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STATUTES OF THE BANK OF CENTRAL AFRICAN STATES

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Article 1 The Bank of Central African States (hereinafter called the Bank) is an international African public institution governed by the Convention on Monetary Cooperation concluded between its Member States, by the Convention on Monetary Cooperation between France and these States, and by the present statutes.

Article 2 The amount of the Bank's capital is fixed at CFAF 1,250,000,000 (one billion, two hundred fifty million) subscribed jointly by the Member States.

It shall consist of:

250,000,000 (two hundred fifty million) in respect of the initial allocation of the Central Bank of Equatorial African States and Cameroon (BCEAEC),

1,000,000,000 (one billion) in respect of incorporation of part of the BCEAEC's reserves.

It may be increased or reduced upon consideration by the Board of Directors.

The portion of the BCEAEC's reserves not incorporated in the Bank's capital remains the joint property of the Member States.

Article 3 The Bank's headquarters shall be established in one of the Member States' capitals by decision of the Board of Directors, enacted by a majority of three quarters of the Directors from the Member States.

Article 4 The Bank's offices established in the capital of each of the Member States shall have the attributes of a main office. Board of Directors decisions regarding the opening of sub-offices and branches shall be adopted by simple majority.

Article 5 The Bank shall enjoy full judicial personality and in particular shall have the capacity:

To conclude contracts,

To acquire and dispose of movable and immovable property,

To institute legal proceedings.

For this purpose the Bank shall, in each of the above-mentioned States, benefit from the widest interpretation of legal personality applied by the national legislations in the case of corporate bodies.

The property and assets of the Bank, wherever located and by whomsoever held, shall be immune from all forms of seizure, attachment or execution, before a final judgment is rendered against it.

The property and assets of the Bank thus defined shall be immune from search, requisition, confiscation, expropriation or any other form of seizure under the executive or legislative powers of the Member States or of France.

The archives of the Bank shall be inviolable, subject to the rights of investigation and of communication conferred on administrations bound to professional secrecy.

These privileges shall, however, not apply as regards special tasks with which the Bank is entrusted by a participating State.

Article 6 The Bank shall receive from the Member States the exclusive privilege of issuing the bank notes and coins which are legal tender in the Member States.

Article 7 The Board of Directors decides on the creation and issue of the Bank's notes and coins, and on their withdrawal or cancellation.

It shall determine the face value and form of the denominations, the signatures the notes shall bear and the means of identifying the State in which notes have been issued.

It shall determine the characteristics of the coins.

Article 8 Falsification or reproduction of the Bank's notes and coins, and the use, sale, hawking, or distribution of false notes and coins shall be punished by the penal provisions in effect.

Article 9 In the event of withdrawal from circulation of one or more categories of notes or coins, any notes and coins not presented to the Bank within the time limits set by the Board of Directors shall cease to be legal tender. The counterpart of these notes and coins shall be paid to the State in which they were issued.

Article 10 In accordance with the Convention on Monetary Cooperation between the Member States and France, the Bank shall execute any application for transfer between the Member States and France.

Article 11

(1) To guarantee the external convertibility of their currency, the Member States agree to pool their external holdings in an Exchange Reserves Fund.

(2) These reserves shall be deposited with the French Treasury in a current account called the "operations account," for which the conditions of replenishment and operation shall be set forth in a special convention to be concluded between the President of the Bank and the Minister of Economy and Finance of the French Republic.

(3) However, in accordance with the economic evolution and trade flows of the Member States and on decision of the Board of Directors, part of these reserves may be deposited in current accounts denominated in foreign currencies with institutes of issue located outside the Franc Area. This fraction may not exceed 20 per cent of the Bank's net foreign assets, excluding special drawing rights.

(4) If the account of a State should show a debit balance vis-à-vis the common reserve fund, a variable rate shall be payable on it, for the profit of the Bank, under conditions which shall be fixed by the Board of Directors.

(5) However, this provision shall be applicable to a State only if that State refuses to conform to the recommendations of the Monetary Committee of Member States.

