

ALL
KSN
88.7
.A31974
A7
1994



AN ACT
TO
AUTHORIZE THE ESTABLISHMENT
OF A
NATIONAL BANK OF LIBERIA

APPROVED
MAY 27, 1974

Signed: **W. R. TOLBERT**
PRESIDENT OF LIBERIA

51
A7
1994

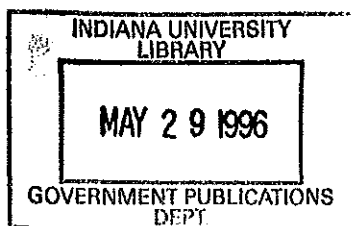
(1)

AN ACT TO AUTHORIZE THE ESTABLISHMENT OF
THE NATIONAL BANK OF LIBERIA

It is enacted by the Senate and House of Representatives of the
Republic of Liberia in Legislature Assembled:

Section 1. Chapter 21 of Title 5, Sections 1170 and 1171 of Chapter 45 of
Title 35, and Chapter 47 of Title 35, of the Liberian Code of
Laws of 1956 are hereby repealed and the following substituted
therefor:

		<u>Page</u>
Part I	Preliminary	
	Definitions	1-2
Part II	Establishment of the Bank	
3	Establishment of the Bank	2
4	purposes of the Bank	2
5	Head Office, branches, agents and correspondent in Liberia and abroad	2
Part III	Capital Net Profits and General Reserve	
6	Authorized and Paid up capital	3
7	Government to assume expenses not covered by the Bank's Income	3
8-9	Determination of profits, establishment of a General Reserve and distribution of profits	3-4
Part IV.	Administration and Management	
10	Powers, policy and general administration of the Bank vested in the Board of Directors	4
11-12	Appointment and powers of Governor and Deputy Governor	4-5
13	Appointment of Directors and fees	5
14	Resignation or removal of Governor, Deputy Governor and Directors	



(11)

<u>Part IV</u>	<u>Definitions</u>	<u>Page</u>
15	Appointment of <u>successor</u> in the event of death, resignation or vacation of office	6
16	Meetings of Board	
17	Appointments, etc, of <u>Officers</u> and employees	6
<u>Section</u>		
18 (1-3)	<u>Outside interests</u> of Directors and their families	6-7
(4)	Gifts to Directors, Officers or employees not permitted	7
19	<u>Oath of Fidelity</u>	7
<u>Part V Currency</u>		
20	<u>Monetary unit</u> of Liberia and <u>par value</u>	7
21	Right of <u>coin issue</u> and <u>penalty</u> for contravention. Legal tender of coins	7-8
22	Minting of coins	8
23	<u>Withdrawal</u> of coins from circulation	8
24	<u>Lost, stolen and mutilated coins</u>	9
25	Requirement to give evidence of <u>counterfeiting</u>	9
26	<u>Penalty</u> for mutilating currency	9
<u>Part VI. External Reserve and Foreign Exchange Operations</u>		
27	Maintenance of an external <u>reserve</u> by the Bank	9
28	<u>Depository</u> for official external assets	10
29	<u>Permitted activities</u> in gold, etc. and foreign exchange	10

2001 0 5 YAM

Part VII

40

(III)

<u>Section</u>	<u>Definitions</u>	<u>Page</u>
30	<u>Restrictions on dealing in operations set out in Section 29</u>	10
31	<u>Fixing its rates of dealing</u>	10
32	Gains or losses resulting from alterations in parity and establishment of a Revaluation Reserve Account	10-11
Part VII	<u>Relations with Financial Institutions</u>	
33	<u>Opening of accounts for financial institutions</u>	11
34	<u>Permission to purchase, sell discount and rediscount certain types of paper and to grant secured and unsecured advances</u>	11-12
35	<u>Fixing of Bank's rates for discounts, rediscounts and advances</u>	12
36	<u>Reserve requirements of financial institutions</u>	12-13
37	<u>Fixing by the Bank of minimum and maximum rates of interest, cash margins, security requirements for financial institutions. These cover deposits, advances, discounts, letters of credit and acceptance and other credit. Penalty for violation.</u>	13-15
38	<u>Information and data to be furnished to the Bank; rights of publication defined</u>	15
39	<u>Consultation with financial institutions and establishment of a clearing house</u>	15
Part VIII	<u>Relations with the Government</u>	
40	<u>Bank to act as banker, fiscal agent and advisor to Government and may act in such capacities for Government institutions, etc.</u>	15-16

(lv)

<u>Section</u>	<u>Definitions</u>	<u>Page</u>
41	Depository and fiscal agent for International Institutions	16
42-43	Advances and temporary advances to Government, etc.	16
44	Purchase, holding and sale of Government, etc. paper	16
45-46	Consultations with Government	16-17
47	Rights of Minister to suspend a Board decision and of the Bank to appeal to the President.	17
Part IX.	<u>Prohibited Operations of the Bank</u>	17-18
Part X.	<u>Accounts</u>	
49-50	Financial year and appointment of auditors	18
Part XI	<u>Miscellaneous Provisions</u>	
51	Promotion of <u>training</u> in technical subjects	19
52	Exemption from <u>taxation</u> , etc.	19
53	<u>Liquidation</u>	19

1.
con

2

AN ACT To Authorize The Establishment Of The National Bank of Liberia

Part I

A. Preliminary

1. THIS ACT may be cited as the National Bank of Liberia Act, 1974 and shall come into operation on the date it is published in hand-bills.

