

ACT OF 24 MAY 1985 RELATING TO NORGES BANK AND THE MONETARY
SYSTEM, AMENDED AS OF JUNE 2003

I. (the Norges Bank Act)

(Came into force on 9 September 1985. Last amended by Act No. 44 of 20 June 2003.)

II. Chapter I. General provisions

Section 1. Purposes and functions of Norges Bank

Norges Bank is Norway's central bank. The Bank shall be an executive and advisory body for monetary, credit and foreign exchange policy. It shall issue banknotes and coin, promote an efficient payment system domestically as well as vis-a-vis other countries, and monitor developments in the money, credit and foreign exchange markets.

The Bank may implement any measures customarily or ordinarily taken by a central bank. To carry out its purposes the Bank may engage in any and all types of banking business and banking services.

Section 2. Relationship to the government authorities

The Bank shall conduct its operations in accordance with the economic policy guidelines drawn up by the government authorities and with the country's international commitments.

Before the Bank makes any decision of special importance, the matter shall be submitted to the ministry.

The King in Council may adopt resolutions regarding the operations of the Bank. Such resolutions may take the form of general rules or instructions in individual cases. The Bank shall be given the opportunity to state its opinion before such resolutions are passed. The Storting shall be notified of resolutions as soon as possible.

The Bank is a separate legal entity and is owned by the state. The Office of the Auditor General monitors the way the minister exercises his authority in accordance with the instructions laid down by the Storting.

Section 3. Statements by the Bank

The Bank shall state its opinion on matters that are put before it by the King or the ministry.

The Bank shall inform the ministry when, in the opinion of the Bank, there is a need for measures to be taken by others than the Bank in the field of monetary, credit or foreign exchange policy.

The Bank shall inform the public about the monetary, credit and foreign exchange situation.

The Bank shall inform the public of the assessments on which monetary policy decisions are based.

Amended by Act No. 44 of 20 June 2003 (in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003).

Section 4. The monetary unit and its international value

The Norwegian monetary unit is one krone. The krone is divided into 100 Ore.

The King makes decisions regarding the exchange rate arrangement for the krone and changes in the exchange rate level of the krone.

Decisions regarding changes in the exchange rate arrangement for the krone and in the exchange rate level of the krone shall be communicated to the Storting.

III. Chapter II. Organisation of the Bank

Section 5. Supreme authority in the Bank

Supreme authority in the Bank is vested in an executive board and a supervisory council.

Under this Act, executive and advisory authority is vested in the Executive Board. The Board is in charge of the Bank's operations and manages its funds.

The Supervisory Council supervises the Bank's activities and ensures that the rules governing the operations of the Bank are observed. It organises the auditing of the Bank, including the hiring of a central bank auditor, and draws up instructions for the Central Bank Audit. The Supervisory Council adopts the annual accounts of the Bank and, on the proposal of the Executive Board, approves the budget. The Supervisory Council may, on the proposal of the Executive Board, decide that the production of banknotes and coin or other commercial activities that fall within the scope of this Act shall be performed by companies that are partly or wholly owned by the Bank. The Supervisory Council shall be responsible for supervising such companies. The Supervisory Council issues a statement on the minutes of the meetings of the Executive Board, the supervision of the Bank and matters submitted to it by the Executive Board. In cases of doubt, the Supervisory Council decides whether a matter is of an administrative nature, cf. section 6, third paragraph; section 7, sixth paragraph and section 11, second paragraph. The Supervisory Council lays down further rules for the Bank's loans to employees, cf. section 23.

The Governor is in charge of the Bank's administration and the implementation of the decisions.

Amended by Acts No. 3 of 27 Jan 1989, No. 95 of 17 Dec 1999, (in force as from 14 April 2000 pursuant to regulations No. 324 of 13 April 2000), No. 44 of 20 June 2003 (in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003).

Section 6. Executive Board

The Executive Board consists of seven members, appointed by the King.

The Governor and Deputy Governor shall be chairman and deputy chairman of the Executive Board. They are appointed to full-time positions for a term of six years. Reappointment to the same position may take place for one period of a further six years. The other five members are appointed for four-year terms. Every other year, two - alternately three - members retire. These members may be re-appointed for a total period of twelve years.

