

Dépôt
Annexe

CENTRAL
BANKING
LEGISLATION

Volume II: Europe

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CENTRAL BANKING LEGISLATION

A collection of
Central Bank, Monetary and Banking Laws

Volume II: Europe

Statutes and related materials
selected and annotated by

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INTERNATIONAL MONETARY FUND MONOGRAPH SERIES

No. 1. Central Banking Legislation: A Collection of Central Bank, Monetary and Banking Law selected and annotated by Hans Aufricht (1961)

No. 2. The Fund Agreement in the Courts, by Joseph Cold (1962)

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Publication of Statutes and Regulations

The *Norsk Lovtidend* is published in two parts: the first part contains laws, amendments to the Constitution, and fiscal measures; the second part includes decrees, regulations, instructions, and circulars. Beginning with 1948, the *Norsk Lysingsblad* publishes notifications and other official material as required by Art 2 of the Act of October 11, 1946.

A consolidated edition of Norwegian laws in force is published every second year by the Faculty of Law of the University of Oslo as *Norges Lover*; for example, *Norges Lover, 1682-1965* (Oslo, 1966

The Norges Bank Act, 1892

NOTE:—The Norges Bank (Bank of Norway) was established by the Charter of June 14, 1816. It is now governed by the Norges Bank Act, 1892, as amended.

CHAPTER I. CAPITAL AND SHARES OF THE BANK

Art. 1. The Norges Bank, established by Charter of June 14, 1816, is a joint-stock company, authorized to function as a bank for loans, transfers, deposits and note issue.

Art. 2. The Bank has a fully paid share capital of twenty-five million kroner.^o Subject to the decision of the Supervisory Council, acting in conjunction with the Board of Directors, this capital may be increased to fifty million kroner. Furthermore, the Bank has a Reserve Fund (see Article 40(b)). In the case of the capital being increased, the premium obtained from any new issue of capital shall be credited to the Reserve Fund.

Art. 3. The share certificates delivered in receipt of payments to the share capital shall be nominative and, with the exception of the case considered in Article 47, in denominations of at least 100 kroner

Transfers of shares shall be registered in the books of the Bank. Registration may be made either at the Head Office or at the Branch Offices.

Art. 4. The persons in whose name the shares are registered in the books of the Bank shall be deemed to be the owners of the Bank.

Shareholders shall not be liable for the commitments of the Bank beyond their holding of shares.

Art. 5. The share capital of the Bank may not be used, whether with the consent of the shareholders or against their will, otherwise than in the interest of the Bank and for the purpose of redeeming its notes and meeting its other obligations.

The Bank shall be exempt from all duties.

Lov om Norges Bank, April 23, 1892, as amended through July 31, 1966. For a consolidated text in Norwegian, see *Norges Lover, 1682-1965* (Oslo, 1966), pp. 223-229. In the version given here, the word Chapter corresponds to the Norwegian word *Kapitel* and the word Article (Art.) to *lc* the sign

By virtue of an Act of July 8, 1949 (No. 15), all shares belonging to others than the State were taken over by the State as of December 31, 1949.

The share capital was increased to 35 million kroner from December 31, 1917.

CHAPTER II. BANK'S RIGHT OF ISSUE

Art. 6. The Norges Bank shall have the sole right to issue bank notes payable to bearer, stating the obligation of the Bank to pay on demand, in gold coin (*kronemynt*) at their full nominal value. All bank notes to bearer issued by any one other than the Bank shall be confiscated, and whoever has issued such a note shall be liable to indemnify the holder of such a note for the loss of the note, and be liable to pay to the Treasury a fine of 100 kroner. Such cases are to be prosecuted as determined by law before the police courts.

Art. 7. As long as the Bank is redeeming its notes at their full nominal value, in coin, they shall continue to be stipulated to be made in gold and pass as currency in the Kingdom.

If, at any time, the Bank should suspend the redemption of its notes at their full nominal value, they shall cease to be legal tender in relation to the Bank itself, which will then be debtor.

In the case of peculiarly menacing circumstances, such as that the obligation of the Bank to redeem its notes is suspended. Notwithstanding such a suspension of the redemption of notes, they shall not cease to be legal tender.

Art. 8. The notes issued by the Bank shall be in denominations of 500, 100, 50, 10 and 5 kroner.

Art. 9. The Bank may issue notes for an amount not exceeding the gold reserve and, in addition to these, notes for an amount not exceeding one hundred and twenty-five million kroner.

