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Concerning
Central
Bank

Central
Banking
functions concerning
provision of
credit

Yemen, Laws affecting etc.
Republican Decree concerning Law No. 4 of 1971

concerning the establishment, formation and jurisdiction of the Central Bank of Yemen as the Government's bank, and other functioning banks and financial bodies active in the Yemen, and the supervision, reserves, and all related purposes.

Ortcc:

In the name of the People,
cc:
The President of the Republican Council,
for consulting:

Constitution,
Law for companies No. 13 of 1963,
No. 6 of 1964 concerning the establishment of the Yemani Excel-
lent regulations for issuing currency,
No. 19 concerning the regulation of exchange control operations
upon the approval of the Cabinet, the Consultative Assembly
of the Republic Council, the following Law has been decreed:

Preamble

TOTO

"Year of 1971"

1

Abis

Regulations for issuing currency,

19 concerning the regulation of exchange control operations,
in the approval of the Cabinet, the Consultative Assembly, and
an Council, the following Law has been decreed:

Chapter 1

Preamble

Article 1.

Law is to be called "The Law of the Central Bank of Yemen of
stipulations of this Law are effective from the date determined
of the Republican Council, published in the Official Gazette.
an Council may give different dates for the application of the
arts of this Law.

1971
determined by
. The
of the diff-
ferent

2. The stipulations
a decree -
Republican

Article 2.
The terms
constituted from

from the text:

124315

s used in this Law have the following meaning unless otherwise

21

- a. "Central Bank" means the Central Bank of Yemen established by the Law.
- b. "Banking" means accepting deposits to be paid at request or by arrangement, or to be withdrawn by cheque, transfer, order of account, etc., also using these deposits for the purpose of loan and investment.
- c. "Bank" means any activity related to banking in the Yemen. (From "Bank" means the Board of Administration of the Central Bank".)
- d. "Board" means the Board of Directors of the Central Bank.
- e. "Director" means the member of the Board of Administration except the president of the Central Bank, his vice-president, and the relatives of the Minister of the Treasury and the Minister of Economic Board.
- f. "Member" means the president of the Central Bank, his vice-Treasury and the Minister of the Economy on the Board, and the directors.
- g. "Minister" means the Minister of the Treasury.
- h. "Foreign exchange" means foreign currencies or amounts to be paid in foreign currencies.
- i. "Public organization" means

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"Bank" means any activity related to banking in the Yemen. (From "Bank" means the Board of Administration of the Central Bank".)

"Board" means the Board of Directors of the Central Bank.

"Director" means the member of the Board of Administration except the president of the Central Bank, his vice-president, and the relatives of the Minister of the Treasury and the Minister of Economic Board.

"Member" means the president of the Central Bank, his vice-Treasury and the representatives of the Minister of the Treasury Minister of the Economy on the Board, and the directors.

"Minister" means the Minister of the Treasury.

"Foreign exchange" means foreign currencies or amounts to be paid in foreign currencies.

"Public organization" means

265

"Member" or "Minister" or the Treasury and the Minister of Economy
Board.

"Member" of the Board means the president of the Central Bank, his
resident and the representatives of the Minister of the Treasury,
the Minister of the Economy on the Board, and the directors.

"Minister" means the Minister of the Treasury.

"Foreign Exchange" means foreign currencies or amounts to be paid
in foreign currencies.

"Public organization" means

Any political or administrative division in the Yemen. (This
includes the village, the subdistrict, the district, the region
provinces).

Any organization or project or agency determined for the purpose
by Law by the Minister after consultation with the Central Bank.
"Particular financial organization" means a credit organization which
is not a bank determined by the Central Bank for the purpose of this
Law.

"Government" means the Government of the Yemen Arab Republic.

"Government" means the government of the Yemen Arab Republic (under
law).

- (1) (This
region and
comprises
the province).
1. Any
purpose of
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organization which
thin Law.
2. Any
thin law
j "particular"
is not a bank
K. Yemen
"Government"
1. government

meaning
m. "Court
chief
court which
law and other

composed of
i on the
of this
and other laws.

"arts" means the court appointed by a ministerial arrêt composed
of who has legal accreditation and the membership of others; or
it which is to be founded by law to execute the stipulations of
and other laws.

Chapter 2:

The formation and the jurisdiction of the Central Bank

Article 3

1. A bank
the activities
2. The Central
bank a special
seal.
3. The Central

- a. To
- b. To
- c. To

Article 4:

1. The main
Central Banks:

services of
the Central

carry on
It

activities

Central Bank has the following functions:

To sign contracts.

To appear in court whether plaintiff or defendant.

To buy, possess, sell movable or non-movable property

4.

main jurisdiction of the Central Bank is to perform services
ral banks;
Without contradicting the generalities mentioned above, the C

Central Bank of Yemen is to be founded to carry
activities stipulated in this Law.

Central Bank is a corporate body with a successive character.

a special seal.

activities stipulated in this Law.

Central Bank is a corporate body with a successive character.

a special seal.

Central Bank has the following functions:

To sign contracts.

To appear in court whether plaintiff or defendant.

To buy, possess, sell movable or non-movable property

4.

main jurisdiction of the Central Bank is to perform services of central banks:

Without contradicting the generalities mentioned above, the Central Bank has the right to issue currency, to organize banking and credit activities, to manage the gold reserves and foreign currencies of Yemen, and to perform any activity delegated to it or which it should perform on behalf of the government by virtue of any international agreement in which Yemen is a party.

Central Bank may direct its activities, within the economic policy of the Government, to prepare the credit and financial circumstances

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circumstances.
2. The Central
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Article 5

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Article 6

The Central
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Article 7

1. The permitted
paid capital
2. The corporate
Minister

3. The Government

Article 8

1. The Central Bank

of the Yemen
stability.

which
lead to the fast development of the national economy of the
to be specially concerned with providing monetary stability.

Article 5

the headquarters of the Central Bank. The Board may open branch
Central Bank in any place within and without the Yemen, as it
may.

Article 6

Central Bank may appoint agents or correspondents for it within and
the Yemen.