(6) If the operations account should show a debit balance for nine consecutive ten-day periods, the following provisions shall automatically enter into effect:

The ceilings for rediscount, advances, and other short-term facilities, determined by the Board pursuant to Article 36 of these statutes, shall be reduced:

to 20 per cent in offices whose statement shows a debit balance in their foreign operations account;

to 10 per cent in offices whose statement shows a credit balance in their foreign operations account in an amount lower than 15 per cent of the paper currency shown in that same statement.

These reductions apply to the ceilings previously fixed by the Board for the coming months or, in the absence of such, to the ceilings determined by it for the corresponding months of the year preceding the notification.

In offices where the above provisions are applicable, no new authorization for medium-term assistance may be granted by the Bank.

The Board of Directors shall be convened immediately. It shall consider raising the rate for discount, acceptance "en pension," and advances. It may possibly attenuate or waive certain of the above provisions but, as long as the operations account has not ceased to show a debit balance for nine consecutive ten-day periods, these decisions may be adopted by the Board only by a three-quarters majority.

Article 12 The Bank may buy and sell gold and foreign currencies.
It is likewise authorized to subscribe, for the account of the Member States that are members of the IMF and with which it has concluded agreements for the purpose, these States' gold tranches.

Furthermore, it may subscribe for the account of the Member States negotiable bonds having two years or more to maturity, denominated in freely convertible currency, and issued by international institutions.

Article 13 The Bank may receive from the Member States participating in the IMF's special account any SDRs allocated to them,and incorporate them in its foreign assets.

Furthermore, it may draw from the available assets in the operations account amounts required for purhcase of SDRs.

Article 14 The Bank may discount or accept "en pension" bills bearing at least two signatures of persons known to be solvent, one of which must be a bank. The maturity of these bills may not exceed six months.

Article 15 The Bank may grant banks loans in the form of advances, against one of the following guarantees:

commodity warrants, receipts, or collateral,

assignment of pending crops,

bill of lading to order, duly endorsed, and accompanied by the customary documents,

securities properly lodged as collateral,

deposits in gold or foreign currencies,

maritime or fluvial mortgage,

assignments of contracts for public works or for supplies properly settled by the competent administrative authority.

These loans may not exceed the quotas fixed by the Board of Directors for each of the above-listed types of guarantees.

The borrower signs a pledge to the Bank to repay within a period not exceeding six months the amount of the loan granted and to cover the Bank for amounts in respect of the depreciation affecting the value of the guarantee whenever this depreciation is as much as 10 per cent.

If the borrower is unable to carry out this undertaking the total amount of the loan shall automatically become due for repayment.

Article 16 As an exception, the Bank may effect the short-term operations for which provision is made in Articles 14 and 15 above, in addition to any bank transactions, if these operations appear to be advantageous, generally speaking and, in particular, help to reduce the cost of credit.

In the event of discount or acceptance "en pension," one of the signatures may be replaced by one of the guarantees listed in Article 15 above.

Upon special deliberation of the Board of Directors, and for enterprises possessing guarantees in respect of purchase of pending crops, the Bank may effect the operations provided for in this article on a single signature and without provision of one of these guarantees.

Article 17 The Bank may grant advances on government securities created or guaranteed by Member States, up to the quota limits fixed by the Board of Directors. Also, the Bank may purchase and resell these same securities, without endorsement, on condition that they have more than six months to run and that these operations are not carried out for the profit of the public Treasuries.

Article 18 The Bank may discount customs duty bills and other tax bills, with less than four months to run, made out to the order of Treasury accountants, under conditions fixed by the Board of Directors.

Article 19 The Bank may discount for banks bills corresponding to medium-term credits with a maximum term of seven years. These bills must be guaranteed by two or more signatures of persons of known solvency, except for operations secured on national budgets.

