

## **THE BANK OF SIERRA LEONE ACT, 2000**

Signed this 28th day of February, 2000.

ALHAJI AHMAD TEJAN KABBAR,

President.

Being an Act to continue in existence the Bank of Sierra Leone, to ensure monetary stability and to provide for other related matters.

ENACTED by the President and members of Parliament in this present Parliament assembled.

### **PART I—PRELIMINARY**

#### **Article 1**

This Act extends, where appropriate, to the operations of the offices and agents, outside Sierra Leone, of the Bank or of any licensed institution.

#### **Article 2**

(1) This Act shall come into operation on such date as may be fixed by the Minister by statutory instrument.

(2) Subject to subsection (1), different dates may be fixed for the coming into operation of different sections of this Act.

#### **Article 3**

In this Act, unless the context otherwise requires

“Bank” means the Bank of Sierra Leone;

“Board” means the Board of Directors of the Bank of Sierra Leone appointed under section 12;

“Deputy Governor” means the Deputy Governor of the Bank of Sierra Leone;

“Government” means the Government of the Republic of Sierra Leone;

“Governor” means the Governor of the Bank of Sierra Leone;

“licensed institution” means an institution holding a valid licence issued by the central bank for the purpose of taking deposits;

“Minister” means the Minister for the time being responsible for finance;

“repealed Act” means the Bank of Sierra Leone Act, of 1963;

### **PART II - ESTABLISHMENT, OBJECTIVE AND FUNCTIONS OF THE BANK**

#### **Article 4**

The Bank shall, subject to this Act, continue to function as the central bank of Sierra Leone.

#### **Article 5**

The Bank shall continue to be a body corporate, having perpetual succession and a seal, and may sue and be sued in its own name; and subject to the limitations contained in this Act, may acquire, hold and dispose of movable and immovable property for the purpose of its functions.

#### **Article 6**

The Bank shall be an autonomous institution, and shall in that Autonomy of respect not be subject to the control or direction of any person or Bank authority and shall have authority to make such expenditures as it thinks necessary for the proper discharge of its functions.

#### **Article 7**

(1) The objective of the Bank is to achieve and maintain monetary stability.

(2) Without prejudice to subsection (1), the functions of the Bank shall be—

- (a) to foster the liquidity, solvency and proper functioning of a stable market-based financial system;
- (b) to formulate, adopt and execute the monetary policy of Sierra Leone;
- (c) to formulate, adopt and execute the foreign exchange policy of Sierra Leone;
- (d) to license and supervise institutions that engage in the business of receiving money deposits or other repayable funds from the public and extending credits for their own account, including bureaux of exchange and foreign exchange dealers;
- (e) to own, hold and manage its official international reserves;
- (f) to act as banker and adviser to, and as fiscal agent of, the Government;
- (g) to promote the efficient operation of payment system and
- (h) to promote the safe and sound development of the financial system including safeguarding the interests of depositors.

#### **Article 8**

(1) The Bank shall have its principal place of business in Freetown.

(2) The Bank may, in accordance with the decision of the Board—

- (a) establish branches within Sierra Leone;

- (b) appoint agents in Sierra Leone and agents and correspondents in and outside Sierra Leone;
- (c) establish offices abroad.

### **PART III — CAPITAL, PROFIT AND RESERVES**

#### **Article 9**

The authorised share capital of the Bank shall be one hundred billion leones and shall not be altered except by amendment to this Act.

#### **Article 10**

- (1) The minimum paid-up capital of the Bank shall be fifty billion leones.
- (2) The paid-up capital shall be subscribed and held exclusively by the Government.
- (3) There shall be paid up by the Government such amounts as may from time to time be resolved by the Board and approved by the Minister.
- (4) The Minister may by warrant authorise the payment from the Consolidated Fund of such sums as may be required for the purpose of subscribing to the paid-up capital of the Bank.
- (5) Without prejudice to subsections (3) and (4), the Minister may seek credit for the purpose of subscribing to the paid-up capital of the Bank.
- (6) Subject to section 71, where in the judgment of the Board, the assets of the Bank are less than the sum of its liabilities and minimum paid-up capital, the Board shall notify the Minister who shall, notwithstanding any other provision of this Act, authorise the transfer to the Bank of funds, readily marketable securities or foreign exchange for the purpose of preserving the minimum paid-up capital of the Bank from impairment.

#### **Article 11**

- (1) The net profits of the Bank for each financial year shall be determined by the Board after making provision for bad and doubtful debts, depreciation in assets, contributions to staff and superannuation funds and for all other matters for which provision is made by or under this Act.
- (2) The Bank shall establish a General Reserve to which shall be allocated at the end of each financial year of the Bank—
  - (a) in the case of any year at the end of which the General Reserve of the Bank does not exceed the minimum paid-up capital of the Bank, one-third of the net profits of the Bank for the financial year; or
  - (b) in the case of any year at the end of which the General Reserve of the Bank exceeds the minimum paid-up capital of the Bank but does not exceed four times the paid-up capital of the Bank, one-sixth of the net profits of the Bank for the financial year.

(3) After appropriate allocations have been made to the General Reserve under subsection (2)—

(a) one-quarter of the remainder of the net profits for the financial year shall be applied to the redemption of any securities of the Government held by the Bank which have been issued under section 10; and

(b) a suitable amount to be determined by the Bank after consultation with the Minister, shall be allocated to the Development Credit Fund established under this Act.

(4) With the approval of the Minister, further allocations may be made from time to time to the General Reserve to increase it beyond four times the minimum paid-up capital of the Bank.