Chapter 3

Capital, net profit and reserves

Article 7

The
by the
Bank

permitted capital for the Central Bank is 10 million Riyal.
capital is determined according to Article 59 of this Law.
capital may be increased by a Board's decision approved by the
Minister.

Article 8

Central Bank is to form and keep a general reserve.

Chapter 3

Capital, net profit and reserves

7

permitted capital for the Central Bank is 10 million riyal.
Capital is determined according to Article 59 of this Law.
Capital may be increased by a Board's decision approved by the Minister.

8

Government alone possesses all the capital of the Central Bank.

2. At the end of every fiscal year, and after deducting all expenses incurred during the year; amounts due on profits according to Article 59 of this Law; bad and doubtful debts; assets utilized; share in employees' retirement fund; accounts transferred to the following fiscal year; and all other items usually determined by banks, the Central Bank is:
to transfer to the general reserve the following, after consulting the Minister:
1. All the permitted

Central Bank is to form and keep a general reserve.
the end of every fiscal year, and after deducting all expenses incurred during the year; amounts due on profits according to Article 59 of this Law; bad and doubtful debts; assets utilized; share in employees' retirement fund; accounts transferred to the following fiscal year; and all other items usually determined by banks, the Central Bank is:

to transfer to the general reserve the following, after consulting the Minister:

All the net profit of the general reserve if less than the per-

Capital or

2. net loss equals double the amount of the Central Bank, or it is found that the net profit exceeds the amount of the Central Bank.
- b. To pay the rest of the net profit of the Central Bank, on condition that if by the end of the fiscal year the government is found to be debtor to the Central Bank, the Bank is to utilize the rest of the net profit to pay the debt or to decrease it, paying excess after that to the Government.

3. a. Profits resulting from any change in evaluating the gold and other foreign currencies of the Central Bank, or those assets held in gold or in foreign currencies by reason of the change of exchange of the Riyal, or the change in the value or in the change of those assets in relation to the Riyal, those profits entered in a special account called "Revaluation of Assets Account", be considered

Profits when calculating

- b. Losses credit balance
- any stipulation there being

not less than 20 per cent of the net profit, if the general results or exceeds the permitted capital but is less than its double to pay the Government the rest of the net profit of the Central Bank, on condition that if by the end of the fiscal year the government is found to be debtor to the Central Bank, the Bank is to utilize the rest of the net profit to pay the debt or to decrease it, paying excess after that to the Government.

b. Profits resulting from any change in evaluating the gold and other foreign currencies of the Central Bank, or those assets held in gold or in foreign currencies by reason of the change of exchange of the Riyal, or the change in the value or in the change of those assets in relation to the Riyal, those profits entered in a special account called "Revaluation of Assets Account" or losses resulting from such a change are not to be considered calculating the yearly profit and loss of the Central Bank.

losses resulting from the mentioned change will be covered by the balance in the "Revaluation of Assets Account". Regardless application in this Law, when the balance is insufficient to cover losses, the Government is to issue non-transferrable bonds to

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"Outer foreign currencies of the Central Bank, or those asset
valuated in gold or in foreign currencies by reason of the change
of exchange of the riyal, or the change in the value or in
exchange of those assets in relation to the riyal, those pro
to be entered in a special account called "Revaluation of Assets"
profits or losses resulting from such a change are not to be con
tin calculating the yearly profit and loss of the Central Bank.
Losses resulting from the mentioned change will be covered by
edit balance in the "Revaluation of Assets Account". Regardle
y stipulation in this Law, when the balance is insufficient to
oso losses, the Government is to issue non-transferable bonds
entral Bank without interest, in an amount that covers the loss
Any credit balance in the "Revaluation of Assets Account" for
end of the fiscal year is to be used on behalf of the government
covering the value of all the bonds kept by the Central Bank in
conformity with paragraph b of this Article, the 20 per cent of the
aining balance is to be paid to the government to be used for
Aided by the Government after consultation with the Central Ban

Central
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d. No.

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Article 9.

1. The government
the credit
any other
2. Any amounts
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said

exceeding
without
accordance
profits
over the

million

"Revolution of
Article

tion that if the remaining balance does not exceed one million
this balance is paid to the government in full.
o credits or debits are to be affected on the "Revaluation of
s Account" except according to the stipulation of this Article

overnment is to pay the Central Bank the net of any loss excess
redit balance which appears in the "General Reserve Account" w
ther compensation, by this Law.
mounts paid by the government to the Central Bank in accordance
paragraph 1 of this Article, are to be paid from the future pr
e Central Bank. Those amounts have priority of settlement ove
profits.

Chapter 4

Administration

Article 10

1. The Central
of the
or any other

Article 11

1. The Board

policy
this Law

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al Bank has a Board of Administration responsible for the po
nk, its budget, and for any other jurisdiction given it by thi
her written law.

board 16 composed of:

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amounts paid by the government to the Central Bank in accordance
paragraph 1 of this Article, are to be paid from the future p
he Central Bank. Those amounts have priority of settlement ov
profits.

Chapter 4

Administration

10

ral Bank has a Board of Administration responsible for the p
ank, its budget, and for any other jurisdiction given it by th
other written law.

11

Board is composed of:

The president of the Bank who is the head of the Board.
The vice-president.
A representative of the Minister of the Treasury.
A representative of the Minister of the Economy.
Three directors.

The president and the vice-president are appointed by the Repu
cial for 4 years. Each will keep his position for this period

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Council

In case of
Law.

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- b. The position removal for 3 by Article condition that : them will discharge .
- Among be discharged will
 - Any period will
4. If a Treasury full fill Council services until member
- the same member former position.

case of death, resignation, discharge or removal by Article 12.

Reappointment is possible.

The president must have financial experience. Directors are appointed by the Minister. Each is to keep his 3 years except in case of death, resignation, discharge or removal by Article 12 of this Law. Reappointment is possible, on condition that : Among the directors appointed for the first time, one of them will be discharged after one year, and another after two years. This will be effected by ballot.

