NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS

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27 TH CONSTITUTIONA	L REGULAR SESSION, 2006	BILL NO.: <u>106ND1</u>

P.L. 2006-63 AN ACT to amend section 131 of the Banking Act 1987, in order to lower the maximum rates of interest that banks may charge on loans and other forms of credit facilities, and for related matters. BE IT ENACTED BY THE NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS: **Short Title** Section 1. This Act may be cited as the Banking (Amendment) Act, 2006. Section 2. **Amendment** Section 131 of the Banking Act, 1987 is hereby amended to read as follows: **§131.** Interest rates. The Commissioner may, with the approval of the Cabinet, from time to time **(1)** make an order: fixing the minimum rates of interest which banks may pay upon (a) various classes of deposits; or

fixing the maximum rates of interest which banks may charge for

Subject as hereinafter provided, the rate of interest fixed by order under

Subsection (1) of this Section shall apply in relation to any deposit, or to any

loan or credit operation, as the case may be, completed before the date on

different types of loans or other credit operations.

		r.L.2006-63
1		which the order comes into force; provided, however, that nothing in any
2		such order:
3		(a) shall apply in relation to any interest accrued before that date; or
4		(b) shall require or be deemed to require the increase of the rate of
5		interest payable upon any deposit completed before that date if such
6		increase will constitute a breach of the contract or agreement relating
7		to such deposit.
8	(3)	In making an order under Subsection (1) of this Section the Commissioner
9		shall, in consultation with licensed banks and subject to Subsection (4) of this
10		Section, take into consideration the rates of interest charged or paid by banks
11		in other countries prevalent at the time of making such order; and in any
12		event the difference, if any, in the rates shall not exceed five percent (5%) of
13		the prime rate of the New York money center.
14	(4)	The maximum rate of interest a licensed bank may charge for loans and other
15		credit operations shall be twenty-four percent (24%).
16	(5)	The Commissioner shall review and make recommendations to the Cabinet
17		every six (06) months on the maximum rates of interest which banks may
18		charge under Subsection (1)(b) of this Section.
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BILL NO.: <u>106ND1</u>

P. L. 2006-63

1	This Act shall take effect on the date of certification in accordance with the Constitution		
2	and the Rules of Procedures of the Nitijela.		
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4	<u>CERTIFICATE</u>		
5	I hereby certify:		
6			
7	(1) That Nitijela Bill No: 106ND1 was passed by the Nitijela of the Republic of the Marshall		
8	Islands on the, 2006; and		
9	(2) That I am satisfied that Nitijela Bill No.: 106ND1 was passed in accordance with the		
10	relevant provisions of the Constitution of the Republic of the Marshall Islands and the		
11	Rules of Procedures of the Nitijela.		
12			
13	I hereby place my signature before the Clerk this		
14			
15	/ Attest:		
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17	Jul 11110th Jue E. RIL		
18	Ruben R. Zackhras Joe E. Riklon		
19	Vice-Speaker Clerk		
20	Nitijela of the Marshall Islands Nitijela of the Marshall Islands		

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