To be mobilizable with the Bank, medium-term credits must:

(A) For operations initiated by public, semi-public, or private enterprises:

have the purpose of developing means of production and building construction subject to evaluation of the profitability of these operations and their compatibility with the general objectives of the development plan(s) of the Member State(s) concerned,

have received the prior approval of the Bank.

(B) For operations initiated by Member States:

have the purpose of developing or improving infrastructures, collective equipment, and agricultural structures subject to these operations' having been included in a programmed budgetary item; come within the limits fixed by the Board of Directors for medium-term operations; and the Bank must have been previously informed.

The latter type of assistance shall be extended on the same terms as regards interest as those decided by the Board for the assistance referred to in Article 21.

The Board of Directors shall periodically fix a ceiling for the securities corresponding to medium-term credits that may be accepted for rediscount in each State with a view to financing the operations referred to above.

<u>Article 20</u> The foregoing provisions are applicable to banks and financial establishments that are authorized by the laws in effect in the Member States to effect credit operations.

<u>Article 21</u>. The Bank may grant to the Treasuries of Member States, for a given fiscal year and at discount rates to be determined by the Board of Directors, overdrafts on current account the duration of which may not exceed twelve months.

<u>Article 22</u>. The total amount of advances on current account granted to Member States by the Bank, added to the total amount of transactions on rediscountable public bills carried by the banking system and to operations pledged under national budgets, may not exceed 20 per cent of the ordinary budgetary receipts of a national origin recorded during the previous financial year.

<u>Article 23</u>. The Bank shall receive on current account the amounts which are deposited with it and shall pay instruments domiciled at the Bank and liabilities incurred at its counters up to the amounts encashed.

Amounts so deposited shall be non-interest-bearing.

<u>Article 24</u>. The Bank shall be authorized to subscribe for account of the Member States that have joined the International Monetary Fund and with which it has passed pertinent agreements, the portion of these States' quota in national currency.

<u>Article 25</u>. The Bank may undertake the cashing and collection of bills which are submitted to it.

<u>Article 26</u>. The Bank shall ensure the centralization of the Member States' banking risks. The Bank shall collect, from the holders of accounts on its books, all information that helps to guide it in its credit policy.

The Bank shall communicate to the National Credit Councils or to the institutions responsible for the organization of the banking profession and credit policy in the Member States, such statistical data as will make it possible to evaluate the evolution, in each Member State, of;

Bank deposits.

Bank dispositions.

Rediscount credits granted to banks.

Inventoried bankers' risks, classified according to category of economic activity.

Movements of transfers with foreign countries carried out through it.

The Bank may inquire as to the manner in which the regulations and decisions of the National Credit Councils or of the institutions responsible for the organization of the banking profession and of credit policy are applied. It shall make a relevant report to the National Credit Councils or to the above-mentioned institutions.

The banks and financial institutions of the Member States shall be required to supply to the Bank all information necessary for the accomplishment of the mission defined above.

<u>Article 27</u>. The Bank may acquire, sell or exchange transferable securities and real estate according to operating needs. The corresponding expenditures may be made only from capital and reserves and shall be subject to authorization by the Board of Directors.

<u>Article 28</u>. The Bank shall be authorized to take up participations out of its net worth, upon authorization by the Board of Directors, in organizations or enterprises of general interest to the Member States.

In particular, the Bank may, out of its net worth participate in any financial institution of the Member States slated to credit interest on its international loans, to permit long-term financing of economic projects and to facilitate savings mobilization in member countries.

<u>Article 29</u>. The Bank may assist specialized institutions in the financing of long-term operations by placing in its portfolio according to conditions to be determined by the Board of Directors, bills representing this credit which mature within no more than seven years.

<u>Article 30</u>. The operations of the Bank must be connected with the States in which it exercises the privilege of issue.

Article 31. The operations of the Bank shall be executed and entered in accounting records in accordance with the commercial and banking rules and practices.

Article 32. The Bank shall assist the Member States at their request in their relations with international financial institutions and shall assist them, according to its statutes, following approval by the Board of Directors, in respect of all operations of a monetary and financial nature.