Any director appointed in lieu of another before the completion of the period of his predecessor. Member of the Board (the representatives of the Minister of Treasury and of the Minister of the Economy excepted) becomes unable to fill the duties of his position, the President of the Republic or the Minister, whatever the case may be, on the basis of the Board advises, is to appoint a substitute who is to perform the same functions and to have the same jurisdiction carried by the former member of the Republican Council or the Minister declares that the former is not able to return and carry out the duties of his position.

member of the Board (the representatives of the Minister of Treasury and of the Minister of the Economy excepted) becomes unable all the duties of his position, the President of the Republican Council or the Minister, whatever the case may be, on the basis of which the Board advises, is to appoint a substitute who is to perform the duties and to have the same jurisdiction carried by the former members of the Republican Council or the Minister declares that the former is not able to return and carry out the duties of his position

12.

or is appointed president or vice-president, and member or substitute of the Board must fulfill the conditions of being a Yemeni, at least 30 years old, honest, practicing Moslem, not having been convicted of crime or indecency.
He is to be appointed as a member or a substitute on the Board of the Board of
Member of the cabinet or the Consultative Assembly.

Article 12

1. Whoever on the Board is 30 years old of crime he is:
 - a. A member
2. No one

b. A president
of the treasury
other
president

c. A
of the bank
7 of this
any bank

d. A person
liabilities

e. A person
3. Every
under the

a. If the
b. If he

4. Any Board
position
condition

to the
of the
or any
treasury
the vice-
law.
share-holder
Chapter
share-holder in
all the
pay this

A Government employee. This condition is not applicable to the
Ident, vice-president, the representative of the Minister of t
sury, and the representative of the Minister of Economy or any
r person appointed as substitute for the president, or the vice-
Ident according to paragraph 4 of Article 11 of this Law.

A member of the Board of directors, an employee or a share-hold
bank which the Central Bank supervises in accordance with Cha
this Law. This condition is not applicable to any share-hold
bank who has less than 5 per cent of the total votes of all th
e-holders of this bank.

A person who has been declared bankrupt, or has failed to pay
ilities or to reach an agreement with his creditors.

A person who is not in possession of his complete faculties.
Every member or substitute will be discharged from his position
or the following condition:

If the stipulations of paragraph 1 of this Article are applied
If he does not attend the meeting of the Board three times con
Board member or any substitute member may be discharged from h
tion by a decree from the President of the Republican Council
Council or perform the

8 b/s

person who has been declared bankrupt, or has failed to pay his debts or to reach an agreement with his creditors.

person who is not in possession of his complete faculties.

every member or substitute will be discharged from his position the following condition:

The stipulations of paragraph 1 of this Article are applied if he does not attend the meeting of the Board three times consecutive. Board member or any substitute member may be discharged from his position by a decree from the President of the Republican Council or when it is shown that the reason for discharge be the inability to perform of the position because of a physical or mental ailment, etc., or result of misconduct in his position or elsewhere.

In addition, the Board is to meet at least once every two months. In addition, the president, (in his absence, the vice-president) is to hold meetings whenever necessary, or at the request of two of the members of the Board.

1. The Board president, whenever
2. The meeting

of a request
3. the Board's

according

4. The legality
of 4 members
that:

in the case
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postponed
be dealt
or the
and the
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session
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5. The decisions
7 of this
on voting

the Board
are made

presence
on condition

Vice-president)
cannot be
subject may
the president
the Treasury
decision taken
taken in a
The minutes
the causes
is to be

of paragraph
attending
president

request from two of the Board's members by the president of the Board's meetings and the notifications of those meetings are according to the regulations of the Central Bank.

legality of the meetings of the Board is fulfilled by the president members one of whom is the president or the vice-president on that:

he case where the president (and in his absence the vice-president) has need for an action which is extremely urgent and cannot be postponed in order to get the legal number of attendants, the subject dealt with in an extraordinary session with the presence of the vice-president, the representative of the Minister of the Treasury the representative of the Minister of the Economy. Any decision is legal and binding to the Central Bank as if taken in a session where the legal number of attendants was complete. The minutes of this aforementioned extraordinary session are to mention the cause led to the session. Any decision taken in this session is to be presented in the following ordinary session.

decisions of the Board (while considering the stipulation of this Article) are to be taken by the majority of the votes of the voting members. When votes are tied, the side on which the pre-

oalt with in an extraordinary session with the presence of the
he vice-president, the representative of the Minister of the
the representative of the Minister of the Economy. Any decision
is session is legal and binding to the Central Bank as if taken
ion where the legal number of attendants was complete. The m
his aforementioned extraordinary session are to mention the ea
led to the session. Aby decision taken in this session is to
ented in the following ordinary session.
decisions of the Board, (while considering the stipulation of p
this Article) are to be taken by the majority of the votes at
oting members. When votes are tied, the side on which the pro
ember takes precedence.
president (and in his absence the vice-president) heads all th
lions of the Board.
president of the Board or one of the representatives of the Mi
he Treasury and the Minister of the Economy, has the right to
postponement of taking a decision concerning any subject to a f
ion of the Board. When such a request is presented, the discu

- 9 bis]
6. The president
sessions
7. The president
of the Treasury
the postponement
session of
- all the
the Minister
to request
to a future
discussion

of the
which is to

which the
request

8. While considering
impeachment
position
Article 14

4. While performing
considered
industrial
directly
regarding these

2. The members
financial
are attached
concerning
of the Board

next session

subject is to be postponed without voting until the next sessi
s to be held at least 7 days from the date of the session in
he request was presented, unless the person submitting the
agrees to the holding of the session before then.
considering the stipulations of paragraph 4 of this Article, no
ment is made in the Board's procedures because of a vacant
on in its membership.

performing their duties, the members of the Board are not to be
Board representatives of any commercial, financial, agricultural
al or any other interest to which they are or were connected
y or indirectly, or to receive or accept direction from them
re those duties entrusted to them by this Law.
bers are to inform the Board, in detail, of any commercial,
al, agricultural, industrial, or other interest to which they
ached directly or indirectly. They are to abstain from voting
ing any problem related to those interests during the discussi
Board, on condition that such interests, if they become obviou

ndustrial or any other interest to which they are or were connected directly or indirectly, or to receive or accept direction from regarding those duties entrusted to them by this Law.
The members are to inform the Board, in detail, of any commercial financial, agricultural, industrial, or other interest to which are attached directly or indirectly. They are to abstain from concerning any problem related to those interests during the session of the Board, on condition that such interests, if they become of the Board, do not forbid this member to complete the legality session.