The gold reserve of the Bank shall consist of gold bullion, which the Bank has in its own possession, and its account with the Royal Mint Gold repository, and the investment of the Bank's foreign exchange balance in the gold reserve.

Art. 10. In the case of quite exceptional circumstances, such as a threat of war, or a serious financial crisis, the Bank may, with the subsequent approval of the Storting, authorize the issue of additional notes for an amount not to exceed the sum named in the authorization. The authorization may be given for a limited period or until the King otherwise directs?

By a Royal Decree of September 27, 1914, the Bank was provisionally released from redeeming its notes in gold.

The Act of November 26, 1920 had authorized the issue of a sum of 250 million kroner (raised to 325 million kroner by the Act of June 30, 1936; see Article 9) in excess of its gold reserve.

Art. 10. The Bank shall pay a tax to the Treasury on the total amount of the bank notes which might be issued by virtue of the authorization given in conformity with the present article. This tax shall be calculated on the amount of notes in circulation at each of the returns which the Bank will have to present (see Article 37), and for the period which has elapsed since the preceding return. The tax shall be calculated at a rate of interest of one per cent below the discount rate of the Bank at the time of the return last mentioned.

Art. 11. If any of the returns which the Bank is required to present (see Article 37) should show that the total amount of bank notes in circulation exceeds the maximum provided for by Articles 9 and 10, the Bank shall immediately report the case to the appropriate government office, explaining the cause of this excess of note issue. In such event, the Bank will have to pay to the Treasury a tax on the total amount of the excess issue of notes, at a rate of interest equal to the discount rate of the Bank at the time of the return in which the excess appeared for the first time. This tax shall increase by one half per cent for each month during which the excess continues after the end of the next preceding month. The tax shall be calculated on the amount of the excess issue at the time of each of the said returns, and for the period which has elapsed since the preceding return.

Art. 12. When the Bank has decided to withdraw from circulation any series of its notes, a notice to this effect shall be publicly read and posted at all of the ordinary courts of first instance, and inserted in *Norsk Lysingsblad*.

Notes called in shall cease to be legal tender at the earliest one year after the said notice has been publicly read for the last time; but the Bank shall continue to be bound to redeem them on presentation. Notwithstanding this last proviso, the Bank may be authorized to call in, without further redemption, any series of notes that have been the subject of forgery.

When two years have elapsed since the time that the bank notes have ceased to be legal tender, all notes that have not been redeemed shall cease to be subject to the provisions relating to the Bank's right of issue.

and had, as stated above, made provision for an additional note issue of that sum. By a Royal Decree of the same date, the Bank was authorized to issue additional notes for a sum of 100 million kroner in excess of the sum named in the Act. By a Royal Decree of January 28, 1915, that sum was reduced to 80 million kroner, and by a Royal Decree of July 13, 1921, reduced to 50 million kroner; by a Royal Decree of January 3, 1922, it was further reduced to 25 million kroner, and by a Royal Decree of December 22, 1926, the extraordinary right of issue was withdrawn as from the end of December 1926.

CHAPTER III. ACTIVITIES OF THE BANK

Art. 13. The Norges Bank shall have its Head Office in Kristiania. It may have Branch Offices in such localities as are or may be designated.

Art. 14. The exchange of gold for bank notes may take place at the Head Office, and also at the Branch Offices designated for that purpose by the Supervisory Council of the Bank.

If the amount of the notes to be exchanged by the Bank does not correspond exactly to an equal value in gold coins, the difference shall be paid in silver or in other subsidiary coins.

The Bank shall be bound to deliver notes against gold coin [*guld* *kronemynt*] at its Head Office and at all its Branch Offices. It shall likewise be bound to deliver notes, at the Head Office and at those Branch Offices that may be designated for the purpose by the Supervisory Council of the Bank, against gold bars assayed as to degree of fineness in such manner as may be prescribed by the Supervisory Council of the Bank at a price two thousand four hundred and eighty kroner per kilogram of fine gold, deduction of up to one fourth per cent being made for coinage expenses.

Art. 15. The Bank has the right to employ its funds for carrying out the following operations, that is to say:

- (a) making advances against security for a fixed term not exceeding six months; the shares of the Bank may not be accepted as security;
- (b) discounting bills of exchange, bond-bills and other certificates of loan, all documents to be payable within Norway and with maturity not exceeding six months;
- (c) making advances on current accounts for a period not to exceed twelve months on security received or on mortgage of immovable property;
- (d) buying and selling bills of exchange payable in foreign countries;
- (e) buying and selling gold and silver;

Now called Oslo.