B. Definitions

2 In this Act, unless the context otherwise requires:

- (a) "Bank" means the National Bank of Liberia established under Section 3 of this Act;
- (b) "Banking business" means: (i) the business of receiving funds from the public or from members thereof through the acceptance of money deposits payable upon demand or after a fixed period or after notice, or any similar operation through the frequent sale or placement of bonds, certificates notes or in part for loans or investments for the account and at the risk of the person doing such business; and (ii) any other activity recognized by the Bank as customary banking practice which a financial institution engaging in the activities described in (i) may additionally be authorized to do;
- (c) "financial institution" means any person doing banking business: Provided, that for the purpose of the Act, unless the context otherwise requires, all offices and branches of a financial institution in Liberia shall be deemed to be one financial institution;
- (d) "bank" means any financial institution whose operations include the acceptance of deposits subject to transfer by cheque;
- (e) "Credit institution" means any financial institution other than a bank;
- (f) "Board" means the Board of Directors of the Bank;
- (g) "Director" means any of the Directors constituting the Board;
- (h) "Liberia" means the Republic of Liberia;
- (i) "Minister" means the Minister responsible for financial matters;
- (j) "person" includes any company, partnership, association or body of persons corporate or unincorporate.

PART II - ESTABLISHMENT OF THE BANK

3. (1) There shall be established a Bank to be known as the National Bank of Liberia to do business in accordance with the provisions of this Act.
- (2) The Bank shall be a body corporate with perpetual succession and a common seal.
- (3) The Bank shall have power to:
- (a) enter into contracts and issue obligations;
 - (b) sue and be sued in its own name;
 - (c) acquire, hold, and dispose of property, whether movable or immovable; and
 - (d) exercise all powers specifically granted by the provisions of this Act to the Bank, and such incidental powers as shall be necessary to carry out the power so granted.
4. The purposes of the Bank:
- (a) to regulate the availability of money;
 - (b) to promote monetary stability; and
 - (c) to promote credit and exchange conditions and a sound financial structure conducive to the balanced growth of the economy.
5. The Bank shall have its Head Office in Monrovia and may:
- (a) establish branches within Liberia;
 - (b) appoint agents and correspondents within Liberia and
 - (c) with the approval of the Minister, establish offices abroad.

PART III - CAPITAL, NET PROFITS, AND GENERAL RESERVE

6. (1) The authorized capital of the Bank shall be \$5,000,000 and may be increased by such amounts as may be proposed by the Board and approved by the Minister. There shall be paid up by the Government \$1,000,000 upon the establishment of the Bank and such further amounts in non-negotiable interest bearing securities issued by the Government as may be proposed by the Board and approved by the Minister. All the paid-up capital shall be subscribed and held exclusively by the Government and shall not be transferable or subject to encumbrance. No reduction of capital shall be effected except by an amendment to this Act.

(
cause t
bearing
in the
up capi
7. Th
the Banl
annually
Bank, ar
ments nc
ment.
8. Th
allowing
(a,
(b)
9. (1)
at the en
of the ne
capital of
General Re
(2)
(1), fifty
shall be a
Bank which
(3)
all deduct
Government
(4) A
to be made
of the Boar
be, less th

(2) The Minister, notwithstanding any other provisions of this Act, shall cause to be transferred to the ownership of the Bank non-negotiable, non-interest bearing securities issued by the Government from time to time for such an amount as in the judgement of the Board is necessary for the purpose of preserving the paid-up capital from any impairment.

7. The Government shall assume all the ordinary expenses which may be incurred by the Bank in excess of its regular income. To this end, the Government shall include annually in the national budget an amount to be agreed between the Minister and the Bank, and shall cause to be transferred to the Bank such amount in four equal instalments not later than the last day of each quarter of every financial year of Government.

8. The net profits of the Bank for each financial year shall be determined after allowing for the expenses of operation for that year and after providing:

- (a) for bad and doubtful debts, depreciation in assets, and contributions to staff funds and pension funds; and
- (b) with the approval of the Minister, for such other purposes as the Board may deem necessary.

9. (1) The Bank shall establish a General Reserve to which shall be allocated at the end of each financial year of the Bank an amount equal to thirty per cent of the net profits until the General Reserve amounts to two times the paid-up capital of the Bank. With the approval of the Minister, the total amount of the General Reserve may be increased.