Article 15

While considering the stipulations of this Law, the administration of the Central Bank and the direction of its activities belongs to the President, while practicing his duties, is to adopt the policy decided by the Board.

1. While
Central
Bank
which
is
Board
2. The
Central

President practices all the jurisdictions, power, and duties of the Central Bank except that which is given particularly to the Board.

11

has the

by the

3. The president
such he has

a. To represent
institutions including

b. To present
legal consultant

c. To sign

Central
budgets or
issued by

decision

d. To delegate

to any member

4. The vice-president has :

a. The complete
when absent

b. To perform

upon

right to spend, within the administrative budget agreed upon
by the
Board.

resident is the principal representative of the Central Bank.

he has the following powers:

represent the Central Bank in its relation with the other orga-

nizations including the government.

represent the Central Bank either personally or by a lawyer
consultant in any legal procedure in which the Bank is a part.

sign separately or jointly with others the agreements held by
the Central Bank, on the banknotes or bonds issued by the Bank, reports,

or other financial information, correspondence or other docu-

ments or other financial information, correspondence or other docu-

ments or other financial information, correspondence or other docu-

ments or other financial information, correspondence or other docu-

ments or other financial information, correspondence or other docu-

ments or other financial information, correspondence or other docu-

ments or other financial information, correspondence or other docu-

lege

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reports

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and the

paragraph,
paragraph,

of the president

of the president

b. the president

by the president

as or other financial information, correspondence or other documents by the Central Bank according to the Bank's regulations and resolution of the Board.

5. Any member or director in the Central Bank may delegate any of the abovementioned powers, in the above paragraph, to another member or director in the Central Bank.

vice-president has:

a. complete authority to perform all the activities of the president when he is absent.

b. perform any other duties given him from time to time by the president or the vice-president exercised by the vice-president is considered according to paragraph 4 of this Article unless the contrary is proven.

c. president and the vice-president are to dedicate all their official time to serve the Central Bank. They are not to have any professional or commercial activity while in their posts. However, nothing in this Article will prevent them from being members or members on duty in any committee or organization.

is considered
the contrary is
proven.

5. Any power
legal
proven.

6. The president
time to serve
or commercial
Article
a. Being

Currency

appointed
or with

- Being
directors
in the
organization
- Being
in the
organization
- Being
in the
organization

Article 16
of this

Article 16

- Soldiers
to the president
a decree
graph 4
employment.
position
No decrease
active in their post.
- The president

privileges
while
salaries

ed by the Government to investigate any subject related to currency banking, financial or economic matter.

b. Being presidents or president on duty or members of the board of directors in any international bank or international financial organization which the Government is associated or to which gives support recognizes.

c. Being members on duty on the board of directors of any organization in which the Central Bank takes part according to Article 16 of this Law.

and allowances (including retainer) paid by the Central Bank to president, vice-president or their substitutes are determined from the President of the Republican Council according to paragraph 4 of Article 11 of this Law and by the other stipulations of this Law.

This is applied until such time as a law determining the salaries of those working in banks and other organizations is issued.

In those salaries or allowances or restriction in payment is allowed concerning the president or vice-president in their post.

President and vice-president are not allowed to receive any salary

12 bis

president, vice-president or their substitutes are determined from the President of the Republican Council according to Article 11 of this Law and by the other stipulations of the same. This is applied until such time as a law determining the remuneration of those working in banks and other organizations is issued.

In those salaries or allowances or restriction in private employment is allowed concerning the president or vice-president in their post.

President and vice-president are not allowed to receive any financial additions to their salaries from any source other than the Central Bank.

Central Bank pays the directors and any substitute member appointed by paragraph 4 of Article 11 of this Law the remuneration and allowances from time to time by the Bank with the Minister's approval.

Considering the employment stipulations approved by the Board and

and

than the
appointed
allowances

or financial
Central Bank

3. The Central
by paragraph
decided

Article 17

While considering

13

which include
persons who
were suspended
in the
Bank's service
employees of
to the responsible
rights.

Article 16

No salary,
net profit

Article 17

No member
disclose
while performing
and responsibilities
do so in a court

persons who
in the
dismiss the
them and
employment
rights.

basis of the

is to
acquires
Jurisdiction
requested to

include the rights to retirement and pensions for those persons
employed by the deceased employee of the Central Bank while in
service, the president will be responsible to appoint and dismiss
of the Central Bank, to take disciplinary measures against
responsible for the approval of issuing retirement and other em-

18

Y, remuneration or allowance is to be determined on the basis
of profit or any other profit made by the Central Bank.

19

er of the Board, director or employee in the Central Bank is to
any information pertaining to the Central Bank which he acquires
performing his duties except for those purposes within the juridiction
responsibilities delegated to him, or whom he is legally requested
a court or by law.

Chapter 5

Currency

a. Currency and its issuance

Article 20

1. The Riyal

are determined

20

units which

1 is the monetary unit in the Yemen. It is divided into units
formed by Republican decree.

Article 27

1. The value of the riyal in relation to gold is determined by a decree ~~as~~ from the President of the Republican Council, on the basis of what the Minister and the Central Bank recommend and according to the stipulations of the Agreement of the IMF to which Yemen became a party.
2. The aforementioned decree is to be published immediately in the Official

Sunz, the
Gazette
headquarters

Article 22

The Central
When transferable

The Central
While considering
or coins issued

Article 23

1. The banknotes

a. The

of this

b. Mode

Central

2. Notification

banknotes

the Official

Sanz

Article 24

1. While considering
the Central

Sunz, the
Gazette
headquarters

dquarters of the Central Bank.

22

the Yemen.
except by Law.
for the Yemen.
the banknotes
in the Yemen.