(5) The residue of the net annual profits for the financial year remaining after all deductions authorized by subsections (2), (3), (4) and section 54 have been made, shall be paid into the Consolidated Fund as soon as practicable after the end of each financial year.

(6) No deduction authorized under subsections (2), (3) and (4) shall be required to be made nor shall any payment be made under subsection (5) if, in the judgement of the Board, the assets of the Bank are, or after the deduction or payment, will be, less than the sum of its liabilities and minimum paid-up capital.

(7) If the Bank incurs any net loss during any financial year such loss shall be charged to the General Reserve; and if the General Reserve is inadequate to cover the entire amount of the loss, the balance of loss shall be carried forward in an account for accumulated losses.

(8) The balance of accumulated losses shall be replenished by Government by transferring to the Bank funds negotiable securities bearing market-related terms and conditions or foreign exchange on the lines indicated in subsection (6) of section 10.

(9) If in any financial year there are accumulated losses carried forward from previous years and which losses have not yet been replenished by Government in the manner provided in subsection (8), the final profit of that year shall be allocated in priority to the cancellation of such accumulated losses. The allocations stipulated in subsections (2), (3), (4) and (5) shall refer only to the balance of profits which remains after the cancellation of accumulated losses carried forward from previous years.

## **Article 12**

(1) There shall be a Board of Directors of the Bank which shall be responsible for the policy and general administration of the affairs and business of the Bank.

(2) The Board shall consist of —

(a) the Governor who shall be Chairman;

(b) the Deputy Governor;

(c) five other directors,

all of whom shall be appointed by the President subject to the approval of Parliament.

(3) The Governor, or in his absence or temporary incapacity the Deputy Governor, shall be in charge of the day-to-day management of the Bank and shall be answerable to the Board for his acts and decisions.

### **Article 13**

(1) The Governor and Deputy Governor shall each be appointed by the President by instrument under the public seal for a term of five years and shall be eligible for re-appointment.

(2) The Governor and Deputy Governor shall be persons of recognized financial experience and shall be appointed on such terms and conditions, which may not be altered to their disadvantage during their tenure of office, as may be set out in their respective letters of appointment.

(3) The Governor shall be the Chief Executive of the Bank and shall accordingly be charged with the following powers and functions—

(a) subject to such directions as may from time to time be given by the Board, the execution of policies and measures approved by the Board and the direction, supervision and control of the operations of the Bank and its internal management and administration;

(b) the exercise of such powers or duties of the Bank as may be delegated from time to time by the Board;

(c) the making of regular reports to the Board on the management and operations of the Bank;

(d) the provision of data, information and advice necessary for the formulation of policies by the Board for the attainment of the objective of the Bank.

(4) The Deputy Governor shall assist the Governor in the performance of his duties under this Act.

(5) Without prejudice to subsection (4), the Governor may in writing, delegate to the Deputy Governor, subject to such conditions and limitations, if any, as he may specify, such of the functions exercisable by him under this Act or any other enactment as he thinks necessary for the efficient administration of the Bank.

(6) While holding office, the Governor and Deputy Governor shall not occupy any other office or assume any other position of responsibility, whether or not there is any remuneration attached to it.

(7) Notwithstanding subsection (6), the Governor and Deputy Governor may—

(a) act as members of any commission established by the Government to inquire into any matters affecting currency, banking or other economic problems; or

(b) become governors, directors or members of the Board, by whatsoever name called, of any international authority to which the Government shall have adhered or given support or approval.

#### **Article 14**

(1) The five other Directors of the Bank appointed under paragraph (c) of subsection (2) of section 12 shall be persons of recognized standing and experience in finance, business, economics, law, banking, industry or agriculture.

(2) The Directors referred to in subsection (1) shall hold office for three years and shall be eligible for re-appointment.

(3) The Directors referred to in subsection (1) shall be entitled to fees and allowances in accordance with such rules as may be prescribed by the Board with the approval of the Minister.

#### **Article 15**

(1) No person shall be appointed or shall remain Governor, Deputy Governor or other Director of the Bank who is—

(a) a member of Parliament;

(b) a director, salaried official or shareholder of any licensed institution which carries on deposit taking business in Sierra Leone or of any other institution subject to the regulatory jurisdiction of the Bank; or

(c) an officer in the public service.

(2) The Governor or Deputy Governor and other Directors may resign their offices on giving at least three months' notice of their intention in writing to the President.

(3) Subject to this Act, the Governor shall not be removed from office before the expiration of the term of his appointment unless a resolution is passed by Parliament supported by two-thirds of all its members recommending his removal from office.

(4) The Governor, the Deputy Governor or any other Director shall cease to hold office if—

(a) he becomes unsound of mind or incapable of carrying out his duties according to the written opinion of three medical practitioners (as defined in the Medical Practitioners and Dental Surgeons Act, (1994) selected by the Board;

(b) he becomes bankrupt or suspends payment or compounds with his creditors;

(c) he is convicted of a felony or of any involving dishonesty;

(d) he is guilty upon a finding of the Board of serious misconduct in relation to his duties;

(e) in the case of a Director other than the Governor or Deputy Governor, who is possessed of professional qualifications, he is found guilty of serious professional misconduct and as a consequence is debarred from practising his profession.

#### **Article 16**

The President, acting on a report by the Board that a temporary absence or incapacity of a Director other than the Governor or the Deputy Governor has occurred, may appoint a substitute to serve until the Board determines that such state has ceased.

#### **Article 17**

(1) The Governor or in his absence the Deputy Governor shall preside at every meeting of the Board.