Article 33. The management and control of the Bank shall be assured by the representatives of the Member States and of France. France shall participate in the management and control by virtue of the guarantee it provides for the currency issued by the Bank.

Article 34. (1) Composition.

The Bank shall be administered by a Board of Directors comprising twelve members, of whom:

Four Directors on behalf of the United Republic of Cameroon.

Four Directors on behalf of the Member States other than Cameroon, of whom one Director per State.

Four Directors on behalf of the French Republic.

Each Director shall have an Alternate designated for the duration of his term of office.

The Directors, except for those of Cameroon and France, shall at the Board meetings be assisted by their Alternates.

In case of absence, the Directors may arrange to be represented either by their Alternates, or by one of their colleagues or by a temporary acting Director.

The Directors shall be appointed to three-year renewable terms.

Article 35. (2) Chairmanship

The Chairmanship of the Board of Directors shall be assured in the alphabetical order of the Member States for a one-year term.

In case of absence of the Chairman from the meetings of the Board of Directors, his State shall designate a Director as Acting Chairman.

Article 36. (3) Powers.

(a) The Board of Directors shall be endowed with the broadest powers. It shall determine the general policy of the Bank. It shall approve, in particular, the accounts, and shall rule on the distribution of profits, and on any increase or reduction in corporate capital.

(b) It shall draw up its internal regulations and those of the national committees and shall appoint the Director General. Upon proposal by the latter, the Board shall decide the general conditions under which the positions of responsibility shall be provided for, adopt the pay scale for remuneration and approve the provisional budget as well as discount, credit and advance operations.

(c) The Board shall approve any particular convention between the Bank, on the one hand, and the Governments of States participating in its management, foreign Governments or international institutions, on the other.

(d) The Board shall specify the general conditions for execution, by the Bank, of operations authorized by Articles 14 to 22 of the present Statutes.

(e) The Board shall determine the discount rate and the rate for all operations handled by the Bank.

(f) The Board shall finally fix the general re-discount ceilings for advances and other short-term facilities which may be granted by the Bank to each state's economy. Should these overall ceilings differ from the credits considered necessary by the national Committees, it shall be up to these Committees to undertake the appropriate adjustments.

(g) The Board shall fix the rules which are to be applicable to the national monetary Committees and shall rule on all requests departing from these rules.

(h) The Board may delegate certain of its powers according to the majority rules provided for by Article 59 of the Statutes and it may, under the same conditions, set up in its midst committees whose functions it shall determine.

Article 37. The Board of Directors shall meet at least four times a year and whenever necessary upon being convened by its Chairman or at the request of the Director(s) of a State.

The Auditors, the Director General and the Deputy Director General shall attend the meetings of the Board of Directors with the right to speak in an advisory capacity.

Article 38. The Board of Directors shall constitute a quorum when at least one Director per Member State and a French Director are present or represented.

Except for provisions to the contrary laid down by these Statutes, decisions of the Board shall be taken by a simple majority.

However, decisions taken pursuant to Articles 19 (last paragraph), 36 (paragraphs d, e, f and g) and of the following paragraph of this Article shall be adopted by a two-thirds majority.

When the ratio between the average amount of the Bank's external assets and the average amount of its sight liabilities has remained equal to or below 20 per cent during three consecutive ten-day periods, the Chairman shall immediately convene the Board in order to examine the situation and to take any appropriate decisions, in particular, to examine the possibility of an increase in the Bank's discount rate and, if necessary and considering the particular situation of each office, of reductions in the rediscount ceilings, advances and other facilities granted in application of Article 36.

The Board of Directors shall establish the amount of the attendance fees allowed the Directors.

Article 39. In each Member State a National Monetary Committee shall be created, composed of:

The Director or Directors of the Bank and their Alternates.

Three persons of high standing appointed by the Government of the State by virtue of their qualifications and their general competence.