23

Articke 20
determined by the
Central Bank with the approval of the Minister.
Mode of material, shape, design and characteristics determine
this Law.

characteristics of
to be published in
issued in the Capital

24
10
considering the stipulations of this article, the banknotes 1st
Central Bank, if they are not purposely defective, damaged or
issued by
demaged or

otto and in at least one newspaper published in the capital San
dquarters of the Central Bank.

tral Bank alone has the right to issue banknotes in and for the
ansferable coverage is nonexistent, this cannot be done except
tral Bank also has the right to issue coins in and for the Yemen
considering the stipulations of Article 64 of this Law, the ban
s issued by the Central Bank are the only legal currencies in

banknotes and coins issued by the Central Bank are:
The riyal denomination or part of the riyal according to Article
this Law.
Mode of material, shape, design and characteristics determine
Central Bank with the approval of the Minister.
ification concerning the denomination and other characteristic
banknotes and coins issued by the Central Bank is to be published
Official Gazette and in at least one newspaper issued in the
the headquarters of the Central Bank.

24
10
considering the stipulations of this article, the banknotes 1st
Central Bank, if they are not purposely defective, damaged or

be fixed, are considered legal currency according to their nominal value

to pay:

1. any account in the case of the single riyal devaluation or higher.
2. amounts determined from time to time by the Central Bank in the case of paper and coin denominations of lesser value than the riyal
2. The central Bank has the right, after publication for a reasonable period

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of time in
in the capital
for circulation
remain-

law. When
the banknotes

3. The stipulations
for these banknotes
paragraph 2 of this
after becoming
Article 25

1. No person
banknotes
 2. The Central Bank
the limits
been tampered
- For this purpose
1. Tampering
excluded
even

e in the Official Gazette and in at least one newspaper issued
capital Sana, the headquarters of the Central Bank, to withdraw
circulation any banknotes or coins issued by it and to pay their
value, while considering the stipulations of Article 25 of the
When the period of publication mentioned in this paragraph ends,
banknotes and the coins stipulated by such publication become illegal.
stipulations of this Article do not forbid the payment of an equivalent
those banknotes and coins withdrawn from circulation according
paragraph 2 of this Article, which shall be delivered to the Central
becoming illegal.

5

erson has the right to regain from the Central Bank the value of
coins or coins lost, stolen, or purposely mutilated.
central Bank has the free choice to determine the circumstances
that have
tampered with or mutilated without any legal obligation.
purpose of this Law,
this is
1. Tampering
excluded
though this may not lead to a reduction in weight or size,

26

Central Bank has the right to melt, break and destroy any coins which
have been tampered with. It has the rig-

Article 26

The Central Bank has the right to melt, break and destroy any coins which have been withdrawn from circulation or tampered with. It has the right to destroy or burn any banknotes withdrawn from circulation or purposefully defaced. This is done under the supervision of a committee formed by a decree from the Cabinet.

b. Contracts and transactions to be in Yemeni currency

Article 27

Every contract, sale, payment, bill, cheque, or document of financial security, and every transaction or deal or anything else related to currency or commercial or non-commercial payment or commitment to pay currency, will be made and executed on the basis of the riyal unless otherwise stated.

Chapter 6

Relations with the Government and the other organizations

Art. 28

1. The Central Bank is the government bank and its financial agent.
2. The Central Bank has the right to be the agent of any public organization according to the arrangement made with the concerned organization.

Art. 29

1. The Central Bank as the bank and the financial agent of the government or any public organization has the right:
 1. To be the depository for the government or the concerned organization and to accept deposits, and to make payments on behalf of the government and the concerned organization; on condition that the Central Bank after consultation with the government or the concerned organization can appoint another bank on its behalf for above mentioned activities in those places where an office or a branch of the Central Bank does not

c. To carry on on behalf of the govt. those responsibilities which the Central Bank has been given to the public debt including the issuance of bonds, bills, notes, and the like.

b. To open and manage a fiscal credit special account according to the arrangements agreed upon between the CB and the govt.

such arrangements are more convenient.

due interests, reclaiming the amounts of loan bonds, and other
government bonds.

To pay, transfer, collect, accept as a deposit or to safeguard
financial credit in or outside the Yemen.

To buy, sell, transfer, or accept for safekeeping any checks,
other bonds.

To collect any returns whether in the form of assets or interest
listing from selling bonds or any other property belonging to the
government or a public organization, or that, which is due to either

To buy, sell, transfer or accept as deposit gold or foreign cur-
rency as a

Central Bank does not charge fees for the services it performs
as a government bank of its financial agent. From this are excepted the
services performed according to paragraph c of section 1 of this Article
whatever is related to any transaction made in accordance with
and 30 [sic] of this Law.

Central Bank does not pay any interest on credit balances in
counts of the government or public organizations.

30

Article 30 considering the stipulations of this Article, the Central Bank
gives direct amounts to the government for the purpose of meeting
the expenses in the returns of the government and its expenditures. - T

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out

d. To pay
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e. To buy
or other

f. To
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g. To buy

2. The Central
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30 and 30

3. The Central BK
accounts

Article 30

1 While considering
gives direct
changes

Article 30 calculating to loss than 3 per cent as agreed between the
service charges on amounts given to the govt in accordance with this
exceed or per cent to the regular service returns of the govt
2. Amounts given in accordance with this Art., if any time, are not to
be deducted for repayment of debts between the port and the CB determine the

Central Bank and the Government.

Bank has
Articles 31

1. While considering the stipulations of this Article, the Central Bank has the right to:

2. buy, keep or sell any transferable bonds issued by the government which are due payment during a period not to exceed 12 months from the date the Central Bank acquires them.

6. buy, keep, or sell transferable bonds issued by a public organization and guaranteed by the Government, payment of which is due within 2 years to exceed 12 months from the date the Bank acquires them.

The total amount of bonds to be kept by the Central Bank according to paragraph 1 of this Article, in addition to the total amount of bonds it keeps as security according to paragraph 1 of Article 3, shall not to exceed at any time, 25 per cent of the average regular yearly returns of the Government. The total amount of bonds kept by the Central Bank in accordance with paragraph 1 of section 1 of this Article, is not to exceed at any time, 10 per cent of the regular yearly returns according to Art. 30.