By an Act of April 15, 1916, the King was empowered to exempt the Bank from the obligation to deliver its notes against gold bars until the end of January 1917. By a Royal Decree of April 28, 1916, the Bank was exempted from this obligation until further notice.

By an Act and a Royal Decree of January 30, 1917, the exemption was prolonged to the end of February 1918, and by an Act and a Royal Decree of March 22, 1918, to the end of February 1919; finally by an Act and a Royal Decree of March 28, 1919, it was prolonged to the end of February 1920. By an Act and a Royal Decree of June 14, 1921, the obligation was suspended again for a period not to extend beyond the end of February 1922.

Bond-bill (*vekselobligasjon*) means a credit document chiefly based on personal guarantee and usually repayable in installments.

(f) investing funds in the bonds of the Norwegian State or in the bonds of the Norwegian Mortgage Bank, as well as in other securities, domestic or foreign, bearing interest and readily negotiable. The profits and expenses resulting from such operations may be entered to the account of a Securities Adjustment Fund.

The Bank may, furthermore, invest a portion of its funds in claims on foreign banking establishments and in shares in an international bank of central banks. It also has the right to deposit gold, coined bullion, with foreign banks or deposit institutions.

Art. 16. The Bank may receive, free of charge, sums paid to it on current account and for transfer. Cheques and drafts not honored by the Bank shall, when protested, be treated with the same effect as bills of exchange.

Art. 17. The Bank may, in consideration of commission, receive for deposit precious metals, objects of value, and securities, undertaking, for the last named, collection of interest, installments, coupons and drawn bonds. The Bank may further receive for deposit objects under seal or lock.

Art. 18. The Bank may, in consideration of commission:

- (a) buy and sell securities of any kind, after having received cover or for previous delivery to the Bank, respectively;
- (b) effect collections, and remit the proceeds by transfers or drafts on the Bank's Branch Offices.

Art. 19. The Bank shall be bound, free of charge or public expense:

- (a) to receive the revenues of the State and the public funds, to effect payments for their account, and, generally, to have charge of the money transactions of the State, without, however, advancing money;
- (b) to receive for safekeeping and management securities or other objects of value belonging to the State or to the public funds or deposited with them;
- (c) to effect (at the Head Office as well as at the Branch Offices) delivery of subsidiary coins to public officials and also to private persons and institutions, etc.

Detailed instructions relating to these duties, and to the keeping of the accounts necessary for the purpose, may be given by the King. The question whether the public funds deposited with the Bank should bear interest, and in case they should, what the rate should be, shall, by an agreement between the appropriate government office and the Board of Directors of the Bank, be decided by the Supervisory Council of the Bank.

CHAPTER IV. ADMINISTRATION OF THE BANK

Art. 20. The Bank shall have a Supervisory Council consisting of fifteen members, and a managing Board of Directors consisting of five members. Every Branch Office shall have a Board of Management, composed of three members elected by the Storting and of the Managing Director, where such a Director has been appointed.

Art. 21. The members of the Supervisory Council shall be elected by the Storting for a term of six years. Every three years seven or eight members, alternately, shall retire from office. Seven substitutes shall be elected every three years. Members of the Supervisory Council who are residing at a distance of not less than ten kilometers from the Head Office shall be entitled to receive reimbursement for traveling expenses as determined for members of the Storting when traveling to or from the Storting. Remuneration may be granted to the Chairman of the Supervisory Council and to the members of its committees.

Art. 22. The Chairman and the Vice-Chairman of the Board of Directors shall be appointed by the King, who shall previously have heard the opinion of the Supervisory Council on the subject. The appointments are made subject to the reciprocal right to terminate the appointment on six months' notice, with the reservation, however, that they may be removed from office immediately against payment of their salary for the said time. They may not hold any other salaried post, nor may they carry on any commercial, industrial, or banking business. Their salary shall be fixed by the Storting on the proposal of the King. 1. The Supervisory Council of the Bank may grant pensions to the Chairman or Vice-Chairman on their retirement from office, and in the event of their death, to their widows. The pensions, voted as may be thought fit under prevailing circumstances, may not for a Chairman or a Vice-Chairman exceed fifty per cent and in the event of their death, for their widows, twenty five per cent, of their salaries at the moment of their ceasing to hold office.

The other Directors shall be elected by the Storting for a term of six years. Every three years one or two Directors, alternately, shall retire from office. Three substitutes shall be elected every three years.