(2) After transfers to the General Reserve have been made under sub-Section (1), fifty per cent 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 6 (2).

(3) The balance of the net profits for the financial year remaining after all deductions under subsections (1) and (2) have been made shall be paid to the Government as soon as practicable after the end of the financial year.

(4) No deduction authorized under subsections (1) and (2) shall be required to be made nor shall any payment under subsection (3) be made if, in the judgement of the Board, the assets of the Bank are, or after the deduction of payment, will be, less than the sum of its liabilities and paid-up capital.

PART IV - ADMINISTRATION AND MANAGEMENT

10. (1) The powers of the Bank shall be vested in a Board of Directors which shall be responsible for the policy and general administration of the Bank.

(2) The Board shall have power to make, alter, or repeal by-laws, regulations and orders for the purpose of giving effect to the provisions of this Act.

(3) The Board shall consist of seven Directors comprising the Governor, the Deputy Governor and five other Directors.

11. (1) The Governor and the Deputy Governor shall be appointed from among persons of standing or experience in financial matters by the President subject to confirmation by the Liberian Senate for a term of five (5) years on such terms and conditions as may be specified in the letter of appointment. They shall be eligible for reappointment.

(2) The Governor shall:

- (a) preside as Chairman at the meetings of the Board;
- (b) serve as chief executive officer of the Bank to be in charge of, and responsible to the Board for, the implementation of the policy and the day-to-day management of the Bank.

(3) The Governor shall have power to act, contract, and sign instruments and documents, on behalf of the Bank. He may, pursuant to resolutions of and to the extent deemed appropriate by the Board, delegate such power to other officers.

12. (1) During the absence or disability of the Governor or during any vacancy in the office of the Governor, the Deputy Governor shall exercise the powers and duties of that office. The Board shall make provision in the by-laws for the simultaneous absence or disability of the Governor and the Deputy Governor.

(2) The Governor and the Deputy Governor shall devote the whole of their professional time to the service of the Bank and, while holding office, shall not without the prior approval of the President, engage in any business, profession, or employment, whether enumerated or not: Provided that they may:

- (a) act as members of any board or commission appointed by the Government;

con
Pro
in
the

13.
from
sider
One
the

deter

14.
or oth

(
in, an
tion o

(1

(2) The
fice on givin
resignation w

(3) The G
rity by whom h
Board of:

(a)
(b)

(b) become governors, alternate governors, directors, or members of any organ by whatever name called, of any international bank or international monetary authority, established under any agreement or convention to which the Government shall have adhered or given support or approval.

(c) become members of the Board of any corporation organized by the Government for the purpose of insuring deposits in financial institutions.

(3) The Governor and the Deputy Governor shall not receive any salary or contribution to or supplementation thereof from any source other than the Bank: Provided, that this restriction shall not bar them from receiving remuneration in respect of any teaching post or equivalent position which they occupy during their terms of office.

13. (1) The five other Directors shall be appointed on a staggered-term basis, from among persons of standing or experience in financial matters by the President for a term of five (5) years. They shall be eligible for reappointment. One of the Directors shall be a representative of the Minister of Finance on the Board of Directors of the Bank.

(2) Fees and allowances to be received by the other Directors shall be determined by the Board with the approval of the Minister.

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

(a) a director, an officer, an employee of, or a substantial shareholder in, any financial institution within Liberia subject to the regulatory jurisdiction of the Bank; or

(b) a salaried employee of the Government: Provided, That this paragraph shall not apply to the Director appointed as representative of the Minister under Section 13 (1)

(2) The Governor, the Deputy Governor or any other Director may resign his office on giving notice in writing to the authority by whom he was appointed. Such resignation will be effective upon its receipt by that authority.

(3) The Governor or any Director shall be removed from his office by the authority by whom he was appointed only upon a finding by five of the members of the Board of:

(a) permanent incapacity; or

(b) serious misconduct in office.

15. (1) If the Governor, the Deputy Governor or any other Director dies, or resigns or otherwise vacates his office before his expiry of the term for which he has been appointed, as soon as may be practicable, another person shall be appointed in his place for the unexpired period in the manner specified in Section 11 (1) and 13 (1)

(2) The President on the finding of the Board of the temporary absence or incapacity of a Director other than the Governor shall appoint a substitute to serve until the earlier of the expiry of the term or a determination by the Board that such state has ceased.

16. (1) The Board shall meet as often as the business of the Bank may require but not less frequently than once every three months. Pursuant to its by-laws, the Board may provide for regular meetings for which no notice shall be necessary and special meetings, to be convened at the written request of the Governor or any two other Directors, for which adequate notice shall be required.

(2) Decisions shall be adopted by a simple majority of the votes of the members present and in the event of an equality of votes, the Chairman shall have a casting vote. A quorum of the Board shall consist of four Directors but less than a quorum may adjourn from time to time until a quorum is in attendance.