The Director General and two Auditors, one of whom shall be French, shall attend the meetings with the right to speak in an advisory capacity. They may arrange to be represented by an Alternate.

The National Director shall be rapporteur for the Committee.

The Committee shall designate its Chairman from among its members.

Article 40. Each National Monetary Committee shall meet at least once every three months upon being convened by its Chairman.

The Committee shall rule by a majority of its members present or represented according to the prerogatives and powers granted to it by these Statutes and the rules laid down by the Board of Directors.

Article 41. The decisions of the Committee shall be enforceable unless suspended and taken over by the Board of Directors according to the provisions set forth below.

Every three months, the Monetary Committees shall report on their activities and on the implementation of the Board of Directors' directives.

All decisions by the national monetary committees that are considered contrary to the organic provisions or to the directives of the Board of Directors, or which implicate the currency of the area of issue or the solidarity of the Member States may be suspended and taken over by the Board on the initiative of the two Auditors [Censors], or one of them.

Article 42. Within the limits of the powers which are delegated to them and according to the directives issued by the Board of Directors, the national monetary committees shall proceed to study the general short-, medium-, and long-term financing needs of the economy of the Member State and shall determine appropriate means to meet them.

They shall decide in particular:

The rediscount ceilings granted to each bank. For this purpose, they shall apply the pertinent general rules laid down by the Board of Directors for the entire area of issue.

Such individual rediscount ceilings as may be granted to enterprises under conditions fixed by the Board of Directors.

They shall propose to the Board rediscount limits for paper subscribed by a single enterprise or enterprises of a single group exceeding an amount determined by the Board.

They shall propose the face value and the form of the lawful currency [monetary tokens].

Article 43. The Director General shall be appointed by unanimous vote of the Board of Directors following approval by the Governments of the Member States and France.

The Director General may have his duties terminated by a two-thirds majority vote pursuant to the conditions concerning the adoption of decisions, established by the internal regulations.

His term of office shall last five years and shall be renewable.

Article 44. Subject to control by the Board of Directors, the Director General shall:

Ensure application of these statutes and of the laws concerning the Bank as well as execution of decisions of both the Board of Directors and the national committees,

Represent the Bank vis-à-vis third parties, Exercise all legal action,

Take any executory measure/and any protective measure he may consider necessary.

In each State, he shall be represented by the National Director.

He shall organize and direct all the Bank's services within the general framework referred to in Article 36(b) above. He shall recruit, appoint and remove staff that is not subject to appointment by the Board of Directors.

He shall appoint the Office Directors [managers] upon approval by the Member State concerned.

Article 45. The Deputy Director General/shall be appointed and may be relieved of his office pursuant to the same conditions as the Director General, following a motion by the latter.

Article 46. The National Director shall be appointed and relieved of office by the Board of Directors upon a proposal by the Director General following approval by the Member State.

He shall exercise the powers of Director [Manager] of the Main Office together with his duties of centralizing authority for the operations of the offices and branches within the national territory.

Article 47. The Chairman, the members of the Board of Directors and the Members of the National Committees, the Director General, the Deputy Director General, the National Directors, the Office and Branch Directors must in their respective statuses enjoy their civil and political rights and have suffered no peine afflictive et infamante [punishment involving penal servitude or loss of civil rights].

They may not be chosen from among the directors, managers, [or] representatives of private credit institutions or banks likely to resort to assistance from the Bank.

The Chairman, the Director General, the Deputy Director General and the Managers may not, while in office, take or receive participations or benefits whatever for their work or advice, in any private enterprise.

They may not either directly or through an intermediary exercise any industrial or commercial activity.

They may,however, represent the Bank in enterprises in which it owns shares.

No paper or commitment bearing their signature may be accepted for rediscounting without the prior approval of the Board of Directors.

Article 48. For statistical purposes, the Bank's operations in each of the Member States shall be recorded separately on its books.

Article 49. The Bank's accounts shall be made up and balanced on June 30 of each year. They shall be submitted for approval to the Board following a report from the Board of Auditors [Censors].