Art. 23. The members of the Board of Management of the Branch Offices shall be elected by the Storting for a term of six years. Every three years one or two of them shall, alternately, retire from office. Three substitutes shall be elected every three years.

The members of the Boards of Management may provisionally be suspended from office by the Supervisory Council; such resolution shall without delay be submitted to the Storting for final decision.

The Supervisory Council, acting in conjunction with the Board of Directors, designates the Branch Offices at which a Managing Director is to be appointed, and determines their salaries and other conditions

of appointment. The Managing Directors shall be appointed by the Supervisory Council, who shall previously have heard the opinion of the Board of Directors.

Art. 24. The members of the Supervisory Council, of the Board of Directors and of the Boards of Management who are elected by the Storting shall enter on their duties on January 1 next following their election.

The remuneration of the Chairman of the Supervisory Council and Supervisory Council.

the salaries of the Directors and members of the Boards of Management

Art. 25. The substitute members of the Supervisory Council, of the Board of Directors and of the Boards of Management shall, in cases who are elected shall be fixed by the Storting on the proposal of the of vacancy, enter on their duties in the order of their election. A substitute called to fill the office of a member shall retire at the expiration of the term fixed for the member whom he replaces. substitute shall be deemed to hold office in the capacity of an ordinary member only if he replaces a deceased member or a member who has become insolvent (see Article 32).

If a Director or a member of a Board of Management moves to another locality, or in doubtful cases generally, the Supervisory Council reporting the case to the Storting, shall provisionally decide whether or not the person in question shall continue to exercise his functions. If more than one substitute has been called to replace any members of the Supervisory Council, any Directors, or any members of the Boards of Management, whose terms of office expire at different times, they shall vacate their office in the inverse order of their election.

Art. 26. Before the end of each year, the Supervisory Council shall elect from among its own members a Chairman and a Deputy Chairman for the following year.

The Supervisory Council shall meet quarterly and in addition, as often as it deems necessary or the Board of Directors desires. No resolution shall be passed unless at least nine members are present. In the case of a tie, the Chairman is to have a deciding vote. The proceedings shall be entered in the minutes of the Council. The Supervisory Council may require that the Board of Directors be present at its meetings. The Board of Directors shall be entitled to be present, unless the Supervisory Council in each special case may decide otherwise.

Art. 27. It shall be the duty of the Supervisory Council:

(a) to make by-laws for the administration and internal service of the Bank, including directions as to the signatures that shall be

binding on the Bank; the by-laws shall be inserted in the *Norsk Lovtidend*;

- (b) to determine the functions of the Chairman, the Vice-Chairman and the other members of the Board of Directors;
- (c) to submit to the Storting proposals concerning, and to determine provisionally, the remuneration of the Chairman of the Supervisory Council and the salaries of the Directors and of the members of the Boards of Management elected by the Storting; the Supervisory Council has further the power to determine the remuneration to be paid to its committees and its secretary; the Chairman shall not, however, receive any special remuneration as a member of committees;
- (d) to determine the salaries and the pensions of the employees of the Bank and, after consultation with the Board of Directors and the Board of Management concerned, to appoint and to dismiss them, to give them the directions necessary to them, and to determine the guarantee to be furnished by the cashiers of the Bank; the appointments of the employees of the Bank shall be made subject to the reciprocal right of terminating the appointment on three months' notice;
- (e) to decide, jointly with the Board of Directors, on the question of establishing or closing Branch Offices;
- (f) to determine, jointly with the Board of Directors, the amount of capital which the Bank, out of its resources for granting loans, may place at the disposal of each Branch Office;
- (g) to *elect*, provisionally, members of the Boards of Management of newly established Branch Offices, and their substitutes, as well as substitutes at the Head Office and the Branch Offices, in cases of unexpected vacancy;
- (h) to examine and verify at irregular times, at least every three months either in its own capacity or through delegates, the records of the Board of Directors and the records of the Boards of Management of the Branch Offices, as well as the deposits placed in the Bank and its cash balances and other holdings;
- (i) to settle any differences that may arise between the officers of the Bank in regard to their duties, and to deal with complain that employees may lodge against their superiors;
- (k) to decide, after consultation with the Board of Directors, either as a body or in case of urgency, through a committee consisting of five members, on all demands for an accommodation with creditors.

The Board of Directors is entitled to be present at the meetings of the committee, unless the committee in any particular case otherwise determines;

- (l) to have the accounts of the Bank audited, and decide upon the adoption of the same;
- (m) to decide on the distribution of the annual profits (see Articles r. 39 and 40);

- (n) to decide on all matters submitted to it by the Board of Directors.