Two members are elected by and from among the employees to supplement the Executive Board when matters of an administrative nature are discussed. The method

whereby these members are elected can be agreed on in negotiations with the employees. If agreement is not reached, the Supervisory Council may lay down rules for the election.

The chairman of the Executive Board calls meetings of the Executive Board as often as is required, or when at least three members so request. For a decision to be valid, more than half of those entitled to vote must vote in favour. Minutes are kept of the meetings.

The following persons may not serve as members or deputy members of the Executive Board:

1. Government ministers,
2. state secretaries, and other political staff in the ministries,
3. ministry officials,
4. staff employed by the Ministry of Finance or the Office of the Prime Minister,
5. members of the Storting,
6. other political staff at the Storting,
7. committee secretaries at the Storting
8. staff at Norges Bank,
9. persons closely associated with the persons listed in 1, 2, 4, 5, 6, 7 and 8.

Persons closely associated with, according to the fifth paragraph, subparagraph 9, includes blood relations, spouses, registered partners, co-habitees living in a marriage-like relationship with the person and their children.

The King may issue regulations with regard to the members' relationship to other credit institutions and enterprises.

The remuneration and pension of the Governor and Deputy Governor, and remuneration of the other members, are laid down by the King.

Amended by Acts No. 60 of 21 Nov 1986, No. 44 of 20 June 2003, (in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003).

Section 7. Supervisory Council

The Supervisory Council consists of fifteen members elected by the Storting for four-year terms.

Every other year, seven - alternately eight - members retire. From among the members, the Storting elects the chairman and deputy chairman for terms of two years.

By re-election, members may serve for a total period of twelve years. Persons specified in section 6, fifth and sixth paragraph, may not serve as members or deputy members of the Supervisory Council.

The Supervisory Council may, under special circumstances, delegate decision-making authority to the chairman with respect to matters that are within the remit of the Council. From its members the Supervisory Council may appoint committees to consider matters to be dealt with by the Supervisory Council.

The chairman of the Supervisory Council calls a meeting of the Supervisory Council as often as is required, or when at least five of the members or the Executive Board so

request. For a decision to be valid, more than half of those entitled to vote must vote in favour. Minutes are kept of the meetings.

Unless otherwise decided by the Supervisory Council in each individual case, the members of the Executive Board are entitled to be present and to state their opinions at meetings of the Supervisory Council. The members of the Executive Board representing the employees are entitled to be present and to state their opinions at meetings of the Supervisory Council when administrative matters are discussed. The Governor and Deputy Governor are obliged to be present unless otherwise decided by the Supervisory Council, or they have valid reasons for being absent.

The remuneration of the members is laid down by the King.

Amended by Acts No. 60 of 21 Nov 1986, No. 44 of 20 June 2003, (in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003).

Section 8. Norges Bank's offices

Norges Bank's head office is in Oslo and offices may be established by the Bank in Norway and abroad.

Amended by Acts No. 3 of 27 Jan 1989, No. 44 of 20 June 2003 (in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003).

Section 8a. Enterprises owned by Norges Bank

The Supervisory Council may, on the proposal of the Executive Board, decide that the production of banknotes and coin or other commercial activities that fall within the scope of this Act shall be performed by companies that are partly or wholly owned by the Bank. The Executive Board represents the Bank as owner on the bodies of such companies.

The Supervisory Council is responsible for supervising the companies referred to in the first paragraph, and has the right to request the information necessary to perform its supervisory tasks from the company's manager, board of directors and the elected auditor. To the extent necessary, the Supervisory Council itself may undertake inspections of the company. The Supervisory Council shall be notified in advance of the date of company general meetings and has the right to be present at the general meetings.

Added by Act No. 95 of 17 Dec 1999 (in force as from 14 April 2000 pursuant to Regulation No. 324 of 13 April 2000).

Section 9. Deputy members

Every other year the King appoints two - alternately three - personal deputies for those members of the Executive Board that are appointed for four-year terms. The King may appoint a new deputy if a member or deputy member is unable to serve.

Every other year the Storting elects seven - alternately eight - personal deputies for those members of the Supervisory Council that are elected for four-year terms. The Storting may appoint a new deputy if a member or deputy member is unable to serve.