17. (1) All appointments of officers and employees of the Bank shall be only to positions created by decisions of the Board and on such terms and conditions as shall be prescribed by the Board.

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

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

(2) The Directors shall fully disclose to the Board any commercial, financial, agricultural, industrial, or other business interest with which they or members of their families may at any time directly or indirectly be interested and shall refrain from voting on any matter related thereto which becomes the subject of Board action: Provided, That such an interest, if so disclosed, shall not disqualify the interested party for the purpose of constituting a quorum.

(3) The disclosure referred to in the preceding subsection shall be made at the commencement of Board discussion of matters in which Directors may have so defined interests.

ceive
finan
of re:
this /

19.
an oat

disclo
inform
reason
to or f
or the
any per
provide
of law
exceedi

20. (1)
hundred
with sub

(2)
with the
due rega
visions c
has adher
published
rovia.

21. (1)
That the t
in accorda
comitantly
effect of
issued by
the Bank f

(2) l
cuments or
to be curre
granted in
of legal te

(4) Neither the Directors nor any officers or employees of the Bank shall receive any gift for themselves or person with whom they have family, business, or financial connections if the acceptance thereof would result, or given the appearance of resulting in, the diminishment of their impartial devotion to their duties under this Act.

19. (1) Every Director and every officer, employee and agent of the Bank shall take an oath of fidelity and secrecy in the form prescribed by the by-laws.

(2) Whoever, being a Director or an officer, employee or agent of the Bank, discloses, or makes known in any manner or to any extent not authorized by Law any information coming to him in the course of his employment or official duties or by reason of any examination or investigation made by, or return, report or record made to or filed with the Bank or such person, which information concerns the operations, or the identity, amount or source of any income, profits, losses, or expenditures of any person; or permits such information to be seen or examined by any person except as provided by law, is guilty of an offense and shall be liable on conviction in a court of law to a fine not exceeding one thousand dollars or to imprisonment for a term not exceeding twelve months or to both fine and imprisonment.

PART V - CURRENCY

20. (1) The monetary unit of Liberia shall be the Liberian dollar, divided into one hundred cents, with such par value as may from time to time be declared in accordance with subsection (2).

(2) The President may, by order, at any time, on the advise of the Minister and with the agreement of the Board, declare a par value for the Liberian dollar, having due regard for the obligations which Liberia has assumed in accordance with the provisions of any international monetary agreements to which it is a party or to which it has adhered. Notice of any change in the par value of the Liberian dollar shall be published in the Gazette and in at least one newspaper in general circulation in Monrovia.

21. (1) The Bank shall have the sole right of issuing coins in Liberia: Provided, That the Bank shall be deemed to have issued Liberian coins authorized to be minted in accordance with Section 1173 of Title 35 of the Liberian Code of Laws of 1956 concomitantly with the transfer to the Bank by the Government on the date this Act takes effect of an equivalent amount of non-negotiable non-interest bearing securities issued by the Government for the purpose of covering the liabilities thus assumed by the Bank for coins issued and outstanding as of that date.

(2) No other person shall issue currency notes, bank notes or coins, or any documents or tokens payable to bearer on demand having the appearance of or purporting to be currency without the prior approval of the Bank. Such approval shall be deemed granted in respect of any currency recognized by the Bank as possession the quality of legal tender in Liberia.

(3) Any person contravening the provisions of subsection (2) is guilty of an offence and shall be liable on conviction in a court of law to a fine of not more than two thousand dollars or to imprisonment for a term not exceeding two years or to both fine and imprisonment.

(4) Coins issued by the Bank or currency the circulation of which it has otherwise authorized shall be legal tender in Liberia for the discharge of public and private obligations and shall include, on the date that this Act takes effect:

(a) Liberian coins authorized to be minted in accordance with Section 1173 of Title 35 of the Liberian Code of Laws of 1956;

(b) United States of American currency

(5) Coins which have hitherto been issued by the Ministry of Finance and coins which may hereafter be issued by the Bank shall be interchangeable in Liberia at their face values both with each other, as long as the par values of the Liberian dollar and the United States dollar are equivalent, with United States currency.

22. (1) The Bank may arrange for the minting of coins and for all matters relating thereof, and for the security and for safe-keeping of unissued coins and for the custody and destruction, as necessary, of dies and retired coins.

(2) Coins issued by the Bank shall be in such denominations and of such composition, form and design as shall be approved by the Minister on the recommendation of the Board.

(3) The characteristics of coins to be minted by the Bank shall be published in the Gazette.

23. The Bank shall have power, on giving notice in the Gazette and in at least one newspaper of general circulation in Monrovia, to call in, for the purpose of withdrawing from circulation, any coins issued by the Bank or the circulation of which it has otherwise authorized, on payment of the face value thereof. Any coins so recalled shall, in accordance with the terms of the notice cease to be legal tender: Provided, that the holders of such coins shall be entitled, at any time within the period designated in the notice, to claim payment from the Bank in accordance with such regulations as it may issue.