Art. 28. The Board of Directors shall meet daily, at a time notified to the public. No resolution may be passed unless at least three members are present. In the case of an equality of votes, the Chairman or, in his absence, the Vice-Chairman is to have a deciding vote. The proceedings shall be entered in the minutes of the Board.

It shall be the duty of the Board of Directors to administer all the funds of the Bank, and to ensure that the business of the Bank is conducted in accordance with this Act and the decisions of the Supervisory Council, it being further the duty of the Board to carry on the business of the Bank strictly coming within the jurisdiction of the Head Office.

Two Directors at least, the one being either the Chairman or the Vice-Chairman, shall be present daily during office hours. A diary shall be kept for presentation at the meetings of the Board of Directors.

Art. 29. At each Branch Office a Chairman of the Board of Management shall be elected every year by and from among the members elected by the Storting.

Where a Managing Director has been appointed he shall be a member of the Board of Management and have the right of voting at its meetings. The Board of Management shall meet according to instructions given by the Supervisory Council, on days and at a time notified to the public and, in addition, as often as the Board of Management deems necessary.

No resolution can be passed unless two members are present. Where a Managing Director has been appointed, three members at least shall be present. Decisions shall be taken by a majority of votes. In the case of an equality of votes, the Chairman is to have a casting vote. If

a meeting is legally held with only two members present, no decision shall be valid unless these members agree. The proceedings shall be entered in the minutes of the Board.

The operations transacted by the Branch Offices are the same as those transacted by the Head Office, unless the Supervisory Council, in conjunction with the Board of Directors, determines otherwise.

One of the members of the Board of Management elected by the Storting shall be present daily during office hours; he shall keep a diary to be presented at the meetings of the Board of Management.

A member of a Board of Management residing outside the town in which the Branch Office is situated may, by resolution of the Supervisory Council, be granted an allowance for necessary traveling expenses.

Art. 30. The Directors or the member of the Board of Management who, in accordance with Articles 28 and 29, have to be present during office hours, shall have power to act within such limits and subject to such rules as are prescribed by the Board of Directors or the Board of Management concerned, with the sanction of the Supervisory Council.

Art. 31. A Director or a member of a Board of Management may not take part in any proceedings regarding matters which concern him personally or concern any person related to him, either directly or by marriage, in a degree as near as that of first cousin, or in which he himself or any such other person as mentioned has important economic interests.

No document bearing the signature of a Director or of any member of a Board of Management may be discounted by the office to which he is attached. The same rule shall apply to all firms in which a Director or a member of a Board of Management has important economic interests.

Art. 32. No member of the Government may, so long as he holds such position, act as a member of the Supervisory Council, as a Director, or as a member of a Board of Management

A Director or a member of a Board of Management, or any of their substitutes, may not, at the same time, be a member of any board of directors, or a substitute for any such director, in any other bank, nor may he, without the consent of the Supervisory Council, hold any other position in another bank

A member of the Supervisory Council, a Director, or a member of a Board of Management who has become insolvent must resign his office, and may not, even if he has regained possession of his property, resume his office unless he has been re-elected.

Art. 33. The officers and employees of the Bank shall be obliged to observe secrecy about everything they may learn, in their service at the Bank, about the financial position of any person or institution, unless it be their duty to speak. This clause does not, however, apply to officers who, by special commission, have been charged with making investigations.

Art. 34. The provisions of the Acts concerning revenue collectors and the restrictions imposed on them in regard to the use of their property shall also apply to the rashiers of the Bank. The Supervisory Council may, however, waive the right of the Bank in this respect to the same extent as this may be done by the King in respect of revenue collectors.

Art. 35. All persons in the service of the Bank at the Head Office and at the Branch Offices are obliged to conform to the general or special instructions given by the Board of Directors or the Board of Management in question. The differences that may arise among them in regard to their duties in the Bank shall be settled by the Board of Directors or the Board of Management in question.

Art. 36. The Bank shall submit annually a report of its operations. The report shall be sent to the ministry concerned for submission to the King and for information of the Storting. The books and holdings of the Bank shall be presented for inspection by delegates named by the Storting.

CHAPTER V. ACCOUNTS AND DIVIDENDS

Art. 37. The Bank shall prepare at least twice a month, and at such dates as may be fixed by the Supervisory Council, a statement of its financial position. This statement shall be published as soon as may be.

Art. 38. The annual accounts shall be dosed and submitted to the Supervisory Council before the end of the month of February of the following year.