Deputies for the employee representatives on the Executive Board when administrative matters are discussed shall be elected by and from among the employees according to the method agreed on or laid down by the Supervisory Council, cf. section 6, third paragraph.

Amended by Acts No. 60 of 21 Nov 1986, No. 1 of 27 Jan 1989, No. 44 of 20 June 2003 (in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003).

Section 10. Delegation of authority and committees

The Executive Board may give the Governor special authority to decide matters that fall within the scope of authority of the Executive Board.

The Executive Board may also establish committees, which in delimited areas are given authority to consider and decide matters falling within the scope of authority of the Executive Board. The Executive Board may also delegate such authority to the Bank's departments or branches, divisions and employees.

The Executive Board issues further rules concerning the individual committees and concerning the procedures to be followed when authority is exercised by others than the Executive Board.

Section 11. Norges Bank's employees

The Executive Board decides all matters relating to the Bank's employees unless otherwise provided in this Act or in rules issued pursuant to this Act. The Executive Board may decide that the Bank shall participate in an employers' association, which may, within its mandate, make decisions that are binding on the Bank. The Executive Board may authorise special committees to decide matters relating to employees. Such authority may also be delegated to the Bank's departments or branches, divisions and employees.

When a special committee considers administrative matters, the employees shall be represented on the committee.

The Executive Board may issue regulations with regard to the relationship of employees to other credit institutions and enterprises.

Amended by Act No. 95 of 17 Dec 1999 (in force as from 14 April 2000 pursuant to Regulation No. 324 of 13 April 2000).

Section 12. Duty of confidentiality

Any and all persons rendering services to, or working for, the Bank are obliged to prevent others from gaining access to, or knowledge of, any matter that may come to their knowledge in the performance of their duties regarding the business affairs of the Bank or of other parties or the private circumstances of any person.

The duty of confidentiality pursuant to the preceding paragraph does not apply vis-a-vis Kredittilsynet (Financial Supervision Authority of Norway). Nor does the duty of confidentiality pursuant to the preceding paragraph apply to the National Authority for Investigation and Prosecution of Economic and Environmental Crime in connection with

the forwarding of information pursuant to section 7 of the Act relating to measures to combat laundering of the proceeds from crime etc. (Money Laundering Act).

The Public Administration Act, section 13, second and third paragraphs, and section 13 a to e apply.

The duty of confidentiality does not apply to information relating to the Bank's business affairs which the Executive Board or anyone authorised by the Executive Board provides on behalf of the Bank.

The duty of confidentiality pursuant to this provision shall not impede the exchange of information (coordination) as set out in the Act relating to the Register of Reporting Obligations of Enterprises.

Amended by Acts No. 58 of 17 June 1988, No. 30 of 7 June 1996, (in force as from 1 Jan 1997), No. 35 of 6 June 1997 (in force as from 1 Nov 1997), No. 41 of 20 June 2003 (in force as from 1 Jan 2004 pursuant to decision No. 1470 of 12 Dec 2003).

IV. Chapter III. Means of payment

Section 13. Banknotes and coin

The Bank has the sole right to issue Norwegian banknotes and coin.

The Bank determines the denomination and design of the banknotes and coin.

The Bank may decide that other operators may produce banknotes and coin pursuant to an agreement with the Bank.

Amended by Act No. 95 of 17 Dec 1999 (in force as from 14 April 2000 pursuant to Regulation No. 324 of 13 April 2000).

Section 14. Legal tender

The Bank's notes and coin are legal tender in Norway. No one is obliged to accept in any one payment more than twenty-five coins of each denomination.

Severely damaged notes and coin are not legal tender. The Bank issues further rules about the replacement of lost, burnt, or damaged notes and coin.

Even if an agreement contains a clause specifying repayment of a monetary obligation according to its value in gold, the debtor may honour his obligation by paying in legal tender irrespective of such a clause.

Section 15. Withdrawal of currency

The Bank may issue regulations specifying that notes of a certain series and denomination or certain coin shall be withdrawn from circulation.

Notes and coin that are withdrawn from circulation cease to be legal tender one year after the withdrawal has been announced. The Bank is obliged to redeem notes and coin handed in within ten years of the expiry of this time limit.