24. (1) No person shall be entitled to recover from the Bank the value of any lost or stolen currency, except as may be provided under the terms of a waiver expressly executed in respect of the assumption by the Bank of risks incident to shipments of currency.

(2) The conditions under which mutilated or otherwise damaged currency may be exchanged or refunded at partial or face value shall be determined by regulations issued by the Bank.

25.
cour
that
fact

26.
by c
ther
ment
shal

27.
a lev
of th

28. The
the Bank

29. The

25. The Bank shall assist in the enforcement of any law in Liberia relating to the counterfeiting of currency and certification by a duly authorized officer of the Bank that an item in question is or is not genuine shall be prima facie evidence of the fact in any legal proceeding in Liberia.

26. Any person who, without lawful authority or excuse mutilates currency, whether by cutting, tearing, defacing, perforating, writing, printing drawing or stamping thereon or by attaching or affixing thereto anything in the nature of an advertisement or other notice, is guilty of an offense and, upon conviction in a court of law, shall be liable to a fine not exceeding five hundred dollars.

PART VI - EXTERNAL RESERVE AND FOREIGN EXCHANGE OPERATIONS

27. (1) The Bank shall use its best endeavour to maintain an External Reserve at a level economically appropriate for the monetary system of Liberia, in all or any of the following on such terms and conditions as the Board may prescribe:

- (a) Gold;
- (b) foreign exchange in the form of currency or bank balances held abroad;
- (c) any internationally recognized reserve assets, including:
 - (i) the reserve position of Liberia in the International Monetary Funds;
 - (ii) the holding of any special drawing rights by Liberia
- (d) bills of exchange and promissory notes denominated in foreign currency and payable at any place outside Liberia;
- (e) treasury bills issued by foreign governments specified from time to time by the Board;
- (f) securities issued or guaranteed by foreign governments or international financial institutions specified from time to time by the Board.

28. The Bank shall be the depository of official external assets: Provided, That the Bank may designate such agents as it may select, in which these assets may be held.

29. The Bank may:

- (a) buy, sell, or deal in gold coins or bullion or other precious metals;
- (b) buy, sell, or deal in foreign exchange, using for these purposes any of the instruments commonly used by Bankers;

- (c) purchase and sell treasury bills and other securities issued or guaranteed by foreign governments or international institutions;
- (d) open and maintain accounts abroad;
- (e) open and maintain accounts and act as agent or correspondent for foreign central banks; foreign financial institutions, foreign governments, foreign government agencies and institutions, and international institutions.

shal
five

30. The Bank shall deal in connection with the operations enumerated in Section 29 only with financial institutions operating in Liberia, the Government and its boards and agencies, local government bodies, foreign central banks, foreign financial institutions, foreign governments, foreign government agencies, and institutions and international institutions.

excep

31. The Bank shall from time to time determine the rates at which it will buy, sell, or deal in gold and foreign currencies. The Bank shall also determine the rates at which financial institutions will buy, sell, or deal in gold and foreign currencies; Provided, That in making such determinations, the Bank shall have due regard for the obligations which Liberia has assumed in accordance with the provisions of any international monetary agreements to which it is a party or to which it has adhered.

33.
tions
paymer
from t

34.

32. (1) The gains arising from any change in the valuation of Bank's assets or liabilities, or denominated in, gold or foreign currencies as a result of alterations of the par value of the Liberia dollar, or of any change in the values, parities, or exchange rates of such assets with respect to the Liberian dollar, shall be credited to a special account entitled "Revaluation Reserve Account" and neither they nor the losses arising from any such change shall be included in the computation of the annual profits and losses of the Bank.

(2) The losses arising from any such change shall be set off against any credit balance in the Revaluation Reserve Account and, notwithstanding any other provision of this Act, if such balance is insufficient to cover such losses, the Government shall issue to the Bank non-negotiable securities to the extent of the deficiency.

(3) Any credit balance in the Revaluation Reserve Account at the end of each financial year of the Bank shall be applied first, on behalf of the Government, to the redemption of all securities issued under subsection (2) and outstanding; and if thereafter the remaining balance exceeds five per cents of the Bank's liabilities on account of currency issued and remaining outstanding, the greater of:

- (i) one fifth of that remaining balance or
- (ii) five per cent of the said liabilities, as at the end of the past preceding financial year of the Bank.

shall be paid to the Government. If the aforesaid remaining balance does not exceed five per cent of the said liabilities, it shall be paid to the Government.

(4) No credits or debits shall be made to the Revaluation Reserve Account except in accordance with the provisions of this Section.

PART VII - RELATIONS WITH FINANCIAL INSTITUTIONS

33. The Bank may open account for, and accept deposits from financial institutions doing business in Liberia under such terms and conditions, including the payment of interest and the establishment of charges thereon, as the Board may from time to time determine.