Art. 39. From the gross profits of the year shall be deducted:

- (a) all general charges and expenses; the manufacturing costs of bank notes and the expenses relating to buildings may, however, be distributed over a period of five years;
- (b) the amount of accounts proved to be or deemed to be irrecoverable;
- (c) an appropriate sum to be allocated to the Contingency Fund; any part of this fund that exceeds the amount deemed necessary to cover losses may, to the extent determined by the Supervisory Council, be added to the profits of the year and distributed in conformity with the provisions of Article 40.

Art. 40. The rest of the profits shall be appropriated as follows:

- (a) to the shareholders, six per cent of the nominal value of the shares;
- (b) up to ten per cent of the remainder to the Reserve Fund or to the Securities Adjustment Fund, or by apportionment between the said funds, until they have increased respectively to one half and one fifth of the share capital.

Appropriations to the said funds may, if the Supervisory Council thinks fit, be made even after they have reached the limits indicated above.

Should the funds fall below the limits indicated above, they shall be built up again in accordance with the same rule.

The provision of Article 39(c), second clause, shall correspondingly apply to the Securities Adjustment Fund.

- (c) one half of the remaining balance to the State and one half to the shareholders, until the aggregate dividend to be paid to them equals eight per cent;
- (d) thereafter, subject to the decision of the Supervisory Council, an additional sum to be assigned to the Reserve Fund and to the Securities Adjustment Fund, or to one of them;
- (e) four fifths of the remainder to the State and one fifth to the shareholders.

If, in consequence of the above provisions, the portion of the shareholders should exceed eight per cent of the nominal value of the shares, the surplus may, in its entirety or in part, be apportioned to the Dividend Regulation

Fund. The dividend to be paid to the shareholders may not, by means of the said Fund, be increased so as to exceed eight per cent. Transfers to or from the Dividend Regulation Fund shall be decided by the Supervisory Council.

Payments of dividends will be effected either against inscription on the share certificates or against delivery of coupons.

Art. 41. If the profits of the year should prove insufficient to cover the losses of the year, proved or deemed to be irrecoverable, the deficiency shall be made up by transfer from the Reserve Fund.

Art. 42. Dividends are payable at the Head Office or at the Branch Offices of the Bank; in localities where the Bank has no office, dividends are payable at the offices of the tax collectors of the State, who for such payments shall be entitled to a commission fixed by the Bank.

CHAPTER VI. MISCELLANEOUS PROVISIONS

Art. 43. Whenever immovable property has been entered for compulsory sale by auction, including sale on account of bankruptcy, the public registrar of auctions shall be bound to ascertain whether the said property is mortgaged to the Norges Bank, and give a statement to this effect at the auction. In such case he shall, in due time, give notice thereof to the Branch Office concerned, so that the Board of Management may be present or be represented at the auction. The extract from the register of mortgages required by the registrars of auctions testifying the mortgage security held by the Norges Bank in immovable property shall be delivered gratuitously and be exempt from stamp duty.

Art. 44. All documents issued by the Bank are exempt from stamp

duty. Art. 45. [Repealed]

Art. 46. If loans 011 bonds and other securities given in pledge to the Bank are not repaid at the expiration of the fixed term, the Bank may, without having recourse to a lawsuit against the pledgors, exercise its rights in conformity with the stipulations of the documents given in pledge.

CHAPTER VII. FINAL PROVISIONS

(Articles 47-50 are no longer of any practical consequence and have therefore been omitted here.)

The Monetary and Credit Act, 1965

CHAPTER I. GENERAL PROVISIONS

Art. 1. Pursuant to this Act, the King may issue rules for liquidity reserves [*likevidtetsreserver*], deposits against foreign liabilities, supplementary reserves, obligatory investment in bonds, direct regulation of lending by certain credit institutions, maximum interest rates for loans and control of bond issues. The Ministry may issue rules requiring statements from certain credit institutions and information on rates of interest.

Art. 2. Each year the King shall submit to the Storting a report on the (general guidelines for monetary and credit policy during the coming year. Similarly, in a report to the Storting, the King shall give an account of the policy which has been pursued during the past year.

General guidelines which have been submitted to the Storting must not be faltered in any essential respect until a special report thereon has been *presented, unless such delay would not be justified in the prevailing economic situation. In that event the Storting shall be notified as soon as possible of the changes which have been made.

Art. 3. Before the King takes a decision pursuant to this Act, the Norges Bank shall be given the opportunity to state its opinion.