Art. 32

For the purpose of Articles 30 and 31 of this Law, the regular return of the government comprises: tax returns, customs duties, dues, rents, profits and income on investments and projects and any other contribution in government, but excluding loans, grants and other forms of economic aid.

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With the exception of what is stipulated in Art. 30, 31 and 32 of this Law, the Central Bank is not to give any loans unless direct or indirect

Article 33

the yearly returns during the past 3 years before the signing of the agreement by the parties to every regular annual return is made to the Central Bank. By reverse regular annual return is made to the Central Bank.

Article 34

1. The portaining
Law over
realisation
of

2. The first
problem
the financial
procedures
solve accordingly

subject
to this
government when -
effect to
Art.

advice concerning
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- Central Bank is to advise the Government concerning any subject relating to its jurisdiction, power, or duties in accordance to or any other law. Among its duties is to advise the Government or it sees that a problem related to these subjects may affect realization of the main aims of the Central Bank as shown in Article 1 of this Law.

Government has the right to ask the Central Bank for advice on problem related to the Bank's jurisdiction or power, also related financial and credit situation in the Yemen, or any suggestion procedures or transactions related to them. The Central Bank is to accordingly.

Chapter 2

Relations with banks and financial organizations

Arithme 35

1. The CB
also
function
while
provide
also
Article 36

deposits
It has to
function
money
the clearing house

The CB may the right
on their behalf,
paying, return
of their
deposits

Article 36
The CB may the right
on their behalf,
paying, return
of their
deposits

2. While
provide
also
Article 36

Central Bank may open accounts for banks and accept their deposit
to collect cash and other dues to their credit or debit. It has
action in general as the bank of banks.

3. Considering the stipulations of this Law, the Central Bank
will provide additional services for banks including that of a clearing
house to offer facilities to keep deposits.

- 20) c. they are issued for the purpose of financing the following:
1. Buying, marketing, exporting any product of merchandise within the Perú.
 2. Storing non-perishable goods, or any products insured or deposited in authorized warehouse or in places accepted by the CB.
 3. Agricultural or industrial production.

Central Bank,

3. Agricultural or industrial production.
- The Central Bank has the right, when convinced that it is in the national economy, to use the power given it in accordance to Article 1 of this Article with respect to those documents that are endorsed by a bank and which are related to the financing of agricultural or industrial production, and payment of which is due within 20 days from date of acquisition or rediscounting at the Central Bank.
3. The Central Bank has the right to buy from banks or to sell to them transferrable bonds issued or guaranteed by the Government, while deriving the stipulations of Article 31 of this Law.
 4. When the Central Bank accepts any document in accordance with paragraph 2 of this Article, it may request additional guarantees; a deposit or mortgage, appropriation of any agricultural production or crop related to this operation or other operations related.
 5. The Central Bank may, in unusual cases and with the previous approval of the Minister, grant banks and concerned financial organizations mentioned in the previous paragraphs. This is done according to the conditions and guarantees.

Article 37

1. While considering the stipulations of Article 36 of this Law, t

21] Bank has the right to determine the general conditions and situations by which it grants credit facilities to banks. The CB will determine and publish in a particular way the discount rates requested on relevant documents in accordance with article 36.

2. The Central Bank may stipulate different conditions and situations including discount rates, and may determine different limits for

maturity of transactions, and determine the periods of their maturity

Art. 38

Others
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2. While considering the stipulations of this Article, the Central Bank has the right to request the banks, from time to time, to keep a minimum of reserves meeting the demands and other similar obligations determined by the Central Bank, for this purpose. These reserves will be in the form of deposits payable upon request in a current account with the Central Bank, and in the form of banknotes or coins which the banks hold in their possession by the Central Bank.

2. The Central Bank has the right to determine different percentages for different types of obligations, and to determine the methods to be used to evaluate the amount of reserves. Those percentages and methods are applied uniformly to all banks. The total of the balances to be held at the banks is not to exceed 25 per cent of total deposits held at any bank; on condition that nothing in this Article forbids the Central Bank (if it finds necessary) to determine a reserve percentage that reaches 100 per cent of any excess for any of deposits or other obligations beginning on a date determined by the Central Bank.

3. The CB has to give the banks a written notification for a period not less than 30 days before executing the requirements of this Article.

22] In before increasing the percentage determined by it.
4. The CB has the right to impose a fine on any bank
not adhering to the holding of the required balances
in accordance with this article.
This fine is not to exceed 1 per cent per day of the
deficit or long as it may last. This fine may be
determined from any balance of amounts due
to the mentioned bank, on it may be reclaimed
as a civil debt.

Art 39

The Central Bank has the right, whenever it deems necessary, to determine the ceiling and minimum for interest percentages from the net profit of any kind of banks and the concerned financial organizations pay on any kind of deposits accepted in the Yemen according to certain arrangements. These decisions issued by this Article may be applied to all banks and concerned financial organizations are committed to execute this.

Kind of Banks
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These deserve
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Article 40

Credit
orders.
only

The Central Bank has the right, whenever it deems necessary, to determine the ceiling and minimum for interest percentages from the net profit of any kind of banks and the concerned financial organizations pay on any kind of deposits accepted in the Yemen according to certain arrangements. These decisions issued by this Article may be applied to all banks and concerned financial organizations or to a definite type of concerned financial organizations. They are to be applied uniformly to all banks and concerned financial organizations which are concerned with this matter and which perform those transactions stipulated in decrees. These deserve and their effective dates will be published in the Official Gazette in at least one newspaper issued in the capital Sana in which the headquarters of the Central Bank is situated.

Article 41

Credit
orders.
only

1. The Central Bank has the right, whenever it deems necessary, to determine the size, conditions, and circumstances of credit facilities offered by banks in the Yemen. Banks are to adopt these orders issued by this Article, do not require the banks to take steps to decrease the existing credit facilities before their natural maturity. They will be uniformly applied to all banks that give credit facil-

These orders and their dates will be issued in the Official Gazette at least one newspaper in the capital Sana where the headquarters of the Central Bank is situated.