34. The Bank may:

- (a) purchase from sell to, discount and rediscount for financial institutions bills of exchange and promissory notes drawn or made for bona fide commercial, industrial, or agricultural purposes, bearing two or more good signatures, at least one of which shall be that of a financial institution, and maturing within 270 days from the date of their acquisition by the Bank; and subject to the approval of the Board one extension of up to 90 days may be granted in exceptional circumstances; provided, That bills of exchange and promissory notes drawn or made for the purpose of financing seasonal agricultural operations or marketing of crops may mature within 180 days from the date of their acquisition;
- (b) purchase from, sell to, discount and rediscount for financial institutions any treasury bills of the Government forming part of a public issue and maturing within 90 days of the date of their acquisition by the Bank;
- (c) grant to financial institutions advances, whether by loans or overdrafts, for periods not exceeding 90 days:
 - (i) secured by:
 - (A) instruments specified in paragraphs (a) and (b);

- (B) warehouse warrants and documents of title issued in respect of staple commodities or other goods duly insured: Provided, That the Bank shall determine from time to time the maximum percentage of advances in relation to the current value of such commodities or goods;
- (C) holdings of any of such assets as the Bank is permitted to buy, sell, or deal in under paragraphs (a) (b) and (c) of Section 29;
- (D) Securities issued or guaranteed by the Government, its institutions, agencies or local Government bodies, subject as provided in Section 42; or
- (II) unsecured by such assets, on terms and conditions which the Board may prescribe, based on an affirmative vote of five of its members; Provided, that no advance shall be made available under this paragraph for an amount in excess of 20 per cent of the deposit liabilities of the borrower.

35. The Bank shall fix and publicly announce from time to time its rates for discounts, rediscounts, advances, loans or overdrafts. It may establish differential rates and ceilings for various classes of transactions or maturities.

36. (1) The Bank may, from time to time prescribe by notification in the Gazette and by written notice to the main office in Liberia of each financial institution the maintenance of required reserves, including marginal required reserves, against deposit and other similar liabilities which may be specified for this purpose. Such reserves shall be maintained by way of cash holdings with the financial institution or by way of deposits in current account with the Bank or both in proportion as the Bank may prescribe.

(2) The Bank may prescribe different reserve rates for different classes of deposit and other similar liabilities and may prescribe the method of their computations: Provided, that;

- (i) the total amount of reserves which the financial institutions are required to hold shall not exceed 15 per cent of the total deposit and other similar liabilities to which reserve ratios have been made applicable;
- (ii) the reserve ratios shall be uniform for all banks and for all credit institutions although the ratios may differ between classes of banks and credit institutions;

subje
finar
may f
balan

tain
charge
rate f
tions
Such l
scribe
financ

37.
Gazette
Institu

(III) any such prescription of, or increase in, the required reserve ratios shall be effective only after reasonable notice thereof has been communicated to the financial institution.

(3) Required reserves held with the Bank may, under such regulations and subject to such charges as may be prescribed by the Bank, be withdrawn by the financial institutions for the purpose of meeting their existing liabilities and may further serve as a basis for the clearance of cheques and the settlement of balances among financial institutions.

(4) The Bank may impose on any financial institution which fails to maintain required reserves in the appropriate ratio prescribed under this Section a charge at an annual rate not exceeding by ten per centage points the highest rate fixed at the time by the Bank pursuant to Section 35 for any of its operations on the amount of the deficiency for so long as the deficiency continues. Such interest charge shall be payable to the Bank on such date as may be prescribed by the Bank and may be recovered by deduction from any balance of the financial institution with the Bank.

37. (1) The Bank may, from time to time prescribe by notification in the Gazette and written notice to the main office in Liberia of each financial institutions:

- (a) The method of computation and minimum and maximum rate of interest payable in respect of deposit and other similar liabilities;
- (b) the permissible purposes, aggregate ceilings, maximum amounts beyond which the Bank's approval is necessary, maximum maturities and maximum interest chargeable, and minimum cash, margin or security required, in respect of:
 - (i) the making of advances, whether by loans or overdrafts, and investments;
 - (ii) the discounting of bills and notes;
 - (iii) the issuing of letters of credit;
 - (iv) the granting of acceptances and other credit;
- (c) the manner of disclosure to the public and to:
 - (i) each depositor in a financial institution the effective annual interest rate payable in respect of deposits made therewith;
 - (ii) each person to whom credit is extended the terms of obtaining such credit including the effective annual interest rate payable in respect thereof.

(2) The provisions of subsection (1) may be made applicable by the Bank, after consultation with the Minister, through publication in the Gazette and written notice to every person, having as a principal object the extension of credit to the public generally or to particular members thereof, that, in the ordinary course of business, during any calendar year extends an amount to be determined from time to time by the Board. The Bank shall have authority to examine the accounts, books, and papers of any person that it has reason to suspect is extending or has extended credit in violation of this subsection and the refusal to submit such accounts, books and papers shall be prima facie evidence of such violation.