(2) The Governor shall have a deliberative vote and in the event of equality of votes he shall have a casting vote.

(3) Meetings of the Board shall be called by the chairman and shall take place as often as may be required but not less frequently than once every two months in every financial year of the Bank.

(4) Five members of the Board of whom one shall be the Governor or Deputy Governor shall form a quorum at any meeting; and unless otherwise provided, decisions shall be adopted by a simple majority of the votes of the members present.

(5) The Board may invite such other officers and employees of the Bank to attend its meetings to assist the Board in its deliberations whenever it considers it necessary, but such persons shall not vote on any matter for decision by the Board.

(6) Any three other Directors may require the Governor to convene a meeting of the Board at any time and the Governor shall convene a meeting accordingly.

(7) No act or proceeding of the Board shall be invalidated merely by reason of the existence of a vacancy or vacancies among the Directors.

(8) All acts done by any person acting in good faith as a Director shall be as valid as if he were a Director, notwithstanding that some defect in his appointment or qualifications be afterwards discovered.

(9) The Directors of the Bank shall not be regarded or act as delegates on the Board of any statutory body or of any commercial, financial, agricultural, industrial or other interests or receive or accept directions therefrom in respect of duties to be performed under this Act.

(10) A member of the Board who has an interest in any matter that is a subject for the Board to consider shall disclose to the Board the nature of his interest and shall not participate in any discussion or decision of the Board on the matter.

(11) When a member fails or refuses to disclose his interest as required under subsection (10), the Board may recommend to the President his removal from the Board.

#### **Article 18**

(1) All appointments of officials and other employees of the Bank shall be only to positions created by decision of the Board and on such terms and conditions as shall be laid down by the Board.

(2) No salary, fee, wage or other remuneration or allowance paid by the Bank shall be computed by reference to the net or other profit of the Bank.

#### **Article 19**

The Bank may establish and maintain such departments as it may consider necessary for the proper and efficient conduct of the business of the Bank.

#### **Article 20**

(1) Except for the purpose of the performance of his duties or the exercise of his functions or when lawfully required to do so by any court or under the provisions of any enactment, no Director, officer, employee or agent of the Bank shall disclose to any person, any information relating to the affairs of the Bank or of any licensed institution or other person, firm, company or other organisation or of a customer of the Bank which he has acquired in the performance of his duties or the exercise of his functions.

(2) Without prejudice to any civil or criminal liability, a violation of this section shall constitute serious misconduct.

(3) For the purposes of this section, any former Director, officer, employee or agent of the Bank shall be similarly bound and shall not disclose any information whether documentary or otherwise relating to the affairs of the Bank except by order of a Court or to fulfill other obligations imposed by law.

### **PART V — CURRENCY**

#### **Article 21**

The Sierra Leone currency established by the repealed Act shall continue to be the currency of Sierra Leone.

#### **Article 22**

(1) The Bank shall have the sole right of issuing notes and coins in Sierra Leone and neither the Government nor any other person shall issue currency notes, bank notes or coins or without the permission of the Bank, any promissory notes or bills or tokens payable to bearer on demand.

(2) Without prejudice to subsection (1), cheques or drafts, including bills of exchange payable to bearer on demand or otherwise may be drawn on a person's account with a licensed institution or an agent.

#### **Article 23**

(1) The Bank shall, at its principal place of business in Freetown, exchange on demand and without charge, Sierra Leone currency of any denomination for Sierra Leone notes and coins of any other denomination requested.



(2) In the event of a temporary unavailability of a requested denomination, the Bank may discharge this obligation by delivering notes and coins of available denominations which shall nearly approximate that requested.

#### **Article 24**

The Bank may appoint, on such terms and conditions as may be agreed, one or more licensed institutions or other agents in Sierra Leone to act in an agency capacity for the issue, exchange and withdrawal of notes and coins.

#### **Article 25**

The Minister shall, on the recommendation of the Bank, prescribe by statutory instrument—

- (a) the denominations, (being multiples or fractions of a leone) forms and designs, of the notes and coins to be issued by the Bank;
- (b) the devices to be borne by such notes and coins;
- (c) the standard weight and composition of such coins and the amount of remedy and variation which shall be allowed.

#### **Article 26**

(1) Notes issued by the Bank shall be legal tender in Sierra Leone at their face value for the payment of any amount.

(2) Coins issued by the Bank shall, if such coins have not been tampered with, be legal tender in Sierra Leone at their face value to an amount not exceeding one thousand leones.

(3) Notwithstanding subsections (1) and (2), the Bank shall have power, on giving not less than three months notice in the *Gazette* and in one newspaper of general circulation in Sierra Leone, to call in any of its notes and coins, on payment of the face value thereof and such coins, with respect to which a notice has been given under shall, on the date specified in the notice, cease to be legal tender.

(4) The Bank may, by notice published in the same manner as notice given under subsection (3), specify a period during which notes or coins which have ceased to be legal tender may, nevertheless be exchanged at the Bank.

#### **Article 27**

(1) No person shall tamper with a coin.

(2) A coin shall be deemed to have been tampered with if the coin has been impaired, diminished or lightened otherwise than by fair wear and tear or has been defaced by stamping, engraving or piercing, whether the coin has or has not been thereby diminished or lightened.

#### **Article 28**

No person shall as of right be entitled to recover from the Bank, the value of any lost, stolen, mutilated or imperfect notes or coins, except under the provisions, if any, of any enactment or the Bank's discretion.