Art 4.1

1. The Central Bank has the right, whenever its deems necessary, to issue orders that determine the size and conditions of credit facilities (including facilities of payment in installments) offered by the concerned financial organizations in the Yemen, in form of loans or investments. These organizations are to execute those orders.
2. Orders issued by this article to the concerned financial organizations do not require these organizations to take steps to decrease the present credit facilities before the date of their maturity. They are applicable only to all organizations that offer these credit facilities stated in the orders. These orders and their effective dates are to be published in the Official Gazette and in at least one newspaper issued in the Sana where the Central Bank has its headquarters.

Art. 4.2

1. Every bank and concerned financial organization is to present to the Central Bank, from time to time and by a method determined by the Central Bank, any information or lists requested by the Central Bank to fulfill its duties.

2. The Central Bank has the right to publish in whole or in part what is contained in the articles of the Central Bank.

143

abide by

3. The CBI has the right, with the approval of the Minister, to include in the names of foreign and any kind of music and

2. The CB, given time to think, will determine the kind and form of foreign currency used in transforming assets according to prudentiality may be held in the nature of foreign assets according to prudentiality

Art 43
In the case where a bank does not abide by the stipulations of Article 40 or 42, or when any particular financial organization does not abide by Art 39, 41 and 42, the transgressing bank or organization and every member of the Board of directors or directors in either, is by the order of this Bank to be fined no more than 500 riyals plus an additional fine exceeding 500 riyals for every day of transgression.

Chapter 8

Foreign reserves and foreign exchange operations

Artikel 14

1. The Central Bank exerts its utmost effort to keep an amount of foreign assets sufficient to fulfill the Yemen's international obligations. In case of a decrease in the reserves of foreign assets, or if the Central Bank sees that the reserves are decreasing in such a way as to expose the Yemen to danger, it has to present a report to the Minister concerning the situation of the reserves and the causes that led or may lead its decrease together with recommendations concerning procedures necessary to avoid that situation and remedy it. The Central Bank has to continue presenting additional reports and recommendations during a period not to exceed six months until the Central Bank is convinced that the situation has ameliorated.

Recognized Internationally including:

1. The ability of Yemen to withdraw from the gold of the general account of the IMF.
2. Yemen's allocations in the rights to special withdrawals.
4. The Central Bank is the depository for the official foreign assets of Yemen.

Art 65.5

Bank law

1. While considering the stipulations of this article, the Central Bank may:

Article:

- a. To import, export, buy, sell, hold, deal with gold in any form.
- b. To possess and transfer balances in foreign currencies or to hold them in foreign central banks or with the agents and correspondents of the Central Bank abroad; and to invest those balances in transferable foreign bonds.
- c. To possess, hold or transfer any foreign currency, or perform a transaction related to it;

Currency

on condition that the Central Bank will not deal in foreign currency except with:

1. Banks
2. The government
3. Public organizations
4. Foreign central banks, foreign banks, and foreign financial organizations

which it

2. The Central Bank will determine from time to time the rates by which it buys, sells or deals in gold and in foreign currencies, on condition that the rates of buying and selling are determined and kept in accordance with the obligations which the Yemen took upon itself by the stipulations of the IMF Agreement.

Art. 46

perform those

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sale, or

The Central Bank, on behalf of the Minister of the Economy, will perform duties stipulated in Law No. 19 of 1954, and any duties stipulated in other law related to the supervision of export, import, purchase, sale, or any other transactions in foreign currencies or in gold.

Art. 47

conducts

The Central Bank directs those payment agreements which the Yemen con-

Art. 48

the IMF
International
Finance
Corporation

The Central Bank is the financial agent for all transactions with the International Bank for Reconstruction and Development, International Finance Corporation and International Development Corporation. It also serves as the depository for the allocations of the Yemeni currency of those organizations.

Art. 49

collect

The Central Bank has the right to open accounts, accept deposits, co-operate and all other financial rights for the benefit or on behalf of the currency and all other financial bodies mentioned in Article 43, the foreign financial institutions.

The Central Bank has the right, with the approval of the Cabinet, to buy developments, possess, or sell the bonds of any organization established by the government only its approval, or under its authority for the purpose of the exchange market and bond market in the Yemen, or to ameliorate the financial apparatus to finance Yemeni economic development; on condition that at any time the value of these bonds possessed by the Central Bank do not exceed 50 percent of the paid capital and the balance of general reserves.

Art. 52

The Central Bank is forbidden:

- a. To trade or to have any direct interest in any commercial, agricultural or industrial project, or any similar project except that which has been explicitly entrusted to it in accordance with this Law, unless it has to reclaim a debt for the Central Bank.
 - b. To sell, possess, or rent any buildings for any purpose except buildings for the Central Banks (this includes reasonable requests for the future) or for the use of the members of the Board of directors of the Central Bank or its employees.
 - c. To present guarantees for any loan or investment except within the permitted limits allowed by the stipulations of this Law.
2. If the Central Bank has any interest included in the stipulations paragraph a section 1 of this Article, the Central Bank is to rid itself

applied to now no fit to

1. The fiscal year of the Central Bank coincides with that of the government. The accounts of the Central Bank are to be closed at the end of every financial year.

2. The Central Bank is to keep correct and complete accounts for all its operations in its headquarters and branches. It is to hold unified ledgers and records in the headquarters, all of which are to remain open for inspection, all the time, by the members of the Board.

3. The auditors appointed by the Minister.

Without contradicting the stipulations of paragraph 3 of this Article, the Minister has the right, at any time, to request the auditor of the government's account or any other auditor which he appoints, to examine the accounts of the Central Bank and to present to him a report concerning these accounts. The Central Bank is to give all the necessary facilities for this inspection.

5. When the accounts of the Central Bank are inspected or audited by an auditor other than the auditor of the government's accounts, the fees due to this auditor are determined by the Minister and are paid by the Central Bank.

Article 54.