(3) Notices Issued under this Section shall apply uniformly in Liberia and shall come into effect on such date specified not earlier than 30 days after the issue date: Provided, That the Bank in its notices may differentiate, according to the nature of their business, between banks, credit institutions, and other creditors or classes thereof in respect of the items set out in subsection (1).

(4) Any financial institution in violation of subsection (1) may be required to pay to the Bank for each such violation a penalty charge not to exceed fifty dollars for every day during which such violation continues.

(5) Any person to whom the provisions of subsection (1) have been made applicable pursuant to subsection (2) shall be guilty of an offense if:

- (a) it is in violation of this Section; or
- (b) it supplies false information or fails to furnish within a reasonable time, and before expiration of a request so to furnish any information required by the Bank to satisfy the Bank that it is complying with this Section.

(6) Any person that commits an offense under subsection (5) shall be liable on conviction in a court of law to a maximum fine of fifty dollars for every day during which it has been in violation of paragraph (a) or paragraph (b) of subsection (5).

38. (1) Every financial institution shall furnish to the Bank, at such time and in such manner as the Bank may prescribe, such information and data as the Bank may require for the proper discharge of its functions and responsibilities: Provided, That in order to verify compliance with directions issued under sections 36 and 37 the Bank may require any person who is or has been made subject thereto to open its books for inspection.

(2) The Bank may publish in whole or in part in aggregate form for classes of financial institutions determined in accordance with the nature of their business at such times or it may decide the information or data furnished under subsection (1): Provided, That no information shall be published which would disclose the affairs of any person who is a customer of financial institution unless the consent of such interested party has been obtained in writing.

39.
con
sha
con

a ci
plac

40. (ment
ment

der at
Bank

throug
is lik
shall
matter

41. sitory
conduct
member.

42. E
shall n
bills,
ment, I
Section
transfe
or in r
have bee

43. (1
months f
such rat

39. (1) The Bank shall periodically consult with the financial institutions concerning its policies and the appropriate manner of implementing them, and shall discuss matters of interest relating to the financial structure and conditions of the country.

(2) The Bank may at a suitable time, in conjunction with banks, organize a clearing house in Monrovia in premises provided by the Bank and in such other place as may be desirable.

PART VIII - RELATIONS WITH THE GOVERNMENT

40. (1) The Bank shall be the banker, fiscal agent and advisor to the Government on monetary and financial matters and shall be the depository of Government funds: Provided, That:

- (a) the Bank may, in consultation with the Minister, act in such capacities to government institutions, agencies and local government bodies; and
- (b) the Government may, in consultation with the Bank, maintain working balances with and generally use the services of financial institutions.

(2) The Government, through the Minister, may request the Bank to render advice and to furnish reports on matters relating to the purposes of the Bank as set forth in Section 4.

(3) It shall be the duty of the Bank to inform and advise the Government, through the Minister, concerning any matter which in the opinion of the Bank is likely to affect the achievement of its purposes. To this end, the Governor shall be called to attend meetings of the Cabinet in an advisory capacity when matters relating to the purposes of the Bank are discussed.

41. The Bank shall, upon designation by the Minister, serve as the depository and fiscal agent of, and the institution through which dealings shall be conducted with, international financial institutions of which Liberia is a member.

42. Except in accordance with Sections 34 (b), 34 (c) (1), and 44, the Bank shall not, directly or indirectly, make advances to, or acquire the notes, bills, securities or other evidences of debt of, or guaranteed by, the Government, its institutions, agencies and local government bodies provided, That this Section shall not operate to prevent the acquisition by the Bank of securities transferred to it by the Government in accordance with Section 6 or Section 32, or in respect of Special Drawing Rights which, having been allocated to Liberia, have been utilized.

43. (1) The Bank may make temporary advances, subject to repayment within six months following the end of the financial year in which they were granted, at such rates of interest as may be agreed between the parties:

- (a) to the Government;
- (b) with the approval of the Minister to government institutions, agencies and local government bodies.

(2) Without limiting the generality of the provisions of the subsection (1), the Bank is expressly authorized to make advances to the Government, on such terms and conditions as may be agreed, in respect of subscriptions and other payments resulting from, or incidental to, the membership of Liberia in any international bank or international monetary authority established under governmental auspices, the participation of Liberia in any account thereof, and any transactions and operations undertaken in connection therewith

44. The Bank may purchase, hold, and sell notes, bills, securities or other evidences of indebtedness issued or guaranteed by the Government, its institutions, agencies and local government bodies, which are publicly offered for sale or form part of an issue which is being made to the public at the time of acquisition by the Bank.