#### **Article 29**

The Bank shall assist in the enforcement of any laws relating to counterfeiting the currency of Sierra Leone, and a certificate of a duly authorised officer of the Bank that a document or token in question is or is not a genuine note or coin shall be *prima facie* evidence of the fact in any judicial proceeding in Sierra Leone.

### **PART VI— FOREIGN EXCHANGE REGIME, EXCHANGE RATE POLICY, INTERNATIONAL RESERVES, REVALUATION RESERVES ACCOUNT AND EXCHANGE CONTROL**

#### **Article 30**

- (1) The foreign exchange regime of Sierra Leone shall be determined by the Government after consulting the Bank and shall be consistent with the obligations of any international treaty to which Sierra Leone is a party or which it has ratified.
- (2) The Government may declare an external value for the leone and any change thereof.
- (3) Where the Government does not declare any external value for the leone or any other exchange system, the exchange rates for the leone against other currencies shall be determined in the market.

#### **Article 31**

- (1) The exchange rate policy of Sierra Leone shall be formulated and executed by the Bank.
- (2) The Bank may issue guidelines for the purpose of regulating the purchase, sale, holding or transfer of foreign exchange.
- (3) The Bank may, in order to achieve its objective under subsection (1) of section 7 or to avert a foreign exchange crisis, temporarily restrict the purchase, sale, holding or transfer of foreign exchange.
- (4) Any restrictions under subsection (3) shall initially be only for a period not exceeding twelve months and may be extended for another period not exceeding twelve months only with the approval of the Board.
- (5) Whenever the Bank imposes a restriction, it shall submit a report to the Minister within seven days and every three months thereafter containing the causes which have led to the imposition of the restrictions and the actions the Bank intends to take to remedy the situation.
- (6) Any restriction imposed under this section shall be consistent with any obligations acquired by Sierra Leone under any international agreement to which it is a party.

#### **Article 32**

Without prejudice to section 35, the Bank shall—

- (a) make rules governing foreign exchange market operations;
- (b) license, revoke the licences of, supervise and regulate foreign exchange dealers and licensed institutions pursuant to exchange regulations made by the Bank;
- (c) set limits on open foreign exchange positions of licensed institutions; and
- (d) own, maintain and manage international reserves.

### **Article 33**

The Bank may, either on its account or by order of the Government, enter into clearing and payments agreements or any other contracts for the same purpose with public and private central clearing institutions domiciled abroad.

### **Article 34**

(1) The Bank shall establish and maintain an international reserve which shall consist of all or any of the following assets—

- (a) foreign exchange in the form of notes and coins or bank balances held abroad in foreign currencies;
- (b) gold;
- (c) any other internationally recognized reserve asset, including—
  - (i) the entitlement to make reserve tranche purchases from the International Monetary Fund or other international financial institution;
  - (ii) the holding by Sierra Leone of special drawing rights of the International Monetary Fund;
- (d) bills of exchange and promissory notes, payable in convertible foreign currencies; and
- (e) debt securities issued or guaranteed by, and forward purchase or repurchase agreements concluded with or guaranteed by, foreign States or Central Banks or international financial institutions denominated and providing for payment in foreign currencies.

(2) The Bank shall use its best endeavours to maintain the international reserves at a level which, in the Bank's opinion, shall be adequate for the execution of its monetary and exchange rate policies and for the prompt settlement of the country's international transactions.

(3) If the international reserve has declined or, in the opinion of the Bank, is in danger of declining to such an extent as to jeopardize the execution of the monetary or exchange rate policies or the prompt settlement of the country's international transactions, the Bank shall submit to the Minister a report on the international reserves position and the causes which have led or may lead to such a decline, together with such recommendations as it considers

necessary to remedy the situation, and the Minister shall cause the report to be laid before Parliament.

(4) Until such time as, in its opinion the situation has been rectified, the Bank shall make such further reports and recommendations as it thinks necessary.

### **Article 35**

Licensed institutions and licensed foreign exchange dealers may be required by the Bank to report periodically to the Bank their open foreign exchange positions on a currency-by-currency basis or overall open position; and the Bank shall prescribe the reporting forms and supporting documents that shall be submitted.

## **PART VII — OPERATIONS**

### **Article 36**

(1) The Bank may—

- (a) issue demand drafts and effect other kinds of Bank remittances payable at its own principal place of business, branches and offices or at those of its agencies or correspondents;
- (b) import, export, refine, hold, sell purchase, transfer or otherwise deal in gold, gold coins and bullion, silver and such other precious metals as the Board shall determine;
- (c) open accounts for, accept deposits from and make credit available pursuant to this section only to the Government, funds and institutions controlled by Government, statutory bodies and licensed institutions in Sierra Leone as approved by the Board and act as banker to any such funds, licensed or other institutions;
- (d) pursuant to paragraph (c) purchase, sell, discount and rediscount inland bills of exchange and promissory notes arising out of *bona fide* commercial transactions;
- (e) purchase with or without a resale agreement, sell, discount and rediscount treasury bills and bonds of the Government forming part of a public issue;
- (f) purchase and sell other securities of the Government maturing in not more than twenty years which have been publicly offered for sale or form part of an issue which is being made to the public at the time of acquisition but such funds shall be deployed in financing projects with a gestation period of not more than seven years and which are self-amortising;
- (g) invest in securities of the Government for any amount and to mature at any time, on behalf of staff funds and superannuation funds and other internal funds of the Bank;
- (h) grant to any licensed institution advances for fixed periods not exceeding three months against publicly issued treasury bills of the Government maturing within ninety-three days;

