resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares.

(2) The holders of stock may transfer the same, or any part thereof, in the same manner, and subject to the same Rules and Regulations, as the subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit; and the Board may from time to time fix the minimum amount of stock transferable but so that such amount shall not exceed the nominal amount of the shares from which the stock arose.

(3) The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividend, voting at meetings of the Bank and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Bank) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(4) Such of the rules and regulations as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

Alteration of
capital.

47. (1) The Board may vary the authorised share capital of the Bank with approval of the Minister by resolution of the Board at any meeting prescribed by the Act. At least fourteen days' notice in writing of the meeting shall be given and the notice shall specify the nature of the business to be transacted at the meeting. Any such resolution may be rendered invalid by default in service of the notice calling the meeting unless members not served waive service of the notice.

(2) On an increase the new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture, and otherwise as the shares in the original share capital.

(3) The Board may by resolution —

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) sub-divide its existing shares, or any of them into shares of smaller amount than is fixed by the Act;
- (c) cancel any shares which, at the date of the passing of the resolution have not been taken or agreed to be taken by any person.

(4) The Board may before issue offer new shares to existing shareholders at the date of the offer in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Board may dispose of those shares in such manner as it thinks most beneficial to the Bank. The Board may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares, cannot in the opinion of the Board be conveniently offered in accordance with these Rules.

(5) The Board may by resolution reduce its share capital and any Capital Redemption Reserve Fund in any manner and with and subject to any incident authorised, and consent required, by law.

48. (1) The Bank in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board. Dividend.

(2) The Board may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the Bank.

(3) No dividend shall be paid otherwise than out of profits.

(4) The Board may, before recommending any dividend, set aside out of the profits of the Bank such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for meeting any contingencies or for equalising dividend or for any other purpose for which the profits of the Bank may be properly applied, and pending the application may, at the like discretion, either be employed in the business of the Bank or be invested in such investment (other than shares of the Bank) as the Board may from time to time think fit. The Board may also without placing the same to reserve carry forward any profits which it may determine not to divide.

(5) Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this rule as paid on the share. All dividends shall be apportioned and paid proportionately to the amount paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, unless any share is issued on terms providing that it shall rank for dividend as from a particular date when the share shall rank for dividend accordingly.

(6) The Board may deduct from any dividend payable to any member all sums of money (if any) payable by him to the Bank on account of calls or otherwise in relation to the shares of the Bank, or to other dealings or transactions with the Bank, at the date of declaration of the dividend.

(7) Any general meeting declaring a dividend or bonus may direct payment of the dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid-up shares or stock of the Bank or in any one or more of such ways, and the Board shall give effect to such resolution and may vest any such specific assets as to it may seem expedient, in manner mentioned above.

(8) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant or other instrument sent through the post directed to the registered address of the holder or in the case of joint holders, to the registered address of one or more of the joint holders who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant or other instrument shall be made payable to the order of the person to whom it is sent. Any one, two or more joint holders may give effectual receipts for any dividends, bonuses or other moneys payable in respect of the shares held by them as joint holders and every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such other person as the member or person entitled or the joint holders, as the case may be, shall direct.

(9) No dividend shall bear interest against the Bank.

49. (1) The Board shall cause proper books of account to be kept with respect to— Accounts.

- (a) all sums of money received and expended by the Bank and the matters in respect of which the receipt and expenditure takes place;
- (b) all dealings and transactions by the Bank; and
- (c) the assets and liabilities of the Bank.

(2) The books of account shall be kept at the Bank or at such other place or places as the Board thinks fit, and shall always be open to the inspection of the Board.

(3) The Board shall, from time to time, determine whether and to what extent and at what times and places and under what terms and conditions or rules the accounts and books of the Bank or any of them shall be open to the inspection of members, and no member (not being a director) shall have any right of inspecting any account or book or document of the Bank except as conferred by the Act or regulation thereunder or other rules authorised by the Board.