45. The Bank shall be consulted by:

- (a) the Minister on the occasion of the preparation of the Government's budget to the end of reaching an understanding on the total amount of credit that may be expected to be extended by the bank to the Government during the Government's following financial year through the acquisition of evidences under Sections 34 (b) and 44, the acceptance of securities as collateral under Section 34 (c) (i) and the making of advances under Section 43;
- (b) The Government, its institutions, agencies, and the local government bodies at any time that either domestic or foreign credit operations are contemplated. In the event that, in the opinion of the Board, such operations individually or collectively appear to be of magnitude inappropriate to prevailing economic conditions, the Bank shall report to the Minister drawing attention to the situation and recommending measures to remedy the situation; and the Minister shall lay the Bank's report before the President for consideration.

46. Whenever the rate of change in the volume of credit being extended by the Bank to the Government, its institutions, agencies and local government bodies by advances under Section 43, the acquisition of evidences of indebtedness under Section 34 (b) and Section 44, and the acceptance of securities as collateral under Section 34 (c) (i) threatens to endanger the ability of the Bank to achieve its purposes or to perform its other functions as provided for this Act, the Bank shall submit a report to the Minister drawing attention to the situation, analyzing the causes which have led thereto, and, at its discretion recommending measures which it deems necessary to forestall or otherwise remedy the situation.

I
[
B
o
w
I
m.
B
T
to
th
fe

ha
mal
to
Pre
Shc
cis

48.

47. (1) If matters discussed by the Board represent in the opinion of the Director who serves as the representative of the Minister of Finance on the Board. Important policy issues and the decision of the Board is, in his opinion, contrary to the interest of the national economy, he may submit a written report to the Minister of Finance, with a copy to the Board pointing out the inconsistencies to the interest of the national economy and shall make specific recommendations to remedy the situation, and the decision of the Board shall be automatically suspended and the President immediately informed. The decision of the Board and reasons for its suspension shall be presented to the Minister within three days. Should the Director fail to make report to the Minister within three days, the decision of the Board shall become effective at the conclusion of that period.

(2) The Minister shall, within ten days after the decision of the Board has been submitted for his consideration and after consultation with the Bank, make his decision known to the Bank, and the Bank shall thereupon give effect to this decision: Provided, That the Bank may appeal such decision to the President of the Republic and the decision of the President shall be final. Should the Minister fail to make known his decision within ten days, the decision of the Board shall become effective at the conclusion of that period.

PART IX - PROHIBITED OPERATIONS OF THE BANK

48. The Bank shall not:

- (a) engage in trade or participate directly or indirectly in the ownership of any financial agricultural, commercial, industrial, or other enterprises, except to the extent provided in paragraph (d) and (i);
- (b) purchase or retain ownership of real estate except insofar as is necessary for the conduct of its business and for the housing of its officers and employees;
- (c) make unsecured advances, whether by loans or overdrafts, except as provided in Section 34 (c) (ii) and Section 43;
- (d) make advances, whether by loans or overdrafts, secured otherwise than as laid down in this Act: Provided, that;
 - (i) should any debts due to the Bank in jeopardy, the Bank may secure such debts on real or other property, and, if the security is enforced, acquire and hold such property, but with a view to the sale thereof as soon as is practicable;
 - (ii) subject to terms and conditions to be prescribed by the Board, the Bank may grant advances to any of its officers or employees:
 - (A) for the purchase, construction or repair of one residential house for his personal use against the security of the said house; and
 - (B) for other purposes in an amount not to exceed during the time they are outstanding the annual remuneration received by the borrower from the Bank.

- (e) accept shares as collateral security, except as provided in paragraph (d) (i)

PART X - ACCOUNTS

49. The financial year of the Bank shall be laid down in the by-laws.
50. The accounts of the Bank shall be audited at least once every year by an auditor appointed by the Board with the approval of the Minister.

PART XI - MISCELLANEOUS PROVISION

51. Except as otherwise expressly provided in this Act, or in the Financial Institutions Act, the provisions of the Administrative Procedure Act shall be applicable to the decisions of the Bank.
52. The Bank shall promote and sponsor the training of technical personnel in the subjects of money, banking, statistics, finance, and other economic subjects and may defray the cost of study, in Liberia or abroad, of employees of the Bank and of other qualified persons selected by the Board from among the employees of financial institutions nominated by such institutions.
53. The Bank shall be exempted for the payment of income taxes and customs duties in Liberia.
54. The Bank shall not be liquidated except by Legislature enactment.

PART XII - REPEAL

55. The following provisions of law are hereby repealed
- Chapter 21 of Title 35 of the Liberian Code of Laws of 1956;
 - Chapter 45 of Title 35 of the Liberian Code of Laws of 1956 with the exception of Section 1172 which shall remain in effect save for the phrase "by section 1171 above" which is deleted;
 - Chapter 47 of Title 35 of the Liberian Code of Laws of 1956.

Section 2. This Act shall take effect immediately upon publication in hand-bills.

Any law to the contrary notwithstanding.