(i) grant to any licensed institution advances for fixed periods not exceeding three months against promissory notes secured by pledge with the Bank in—

(i) gold coin or gold bullion;

(ii) securities of the Government which have been publicly offered for sale and are to mature within a period of twenty years; but no advance so secured shall at any time exceed seventy-five per cent of the market value of the security pledged and that the total of such securities held by the Bank (whether under the provisions of this sub-paragraph or otherwise) is within the limitations imposed by paragraph (f);

(iii) such bills of exchange and promissory notes as are eligible for purchase, discount or rediscount by the Bank but no advance so secured shall exceed seventy-five percent of the nominal value of the instruments so pledged;

(iv) warehouse warrants or other documents of title to goods as defined in section 2 of the Sale of Goods Act in respect of staple commodities or other goods, duly insured and with a letter of hypothecation from the owner; but no such advance shall exceed sixty percent of the current market value of the commodities in question.

(v) such assets other than those specified in the foregoing sub-paragraphs, and on terms and conditions which the Bank may determine; but no such advance shall be made available under this paragraph to a licensed institution for an amount in excess of twenty percent of its deposit accounts.

(j) purchase and sell external currencies and purchase, sell, discount and rediscount bills of exchange and treasury bills drawn and payable in freely convertible foreign currencies and maturing within ninety days, exclusive of days of grace, from the date of acquisition;

(k) purchase and sell securities issued and expressed in the currency of any country other than Sierra Leone whose currency is freely convertible and is issued or guaranteed by the Government of such country, and securities issued or guaranteed by international financial institutions;

(l) maintain accounts with central banks and other banks abroad and act as correspondent, banker or agent for any central or other bank or other monetary authority and for any international financial institution of which Sierra Leone is a member;

(m) undertake the issue and management of loans publicly issued in Sierra Leone by the Government or by public bodies on such terms and conditions as may be agreed;

(n) accept from customers for custody securities and other articles of value;

(o) undertake on behalf of customers and correspondents the purchase, sale, collection and payment of securities, currencies and credit instruments at home and abroad, and the purchase and sale of gold and silver;

- (p) promote the establishment of a licensed institution clearing system and provide facilities for it;
  - (q) issue, place, buy and sell its own securities on such terms and conditions, as may be determined by the Board in consultation with the Government; but any securities issued by it which is purchased or redeemed by the Bank shall not be included among its assets and shall be immediately retired and cancelled;
  - (r) with the permission of the Government, make contribution of capital or advances to any foreign financial institution or undertake exchange clearing transactions with such foreign institution;
  - (s) with the approval of the Government participate in and promote growth of any currency union, and undertake exchange clearing or other financial transactions or make contribution of capital or any other dues payable by Sierra Leone as a member of such institution;
  - (t) with the approval of the Minister, borrow from institutions and pledge assets or create lien over assets held by it as security for the repayment of such loan.
- (2) Notwithstanding anything contained in this Act or any other enactment, the Bank may contribute or donate funds to any institution or body corporate in Sierra Leone for the study or promotion of, or research in, banking, economics and allied subjects.
- (3) Any donation or contribution made under subsection (2) shall not exceed 5% of the estimated surplus distributable profits the Bank for the current year after making full provision for statutory and customary funds, charges and obligations of the Bank.
- (4) The validity of any loan or advance granted by the Bank in pursuance of the provisions of this Act shall not be called in question merely on the ground of non-compliance with the requirements of some other enactment or of any resolution, contract, Memorandum, Articles of Association or other instrument.

### **Article 37**

Without prejudice to any other provision of this Act or in the Banking Act, the Bank shall, for the purpose of efficient monetary management, have power to—

- (a) impose a ceiling on the level of bank credit;
- (b) expand or contract credit facilities to licensed institutions;
- (c) determine the maximum lending period by licensed institutions, the kind of collateral and amount of loan against such collateral;
- (d) alter the minimum ratio of reserve to deposits or the minimum capital adequacy ratio which every licensed institution shall maintain;
- (e) impose such special requirements on deposits with licensed institutions as it may determine.

### **Article 38**

The Bank shall not—

- (a) except as expressly authorised by this Act, engage in trade or otherwise have a direct interest in any commercial, agricultural, industrial or any other undertaking, except such interests as it may in any way acquire in the course of the satisfaction of debts due to it, and all such interests so acquired shall be disposed of at the earliest suitable moment.
- (b) grant loans on the security of any shares;
- (c) subject to section 42, grant unsecured advances or advances secured otherwise than as laid down in paragraphs (h) and (i) of subsection (1) of section 36, and under the banking crisis but in the event of any debts due to the Bank becoming in the opinion of the Bank endangered, the Bank may secure such debt on any real or other property of the debtor and may acquire such property, which shall be resold at the earliest suitable moment;
- (d) purchase, acquire or lease real property except in accordance with paragraph (c) and except so far as the Bank considers necessary or expedient for the provision, or future provision of premises for the conduct of its business the residence of staff or other similar requirements incidental to the performance of its functions under this Act;
- (e) draw or accept bills payable otherwise than on demand;
- (f) allow the renewal or substitution of maturity bills of exchange purchased, discounted or rediscounted by or pledged with the Bank except in exceptional circumstances when the Board may by resolution authorise one renewal or one substitution only in either case of no more than fifty percent of the original amount of such bill for a period not exceeding nine days;
- (g) accept for discount, or as security for an advance made by the Bank, bills or notes signed by members of the Board or by the Bank's office employees or other employees on their own account.