Section 16. Jubilee and commemorative coins

The Bank issues jubilee or commemorative coins if the King adopts resolutions to that effect. The King may decide that the difference between the face value of the coins put into circulation and the production costs shall be used for the common good. The King may decide that coins issued pursuant to this section are to be put into circulation at a price above their face value, and may adopt a resolution to the effect that the premium shall be used for the common good. Jubilee or commemorative coins issued pursuant to this section are legal tender.

Amended by Act No. 56 of 7 Sept 1990.

V. Chapter IV. Role in the credit market

Section 17. Banker to the government

To the extent the King decides, the Bank shall carry out banking transactions for the government, state banks and public funds and render services in connection with government debt issues and the management of government debt.

Section 18. Extension of credit to the government

The Bank may not extend credit directly to the government.

Amended by Act No. 44 of 20 June 2003 (in force as from 1 Jan 2005 pursuant to decision No. 1600 of 19 Dec 2003.)

Section 19. Extension of credit to banks

The Bank may grant liquidity loans to, make deposits with, and extend credit in other forms to commercial banks and savings banks.

The Bank issues rules governing the volume of such credit, the interest rates and the repayment terms, and may establish a discount rate.

When warranted by special circumstances, the Bank may grant credit on special terms.

Amended by Acts No. 51 of 5 June 1992, No. 59 of 4 Nov 1994, No. 67 of 22 Nov 1996, (in force as from 1 Dec 1996), No. 42

of 18 June 1999 (in force as from 22 June 1999 pursuant to Royal Decree No. 665 of 18 June 1999), No. 44 of 20 June 2003,

(in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003).

Section 20. Deposits from banks

The Bank accepts deposits from commercial banks and savings banks on terms laid down by the Bank.

Amended by Acts No. 51 of 5 June 1992, No. 59 of 4 Nov 1994, No. 67 of 22 Nov 1996, (in force as from 1 Dec 1996), No. 42

of 18 June 1999 (in force as from 22 June 1999 pursuant to Royal Decree No. 665 of 18 June 1999).

Section 21. Purchase and sale of Norwegian securities

The Bank may buy and sell debt instruments that are issued or guaranteed by the state and other easily negotiable debt instruments. Notwithstanding the rules in section 22, the Bank may enter into repurchase agreements and engage in other market operations using such instruments.

The Bank may issue and deal in its own debt instruments.

Amended by Act No. 95 of 17 Dec 1999 (in force as from 14 April 2000 pursuant to Regulation No. 324 of 13 April 2000).

Section 22. Credit to and deposits from non-banks

In special circumstances the Bank may make loans and extend other forms of credit to entities other than banks in the financial sector. The terms attached to such credit are laid down by the Bank.

In special circumstances, deposits from entities other than banks may be accepted. The terms attached to such deposits are laid down by the Bank.

Amended by Act No. 44 of 20 June 2003 (in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003).

Section 23. Credit to elected representatives and employees

The Bank shall not extend credit to members of the Bank's bodies or its employees. The same applies to credit to companies or associations in which any such member or employee has a major interest. To a limited extent, the Bank may nevertheless make housing loans and small personal loans to the Bank's employees.

VI. Chapter V. Role in the foreign exchange market

Section 24. Quotation of exchange rates and management of the official foreign exchange reserves

The Bank may undertake regular and public quotation of exchange rates pursuant to further rules laid down by the King. The Bank shall invest the official foreign exchange reserves with a view to maintaining the foreign exchange policy that has been established.

Amended by Act No. 1 of 27 Jan 1989.

Section 25. Foreign exchange transactions for the government

The Bank shall administer Norway's rights and fulfil the corresponding obligations ensuing from membership of the International Monetary Fund.

To the extent decided by the King, the Bank shall conduct foreign exchange transactions for the government and state institutions.

Section 26. International agreements

The Bank may enter into agreements on deposit, credit and guarantee arrangements with foreign central banks and other credit institutions as well as with international economic organisations and institutions, provided that its claims are satisfactorily secured. Such agreements are subject to the approval of the King.

VII. Chapter VI. Duty to provide information and protective measures

Chapter added by Act No. 44 of 20 June 2003 (in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003).