The Board of Directors shall determine the value for which claims in suspense may remain included in the assets accounts and shall proceed with all such write-offs and setting aside of reserves as are considered necessary.

Article 50. The net proceeds, upon deduction of all charges, write-offs and reserves, shall constitute profits.

A 15 per cent charge shall be set aside from these profits for the mandatory reserves. This setting aside shall cease to be compulsory as soon as these reserves amount to half of the capital. It shall be resumed if this proportion is no longer attained.

After setting aside all optional, general or special reserves, the balance shall be carried forward or shall be paid to the Treasuries of the Member States according to criteria to be determined by the Board of Directors.

Article 51. The Bank shall pay to the Member States, on a quarterly basis,a charge [redevance] in an amount equal to 17 per cent of the gross proceeds from the Bank's transactions during the previous quarter. The charge so calculated shall be distributed among the Member States in proportion to the daily productive currency in circulation of each State.

The daily amount of productive currency in circulation shall be determined by deducting the Bank's credit balances at the Bank of France and in postal checking accounts from the amount of banknotes and coins in circulation.

The amount of the average productive currency in circulation for each quarter shall be computed by dividing the total amount of productive currency in circulation determined as stated for all of the working days of the quarter by the number of working days in the quarter.

The charge shall be collected subject to deduction of the tax on industrial and commercial profits, the stamp duty on banknotes in circulation and all taxes levied on such interest charges of the Operations Account as might be owed by the Bank.

From this charge shall also be deducted:

Increases in taxes to which the Bank is subject on the date of the signing of the present convention.

The amount of taxes created after this date and falling on the operations of the Bank.

The charge so determined shall be a normal operations charge and must be paid even when there is no profit.

Article 52. The Bank shall also pay to the Member States the currency equivalent of lost banknotes and possibly its net profits after setting aside mandatory and contingency reserves. This possible distribution of profits shall be carried out on the same basis as that of the charge.

Article 53. The Board of Auditors [Censors] shall be composed of:

One Cameroonian Auditor,

One Gabonese Auditor, representing the other Member States, [and]

One French Auditor.

The Auditors shall be designated by the participating States for a three-year renewable term.

Article 54. The Auditors shall ensure the checking of the Bank's accounts and the correctness of its operations.

They shall check the execution of the budget and propose to the Board of Directors all necessary measures for this purpose.

They shall attend the meetings of the Board of Directors and of the National Committees with the right to speak in an advisory capacity and their opinions shall be recorded in the minutes.

They may call on the Office of the Director General and the National Administration to make available to them any information that is useful for the execution of their duties.

They shall draw up an annual report which shall be submitted to the Board of Directors prior to being sent to the Member States.

Compensation granted the Auditors shall be fixed by the Board of Directors.

Article 55. Every month, the Bank shall draw up a statement of its accounts which shall be published in the official gazettes of the Member States and France.

Article 56. Within six months from the closing of the financial year, the Chairman of the Board of Directors shall report on the operations of the year having ended. This report shall be sent to the Member States and to France.

Article 57. Any State may withdraw from the Bank in accordance with the provisions of Article 17 of the Convention on Monetary Cooperation between the Member States and France. The methods for such withdrawal shall be defined by a Joint Commission composed, on the one hand, of representatives of the Member States and France, and, on the other, of representatives of the State which is withdrawing.

This Commission shall be responsible for determining reciprocal rights and obligations.

Article 58. The Member States shall undertake, subject to the penalty of exclusion decided by simple majority, on a report from the Board of Directors, setting forth the underlying reasons, to respect the provisions of these Statutes and of the conventions on monetary cooperation, in particular regarding:

The rules governing the issue [of currency].

Centralization of monetary reserves.

Free circulation of lawful currency and the freedom of transfers within the area of issue.

Article 59. The statutes of the Bank may be amended by a unanimous decision of the Bank's Board of Directors.

Transitional provisions.

Article 60. The central services of the Bank shall provisionally be established in Paris.