### **Article 39**

- (1) The Bank shall determine discount and interest rates to be charged by it on its lending within the overall framework of the monetary and credit policy in force.
- (2) The Board may prescribe conditions subject to which credit facilities will be made available by the Bank to licensed institutions.

## **PART VIII – RELATIONS WITH THE GOVERNMENT**

### **Article 40**

- (1) The Bank shall act as the banker to the Government.
- (2) As a banker to the Government the Bank shall—

- (a) receive, collect, pay and remit money, bullion and securities on behalf of the Government;
- (b) accept custody of all securities and other valuable objects belonging to the Government;
- (c) pay no interest on amounts deposited in any Government account;
- (d) except as otherwise determined after consultation with the Minister, receive no remuneration from the Government for services rendered by the Bank under this section.

#### **Article 41**

- (1) The Bank shall act as the financial adviser to the Government.
- (2) The Government, through the Minister may request the Bank to render advice and to furnish reports on matters relating to the activities of the Bank.
- (3) It shall be the duty of the Bank—
  - (a) to inform and advise the Government, through the Minister, on any matter which in its opinion is likely to affect the achievement of the objective of the Bank;
  - (b) to adopt such policies and to cause such remedial measures to be taken, as are appropriate in the circumstances and authorised by this Act; and
  - (c) to submit to the Government a detailed report which shall include as a minimum, an analysis of—
    - (i) the causes of any anticipated economic disturbances or, of the actual abnormal movements of the money supply or the price level;
    - (ii) the probable effects of such disturbances or movements on the level of production employment and real income in Sierra Leone; and
    - (iii) the measures which the Bank has already taken, and any further monetary, fiscal and administrative measures which it proposes to take or recommend for adoption by the Government.

#### **Article 42**

- (1) The Bank may—
  - (a) make advances and loans to the Government on overdraft or in such other forms as the Board may determine;
  - (b) acquire directly from the Government or from licensed institutions or any other personal treasury bills or securities representing obligations of the Government.
- (2) The total of such loans, advances and holdings on treasury bills and government securities excluding any government securities held as part of the share capital of the Bank less any credit balances in the account of Government with the Bank shall not exceed five percent of the Government's actual revenue in the previous year budget.



(3) Treasury bills and Government securities held by the Bank against repurchase agreements entered into with it by licensed institutions shall be excluded from the total holdings of government securities of the Bank where the repurchase is required to be effective within ninety-three days from the date of the agreement.

(4) Any advance made under paragraph (a) of subsection (1) shall be repaid within ninety-three days from the end of the Government's financial year to which it relates, and where any such advance remains unpaid after the due date, the power of the Bank to make further advances in any subsequent financial year shall not be exercised unless the amounts due in respect of outstanding advance have been repaid.

(5) The Bank shall charge interest on advances granted under this section at such rates as the Board may determine keeping in view the prevailing market rates in the money market in Sierra Leone and other relevant factors.

### **Article 43**

The Bank may act generally as agent for the Government—

- (a) where the Bank can do so appropriately and consistently within this Act and with its duties and functions as a Central Bank; and
- (b) on such terms and conditions as may be agreed between the Bank and the Government.

### **Article 44**

(1) The Bank shall submit periodic reports on the state of the economy to the Minister which may include recommendations for the attainment of the macro-economic objectives of Government.

(2) The Bank may, not less than three months after the submission of the report under subsection (1), publish the report in such manner as it thinks fit.

## **PART IX—RELATIONS WITH LICENSED INSTITUTIONS**

### **Article 45**

(1) The Bank shall exercise prudential supervision over licensed institutions operating in Sierra Leone in accordance with the provisions of the Banking Act.

(2) The Bank shall, wherever necessary, seek the cooperation of and co-operate with, licensed institutions in Sierra Leone—

- (a) to promote and maintain satisfactory deposit taking services for the public; and
- (b) to ensure high standards of conduct and management throughout the deposit taking system.

### **Article 46**

(1) The Bank may, from time to time, prescribe by statutory instrument and by written notice to each licensed institution the maintenance of required reserves, against deposit and other similar liabilities which may be specified for this purpose; and such reserves shall be maintained by way of cash holding with each licensed institution or by way of balance held in the current account with the Bank or both on a periodic average basis in such proportion and over such period as the Bank may prescribe.

(2) The Bank may prescribe by statutory instrument different reserve ratios for different classes of deposit and other similar liabilities and the method of their computation.

(3) The reserve ratios shall be uniform for all licensed institutions.

(4) Any prescription of, or increase in, the required reserve ratios shall be effective only after reasonable notice has been communicated to the licensed institutions.

(5) Reserves held by way of balances in the current account with the Bank may, under such regulations and subject to such charge as may be prescribed by the Bank, be withdrawn by licensed institution for the purpose of meeting their existing liabilities and may further serve as a basis for the clearance of cheques and settlement of balance among licensed institutions.

(6) Every licensed institution shall send to the Bank returned signed by two responsible officers of the licensed institution concerned considered necessary for carrying out the purposes of this section such periods of time as the Bank may from time to time direct.

(7) The Bank shall impose on any licensed institution which fails to maintain the required reserves in the appropriate rate prescribed under this section a penal interest at a rate of 5% above the institution's maximum lending rate for so long as the deficiency continues; and such interest charge shall be payable to the Bank on demand made by it within such date as may be determined by the Bank.

(8) Penal interest may be recovered by deduction from a balance in the account of the licensed institution maintained with the Bank.