Section 27. Duty to provide information

The King may, by means of regulations or individual decisions, decide that enterprises in the financial sector, including banks, insurance companies, finance enterprises, securities firms, stock exchanges, securities depositories and settlement houses shall submit information to the Bank concerning their activities, financing, accounts, transactions and holdings on their own and customers' account, and any other information necessary for the Bank to perform its tasks. Parent companies may be instructed to provide such information for the group. The King may further decide that other institutions, enterprises or private individuals that participate in the securities market, provide payment services or offer services to the financial sector shall be made subject to such a duty to provide information.

The duty to provide information pursuant to this section may only be laid down to safeguard the Bank's statutory tasks, prepare official statistics or support the Bank's or the Financial Supervisory Authority's supervision of financial strength and stability. The information may only be used for the purposes specified here.

The King may by means of regulations lay down rules concerning the scope and implementation of the duty to provide information laid down pursuant to this section.

Added by Act No. 44 of 20 June 2003 (in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003).

Section 28. Protective measures

If capital flows to or from other countries may cause substantial balance of payments problems or major disturbances in capital markets, the King may introduce necessary protective measures in the form of monetary, credit or foreign exchange regulation or similar measures. The Bank shall be given the opportunity to state its opinion before such resolutions are passed.

Added by Act No. 44 of 20 June 2003 (in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003).

VIII. Chapter VII. Budget, report and accounts

Amended by Act No. 44 of 20 June 2003 (in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003, chapter number changed from VI).

Section 29. Budget

The Executive Board shall each year prepare a draft budget for the coming financial year. The budget is approved by the Supervisory Council and communicated to the ministry.

Amended by Act No. 44 of 20 June 2003 (in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003, section number changed from section 27).

Section 30. Report and accounts

The Executive Board shall each year prepare an annual report and accounts for the year. The annual accounts are adopted by the Supervisory Council.

The annual report and the audited annual accounts, as well as the statement of the Supervisory Council on the minutes of meetings of the Executive Board and its supervision of the Bank, are sent to the ministry for submission to the King and communication to the Storting. A communication from the ministry to the Storting concerning activities in Norges Bank shall be made at least once during each Storting session, and more frequently if special circumstances so dictate.

The King lays down guidelines for allocations to funds and distribution of the Bank's net profit. Decisions regarding transfers from Norges Bank to the government are subject to approval by the Storting.

Amended by Acts No. 3 of 15 Jan 1999, (in force as from 1 Feb 1999 pursuant to resolution No. 22 of 15 Jan 1999), No. 44 of 20 June 2003 (in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003, section number changed from section 28).

IX. Chapter VIII. Coercive fine and penalties

Chapter added by Act No. 44 of 20 June 2003 (in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003).

Section 31. Coercive fine

In order to ensure compliance with the duty to provide information according to section 27, the Bank may impose a coercive fine payable to the Treasury on anyone that contravenes the duty to provide information. A coercive fine is enforceable by execution proceedings. In special cases, a coercive fine that has accrued may be waived in full or in part. The King may lay down more detailed rules concerning coercive fines pursuant to this provision.

Added by Act No. 44 of 20 June 2003 (in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003).

Section 32. Penalty

Fines or imprisonment for a term not exceeding one year will be imposed on any person that wilfully or through negligence contravenes the provisions set out in section 28 or decisions adopted pursuant thereto. Fines will be imposed on any person that wilfully or through negligence contravenes the provisions set out in section 27 or decisions adopted pursuant thereto.

Added by Act No. 44 of 20 June 2003 (in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003).

X. Chapter IX. Entry into force

Amended by Act No. 44 of 20 June 2003 (in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003, chapter number changed from VII).

Section 33. Entry into force and implementation

This Act enters into force on the date decided by the King.

The shares in Norges Bank shall be redeemed in accordance with further rules laid down by the King. This entails no changes in Norges Bank's rights and obligations.

The King issues further rules concerning initial appointment to the bodies of the Bank and may in this connection depart from this Act concerning the appointment of members for a term of years and concerning terms of office.

Amended by Act No. 44 of 20 June 2003 (in force as from 1 Jan 2004 pursuant to decision No. 1600 of 19 Dec 2003, section number changed from section 29).