CHAPTER 2. LIQUIDITY RESERVES, DEPOSITS AGAINST FOREIGN LIABILITIES AND SUPPLEMENTARY RESERVES OF COMMERCIAL AND SAVINGS BANKS

Art. 4. The King may decide that commercial and savings banks shall maintain specified reserves of primary and secondary liquid assets. The liquidity reserves shall amount to a specified percentage of the bank's total liabilities with the exception of liabilities under documentary credit and assessed but unpaid taxes.

Art. 5. As primary liquid reserves shall be counted the bank's cash oldings, deposits on current account with the Norges Bank, deposits on postal transfer account and holdings of Treasury bills.

As secondary liquid reserves shall be counted the banes holdings of orwegian Government bonds and government-guaranteed bonds. For this purpose, the bonds are assessed at their book value.

Lov om adgang til regulering av penge- og kredittforholdene av 25. juni 1965 (Act of June 25, 1965 Authorizing the Regulation of Monetary and Credit Conditions). As amended by an Act of June 17, 1966. In the version given here, the word Chapter corresponds to the Norwegian word *Kapitel* and the word Article (Art.) to the sign §. References to "the " are to the Ministry of Finance.

The rate of the primary reserve shall not be set for the commercial banks and ten per cent for the rate of the aggregate primary and secondary liquid at more than twenty-five per cent for the commercial banks and according to the bank's geographical location.

Art. 6. The liquid reserves shall be calculated on position at the end of each month.

The King may decide that, within a consecutive twelve months, a deficiency in the reserves in a compensated against a surplus in any other month.

Art. 7. The King may decide that commercial banks maintain separate deposits against foreign liabilities of the increase in deposits and loans from foreign. The increase shall be calculated at the earliest from the King issues provisions pursuant to this Article. The increase shall be met by deposits on separate current account with the Norges Bank.

The rate for deposits against foreign liabilities on loans and deposits with a term exceeding twelve months shall be the same as for loans having a shorter term. The rate must not exceed the rate for deposits on separate current account with the Norges Bank.

Art. 8. The King may decide that commercial and supplementary reserves of liquid funds on separate account with the Norges Bank. The supplementary reserves shall be calculated as a percentage of the increase in the bank's lending. The increase shall be calculated at the earliest from the King issues provisions pursuant to this Article. The increase shall be met by deposits on separate current account with the Norges Bank.

The rate for supplementary reserves may be set different for commercial banks and savings banks, for the various lending purposes according to the total resources and geographical location. The rate must not exceed the rate for deposits on separate current account with the Norges Bank.

CHAPTER 3. OBLIGATORY INVESTMENT

Art. 9. The King may decide that commercial banks, insurance companies, municipal and private pension funds, shall not reduce their holdings of Norwegian Government bonds and other Norwegian Government securities.

However, this rule applies only insofar as the holdings of total resources, are less than twenty per cent in commercial banks and sixty per cent in other institutions.

The King may decide that institutions of the kind mentioned in the preceding paragraph, in the event of any subsequent increase in resources, shall procure Norwegian Government bonds

for up to sixty per cent of the amount of the increase, until the holdings of such bonds attain the percentage stipulated in the preceding paragraph, second sentence. Within this limit, the King may decide that a certain minimum part of the increase shall be invested in Norwegian Government bonds.

The increase shall be calculated at the earliest from the King issues provisions pursuant to this Article. The increase shall be met by deposits on separate current account with the Norges Bank.

Art. 10. The King may decide that commercial banks, insurance companies, municipal and private pension funds, shall not reduce their holdings of Norwegian Government bonds and other Norwegian Government securities.

However, this rule applies only insofar as the holdings of total resources, are less than twenty per cent in commercial banks and sixty per cent in other institutions. The King may decide that institutions of the kind mentioned in the first paragraph, in the event of any subsequent increase in resources, shall procure Norwegian Government bonds

in accordance with Article 9, second paragraph, shall be calculated on the basis of statements from the institution at the end of each month. The investment requirement shall be met by the end of the month. The Ministry may issue further rules specifying the assets to be invested for the purpose of calculating the investment.

CHAPTER 4. OBLIGATORY STATEMENTS AND DIRECT REGULATION OF LENDING BY CERTAIN CREDIT INSTITUTIONS

The Ministry may decide that companies and foundations whose object is to negotiate credit and to place guarantees for credit shall submit to the Norges Bank concerning this activity and describing how it is carried out.

Institutions of the kind mentioned in Article 9 of this Act, and companies other than life insurance companies, credit institutions and the State banks, are exempted from the provision in the first paragraph.