(9) The Bank may pay interest at such rate as it thinks fit, on deposits held under this section and such interest payment shall only be limited to the minimum amount required and shall not exceed the required to be maintained by a licensed institution.

#### **Article 47**

(1) The Bank may, in conducting its monetary policy, prescribe temporary conditions and restrictions with respect to the total amount of credit including guarantees extended by licensed institutions only if and to the extent that its monetary policy objectives cannot be achieved with other monetary instruments.

(2) The restrictions imposed under subsection (1) shall not exceed a period of twelve months and shall be eliminated as soon as the monetary conditions that prompted the imposition of the restrictions are brought under control.

#### **Article 48**

(1) The Bank may facilitate the clearing of cheques and other credit instruments for licensed institutions carrying on business in Sierra Leone.

(2) For the purposes of subsection (1), the Bank may, at any appropriate time and in conjunction with other licensed institutions, organise a clearing house and provide facilities for it in Freetown and in such other place or places as may be desirable.

#### **Article 49**

The Bank shall establish and maintain a Development Credit Fund to be constituted by amounts from time to time transferred by the Government and the Bank pursuant to subsection (3) of Section II and by accruals to it, for the purposes of—

- (a) making loans and advances to co-operative banks and statutory bodies in which the Bank is entitled to invest under paragraph (i) of subsection (1) of section 36 on such terms and conditions as the board may determine; or
- (b) facilitating the purchase, holding or sale of debentures, bonds and other debt obligations, having a maturity not in excess of eight years from the date of acquisition by the Bank, issued by co-operative banks and statutory bodies in which the Bank is entitled to invest under paragraph (i) of subsection 36.

### **PART X — ACCOUNTS AND STATEMENTS**

#### **Article 50**

The financial year of the Bank shall be the same as financial year of the Government.

#### **Article 51**

The accounts of the Bank shall be in a form approved by the Auditor-General.

#### **Article 52**

(1) The accounts of the Banks shall be audited annually by the Auditor-General or an auditor appointed by the Auditor-General.

(2) Without prejudice to subsection (1), the Minister may from time to time request the Auditor-General to make an examination of, and submit a report on, the accounts relating to the issue, re-issue, exchange and withdrawal of notes and coins by the Bank.

#### **Article 53**

(1) The Bank shall, within three months from the close of each financial year make and submit to the Minister—

- (a) a copy of the annual accounts certified by the Auditor-General or an auditor appointed by him; and
- (b) a report on its operations during that year and such report shall be published by the Bank.

- (2) The Minister shall as soon as possible after receipt of the report—
- (a) cause a copy of the report and statement of accounts to be laid before Parliament; and
  - (b) cause a copy of the annual statement of accounts to be published in the *Gazette*.
- (3) The Bank shall, not later than twenty one days after the last working day of each month make and publish a return of its assets and liabilities as at the close of business of the last working day; and a copy of the return shall be submitted to the Minister who shall cause be published in the *Gazette*.

#### **Article 54**

- (1) The gains and losses arising from any changes in the valuation of the Bank's assets or liabilities, or denominated in, gold or foreign currencies, Special Drawing Rights or Euros as a result of changes in the exchange rate for the Leone or of any change in the values, parities or exchange rates of such assets with respect to the leone shall be carried to a special account called the revaluation reserve account.
- (2) The profits or losses arising from such change shall not be included in the computation of the annual profits and losses of the Bank.
- (3) In the case of a carried-over loss or net debit balance in the revaluation reserve account, amounts shall be transferred from the available balance in the General Reserve to cancel such carried-over losses.
- (4) The balance of loss not covered by transfer from the General Reserve shall be shown separately in the balance sheet under the revaluation reserve account and until this balance is cancelled by future revaluation gains or by transfers from the General Reserve, no profits shall be transferred to the Consolidated Fund; and any available profits shall be credited to the revaluation reserve account in an amount sufficient to cover the carried over losses.
- (5) No credits or debits shall be made to the revaluation reserve account except in accordance with this section.

### **PART XI — MISCELLANEOUS**

#### **Article 55**

- (1) The Board may by statutory instrument make By-laws to provide for all matters for which by-laws are necessary or convenient for the efficient operation of any of the provisions of this Act for good order and management of the Bank.
- (2) The By-laws made under subsection (1) shall be authenticated by the Bank's seal and shall be published in the *Gazette*.

#### **Article 56**

- (1) The Bank shall not be liable to the payment of any stamp duty under the Stamp Duty Act.

(2) The Bank shall not be liable to the payment of customs duty on the importation of gold, silver, coins, notes, and security papers.

(3) The profits of the Bank shall not be liable to income tax or any other tax.

#### **Article 57**

No licensed institution shall, from the commencement of this Act be registered under the provisions of any legislation by a name which includes any of the words “Central”, “National”, “Sierra Leone”, “Sierra Leonean”, “Reserve” or “State”, or their equivalent in any other language.

#### **Article 58**

The Bank shall not be placed in liquidation except pursuant to legislation passed in that behalf and then in such manner as that legislation directs.

#### **Article 59**

For the purpose of this Act and for the discharge by the Bank of its functions as a central bank, the Governor or any officer of the Bank authorised by him may require from any person any information, estimates, returns or particulars, subject to the same procedures and restrictions as are set forth in sections 5 to 17 of the Statistics Act, 1963.