1. The Central Bank is to present to the Minister:

2. Within three months from the closing date of the fiscal year, a report

- Prepared by
Lokeshwar Nath Singh

Report is to be submitted by the Central Bank to the Government of India, which will be presented to the Parliament of India. The report will cover the financial performance of the Central Bank for the previous financial year, including the balance sheet, profit and loss statement, cash flow statement, and other relevant financial information. The report will also include a detailed analysis of the Central Bank's operations, including its lending, borrowing, and investment activities, as well as its impact on the economy and the banking system. The report will be submitted in a formal document, along with supporting exhibits and appendices.

the financial development and the policies adopted by the C.B.

The C. B. ~~is~~ present to the Committee
The Minister is ~~the~~ present to the Committee
The Assembly a copy of each of these reports.
2. After presenting a copy of any report to the Consultative Assembly,

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Central Bank publishes that report.

3. In addition to the report published by the Central Bank in accordance with the previous stipulations of this Article, the Central Bank has right to issue any other bulletin which it considers to be of public interest.

Chapter 11

Miscellaneous stipulations

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1. The Central Bank is exempted from income tax and from any tax, duty, fees imposed by the Minister, except customs duty.
 2. Any disagreement concerning any duty or tax included in those from which the Central Bank is exempted is referred to the Minister, who has the final decision.

6

The law of Compañíos and Law of Banks are not applied to the Central Bank. The Central Bank cannot be liquidated except by a law issued by the Constitutional Assembly and by the method determined by that law.

Art. 572

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Aut 58 No forms following in the lesson in to include in the name the
"Goverment", "Right", "State", "Union", or "The Union And Defend except.
By a little permission from the Minister

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All lands, buildings, and movable property (including stored banknotes and coins, which the Government presented or which the Central Bank acquired from the government before the effectiveness of this Article) are transferred to the government before the effectiveness of this Article) are transferred to the possession of the Central Bank for its use. In addition, all assets and belongings of the Yemeni Exchange Committee and the Exchange Control Organization are transferred to the Central Bank from the day this Article becomes effective and without any other procedures.

All lands, buildings, property and any amounts of currency paid or allocated by the government to the Central Bank before the date given by the Minister for the purpose of this Article, from which are excluded the Organization of the Yemeni Exchange Committee and Exchange Control Operations Organization at the date, are considered part of the capital of the Central Bank permitted by Article 7 of this Law.

Article 60

Any securities issued by the Government and received by the Central Bank Exchange Committee according to Article 59, are not to be considered the Yemeni in determining the amount of facilities presented to the government and organizations for the purpose of Articles 30 and 31 of this Law.

Article 61

To the Central Bank are transferred, at its request, any assets in foreign government assets in excess of what is required as active balances which the gove

The Central Bank will later take steps to settle off the debts of the Central Bank when necessary. When necessary, it may happen in

Art 62

1. The Central Bank has the right, at any time after Article 3 of this Law becomes effective, to take those procedures it deems necessary to paper money and mint coins for the purpose of this Law.
2. When Article 3 of this Law becomes effective, any action or initial expenditures borne by the Government in establishing the Central Bank (including printing currency and minting coins) will be considered according to the Minister's directions as actions and expenditures carried on by the Central Bank. The Central Bank may also continue activity which the Government began and did not finish at the effective date of Article 3, as if that activity had been begun by the Central Bank itself.

Chapter 13

Temporary Stipulations

63

- Art. 1. Any person who issues or helps in issuing any paper currency or coin on the basis that it is Yemeni currency, contrary to what is stipulated in this Law, is guilty of felony. When convicted by the court this person shall be imprisoned for a period not less than 5 years and not more than 10 years, and by a fine to be determined by the court.
2. Any person that purposely defaces or mutilates any banknotes, paper currency or coins, considered official currency in the Yemen, is

3. a. Any person that commits any act contrary to the provisions of this Law, and by the court to be determined by the court.

b. Any person that manufactures or sells forged or forged paper currency or coins, and by the court to be determined by the court.

- purpose of circulating or using it as official currency, is guilty of felony. When convicted by a court, he is to be imprisoned for a period of 15 years and to be fined for not more than 20,000 riyals.
- b. Any person who puts or helps to put any Yemeni or foreign currency in circulation knowing that it is counterfeit or imitation of the currency is guilty of felony. When convicted by the court, he is to be imprisoned for a period of not more than 10 years, and to be fined not more than 10,000 riyals.
- c. Any person making or found to possess any machine or tool for purpose of counterfeiting or imitating any Yemeni or foreign currency is guilty of felony. When convicted by the court, he is to be imprisoned for a period of not more than 15 years.
- d. The testimony of any authorized employee from the Central Bank that some paper currency or coin is not genuine is considered a preliminary proof for that truth in any procedure to be taken regarding this case.

Art. 64

1. After considering the above stipulations of this Chapter, every kind of currency that was in circulation before this Chapter becomes effective is considered legal by the stipulations of Law No. 6 of 1964 concerning the formation of the Yemeni Exchange Committee, and the issuance of the Yemeni paper currency in the Yemen. It remains the legal currency in the Yemen.

Art 65

During the period when the banknotes mentioned in Article 64 of this Law are legal, the Central Bank is to exchange any amount of them the equivalent value of banknotes to be issued by this Law without Commission. The Central Bank has the right later to keep exchanging these banknotes (without commission) for the equivalent value of be issued by this Law for one or more periods determined by the bank consulting the Minister.

Every decree issued by this Article is to be published in the Official Gazette and in at least one newspaper issued in the capital Sana'a where the headquarters of the Central Bank are located.

Chapter 14CancellationArt 66

While considering the stipulations of Article 64 and 65 of this Law, Exchange Committee Law No. 6 of 1964 concerning the formation of the Yemeni Exchange Committee and the issuance of paper and coin currency is cancelled.

Art 67

This law becomes effective from the date it is issued and published in the Official Gazette.

Issued at the Republican Palace

President of the Republic
Minister of Finance

Prime Minister

Minister of Treasury

July 1971 A.D.

Journal of Yemen - 10 Jeddah 1489 A.H.