In doubt, the Ministry shall decide whether a company or foundation is subject to the provisions of the first paragraph.

The King may issue rules for the purpose of directly regulating lending by companies other than life insurance companies, and by the State banks and foundations covered in Article 11.

CHAPTER 5. REGULATION OF INTEREST RATES AND CONTROL OF BOND ISSUES

3. The Ministry may decide that commercial and savings banks, insurance companies, municipal and private pension funds,

and pension schemes established under collective agreement and app service pension schemes under the tax laws, credit and mortgage ass and other companies and foundations whose object is the granting o tiation of credit, shall submit statements to the Norges Bank specil rates of interest used in lending and borrowing.

In cases of doubt, the Ministry will decide whether a company or fo comes under the provisions of the preceding paragraph.

Art. 14. The King may issue regulations stipulating the maximu of interest and commission for the various kinds of loans. Exe may be granted from the regulations in specific cases. Further, t may decide that any alteration in such interest or commissio requires the consent of the Norges Bank.

This Article will not be applicable to interest and commissio stipulated in accordance with rules contained in or issued purs other Acts.

Art. 15. The King may decide that loans against the issue of b bonds, or other negotiable promissory notes issued in series a identical text, shall not be raised by public subscription or otherw with the Ministry's consent.

CHAPTER 6. INSPECTION, PENALTY, RATE OF INTEREST AND PENAL PROVISIONS

Art. 16. The King will issue rules of inspection for the purpo controlling compliance with the regulations issued pursuant to this /

The institutions covered by the Act are obliged, upon request case or in accordance with the general rules of inspection, to sup inspecting authority with such information as is necessary for el the control.

The inspecting authority shall be allowed to examine the accounts institutions.

The officials of the inspecting authority are forbidden to divulge unauthorized party such information as they may acquire in the cc their service.

Art. 17. If the liquid reserves, deposits against foreign liabilities z supplementary reserves as at any date of calculation are lower than p under Articles 4-8, or if the holdings of bearer bonds as at any calculation are lower than provided under Article 9, or if the vol lending is greater than stipulated pursuant to Article 12, the in concerned shall pay interest to the Treasury in accordance with rules issued by the King.

Art. 18. Any intentional or negligent violation of provisions issu pursuant to Articles 11 and 13-15, and any complicity in such violatio be punishable by fine.

the person guilty of such violation has acted on behalf of a pany or foundation, such company or foundation may also be ned.

CHAPTER 7. DATE OF ENTRY INTO FORCE

9. This Act comes into force from the date stipulated by the King. that date, the Provisional Act of July 17, 1953 concerning the right ilate interest and commission is repealed.

act of June 28, 1952 concerning joint-stock and savings banks' t reserves in the Norges Bank shall expire not later than three s after' the King has issued provisions pursuant to Article 4 of the ent Act.

July 1, 1965, in accordance with a Royal Decree of June 25, 1965.

The Commercial Bank Act, 1961¹

SUMMARY

ie Commercial Bank Act, 1961, comprises 45 articles inged 08 chapters as follows: Chapter 1, Introductory isions Arts. 1-3); Chapter 2, Establishment of Commercial s, Their Articles of Association and Their Share Capital . 4-8); Chapter 3, Supervisory Bodies of a Commercial Bank . 9-18); Chapter 4, Activities of Commercial Banks (Arts. 19- Chapter 5, Guarantee Fund of the Commercial Banks (Arts.)); Chapter 6, Merger or Liquidation (Arts. 31-41); Chapter 7, al Provisions (Arts. 42-43); Chapter 8, Entry into Force of Act and Transitional Provisions (Arts. 44-45).

e Act applies to all enterprises which obtain funds for their vities by receiving deposits from an indeterminate body of ositors. The term commercial bank for purposes of the Act

z om forretningsbanker, May 24, 1961, as amended by an Act of ay 1963. The Act entered into force on January 1, 1962. For a olidated text in Norwegian, see *Norges Lover, 1682-1965* (Oslo, 1966), 330-2339. For an English text before amendment, see the pamphlet n entitled *Act Relating to Commercial Banks in Norway* (Oslo, 1962), ished by the Norwegian Bankers' Association. In the summary ented here, the word Article (Art.) corresponds to the sign I in the gian version, and the word Chapter to the Norwegian word *Kapitel*. ithstanding this provision, Art. 20 of the Act provides that persons eposit money in a new account are required to give their name, ation, and address.