#### **Article 60**

For the purposes of sections 61, 62, 63, 64, and 65 “credit information” means any information relating to—

- (i) the amounts and the nature of loans or advances and other credit facilities granted by a licensed institution to any borrower or class of borrowers;
- (ii) the nature of security taken from any borrower for credit facilities granted to him;
- (iii) the guarantees, bid bonds, performance bonds and other forms of indemnities issued by a licensed institution on behalf of any of its customers;
- (iv) credit classification under different health categories as may be determined by the Bank from time to time, such as current, sub-standard, doubtful or loss.

#### **Article 61**

The Bank may—

- (a) collect, in such manner as it may think fit, credit information from every licensed institution; and
- (b) furnish such information to any licensed institution in accordance with the provisions of section 63.

#### **Article 62**

(1) For the purpose of enabling the Bank to discharge its functions under section 61, it may at any time direct any licensed institution to submit to it such statements relating to such credit information and in a form and within such time as may be specified by it.

(2) A licensed institution shall, notwithstanding anything to the contrary contained in any enactment for the time being in force or in any instrument regulating the constitution thereof or in any agreement executed by it, relating to the secrecy of its dealings with its constituents, be bound to comply with any direction issued under subsection(1).

### **Article 63**

(1) A licensed institution may, in connection with any financial arrangement entered into or proposed to be entered into by it with any person, make an application to the Bank in such form as the Bank may specify requesting it to furnish the applicant with such credit information as may be specified in the application.

(2) On receipt of an application under subsection (1), the Bank shall, as soon as may be, furnish the applicant with such credit information relating to the matters specified in the application, as may be in its possession but the information so furnished shall not disclose the names of the licensed institutions which have submitted such information to the Bank.

(3) The Bank may in respect of each application levy such fees as it may determine from time to time for furnishing credit information.

### **Article 64**

(1) Any credit information contained in a statement submitted by a licensed institution under section 62 or furnished by the Bank to any licensed institution under section 63 shall be treated as confidential and shall not, except for the purposes of this Act, be published or otherwise disclosed.

(2) Nothing in this section shall apply to—

(a) the disclosure by any licensed institution, with the previous permission of the Bank, of any information furnished to the Bank under section 62;

(b) the publication by the Bank, if it considers it necessary in the public interest to do, of any information collected by it under section 62, in such consolidated form as it may think fit, without disclosing the name of any licensed institution or its borrowers.

(3) Notwithstanding anything contained in any enactment for the time being in force, no court, tribunal or other authority shall compel the Bank or any licensed institution to produce for inspection any statement submitted by that licensed institution under section 62 or to disclose any credit information furnished by the Bank to that licensed institution under section 63.

### **Article 65**

No person shall have any right, whether in contract or for otherwise, to any compensation for any loss incurred by reason of the operation of any of the provisions of sections 60 to 64.

## **Article 66**

(1) If any licensed institution—

- (a) fails to submit any statement required under section 62 or submits under that section a statement which is false in any material particular; or
- (b) fails to comply with any condition imposed in connection with the provisions on credit information under this Act

every director or other officer of the licensed institution who is knowingly a party to the breach commits an offence and shall be liable to punishment on conviction under section 68.

(2) Any person who discloses any credit information, the disclosure of which is prohibited under this Part, commits an offence and shall be liable on conviction to punishment under section 68.

## **Article 67**

No claim for damages shall lie against the Bank for anything which is done or said in good faith in the administration of the Banking Act or the Exchange Control Act or any rules, regulations, directives or orders made thereunder. Directors, officers and employees of the Bank shall have the same protection in this respect as that afforded to public officers under the Public Officers Protection Act.

## **Article 68**

(1) Except as otherwise provided in this Act any person who—

- (a) contravenes any provision of this Act or regulations made thereunder or anything prescribed or direction made or given under this Act and published in the *Gazette*; or
- (b) knowingly makes an incorrect statement in a document submitted by him or any incorrect information supplied by him for the purpose of this Act,

shall be liable on conviction to a fine not exceeding five million leones or to imprisonment for a term not exceeding three years or to both.

(2) Where an offence under this Act is committed by a person—

- (a) in the case of a body corporate, every director or officer of the body shall also be guilty of the offence; and
- (b) in the case of a partnership every partner or officer of that firm or organisation shall also be guilty of that offence.

(3) No person shall be guilty of an offence by virtue of subsection (2), if he proves that the offence was committed without his knowledge or connivance and that he exercised all due care and diligence to prevent the commission of the offence having regard to all the circumstances.

## **Article 69**

No court shall take cognizance of any offence punishable under this Act except upon a complaint in writing made by an officer of the Bank, generally or specially authorised in writing in that behalf by the Governor.

#### **Article 70**

(1) The Bank of Sierra Leone Act, 1963 is hereby repealed.

(2) Any by-laws, rules, regulations, orders, notices, prescriptions or other instruments or directives issued under the repealed Act and in existence immediately before the commencement of this Act, shall continue in operation until their expiration or until their express repeal or revocation.

(3) Any person holding or deriving office by appointment under the repealed Act shall be deemed to have been appointed or derive office under this Act.

(4) In the event of any conflict or inconsistency between the provisions of this Act and the provisions of any other enactment by under which any licensed institution is constituted or established, that provisions of this Act shall prevail.

#### **Article 71**

The minimum paid-up capital referred to in Part III shall be fully subscribed within five years of the commencement of this Act.

Passed in Parliament this *15th* day of *February*, in the year of our Lord two thousand.

J.A. CARPENTER,  
*Clerk of Parliament.*

THIS PRINTED IMPRESSION has been carefully compared by me with the Bill which has passed Parliament and found by me to be a true and correctly printed copy of the said Bill.

J.A. CARPENTER,  
*Clerk of Parliament.*