(4) The Board shall from time to time as it may prescribe cause to be prepared to be laid before the Bank in general meeting such profit and loss accounts, balance sheets and reports as it may think fit.

(5) A copy of every balance sheet (including every document required to be annexed thereto) which is to be laid before the Bank in general meeting together with a copy of the Auditors' Report shall not less than seven days before the date of the meeting be sent to all persons entitled to receive notices of general meetings of the Bank.

(6) The balance sheet must be examined by the Board and signed by the Chairman and one other director or Board member.

(7) The books kept, the accounts and the balance sheet must give a true and fair view of the state of affairs of the Bank and explain its transactions.

Capitalisation
of profits.

50. (1) The Bank in general meeting may upon the recommendation of the Board resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Bank's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of a dividend and in the same proportions on condition that the same is not paid in cash but is applied either in or towards paying up any amounts for the time being unpaid on any shares held by the members respectively or paying up in full unissued shares or debentures of the Bank to be allotted and distributed credited as fully paid up and amongst such members in the proportion aforesaid, or partly in the one way and partly in the other, and the Board shall give effect to the resolution.

(2) However, a share premium account if any and a capital redemption reserve fund may, for the purposes of this rule, only be applied in the paying up of unissued shares to be issued to members of the Bank as fully-paid bonus shares.

(3) Whenever such a resolution as aforesaid has been passed, the Board shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully-paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto. The Board may have power to make such provisions by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit. The Board may also authorise any person to enter on behalf of all the members entitled thereto into an agreement with the Bank providing for the allotment to them respectively, credited as fully-paid up, of any further shares or debentures to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Bank on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares. Any agreement made under such authority shall be effective and binding on all the members.

51. Without prejudice to any of the powers of the Bank conferred by the Act and in particular by section 34(d) thereof or by these Rules and in particular without prejudice to rules 4(f) and 36, the Bank may borrow money either without security or secured by debentures or debenture stock (perpetual or terminable) mortgage or other security charged on the undertaking or on all or any of the assets of the Bank (both present and future) including uncalled capital; and the Bank may purchase, redeem or pay off any such securities.

Borrowing powers of the Bank. [60/1987].

52. (1) For the purpose of the exercise of the borrowing powers described in rule 51, in the case of each loan transaction, the Board shall—

Resolution to be passed. [60/1987].

- (a) pass an ordinary resolution specifying the amount to be borrowed; and
- (b) state in the resolution the rate of interest at which such amount is to be borrowed and the security, if any, upon which the said loan is to be made to the Bank.

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(2) Where the amount to be borrowed is to be obtained from more than one source, the sources shall be identified in the resolution.

Purpose of loan to be stated. [60/1987].

53. Every resolution referred to in rule 52 shall also specify the particular purpose for which the amount (whether consisting of more than one sum derived from various sources or not) is being borrowed and where the amount is being borrowed for more than one purpose, the resolution shall specify the purpose to which each portion of the said total amount is to be applied.

Legal expenses to be paid by the Bank. [60/1987].

54. The said resolution shall provide that all legal expenses incurred in the completion of the borrowing transaction whether by way of payment of legal fees or stamp duty on the giving of any security in connection therewith or the commissioning of any legal advice in connection therewith may be paid by the Bank either out of the proceeds of the loan or otherwise.

Board members to be notified. [60/1987].

55. (1) Each member of the Board shall be notified in writing not less than seven days before the date on which it is proposed to put such a resolution to the Board, of the intention to propose such resolution but it shall be sufficient for the notice to state the total sum to be borrowed and the general purpose of the loan without specifying any of the other details required by rule 52 or 53 to be contained in such resolution.

(2) Every such notice shall be deemed to be properly given if sent to or left at the last known address or the usual place of business of the member of the Board.

(3) A quorum of the Board shall be valid to pass such a resolution.

Minutes to include resolutions. [60/1987].

56. The minutes of the Meeting of the Board at which the resolution to borrow was passed shall contain the resolution to borrow, signed by the Chairman and such minutes shall be sufficient evidence of the passage of the resolution.