

The State Law and Order Restoration Council
The Central Bank of Myanmar Law
(The State Law and Order Restoration Council Law No. 15/90)
The 11th Waxing Day of Waso, 1352 M.E.
(2nd July, 1990)

The State Law and Order restoration Council hereby enacts the following Law:-

Chapter I
Title and Definition

This Law shall be called the Central Bank of Myanmar Law.

2. The following expressions contained in this Law shall have the meanings given hereunder:-

- (a) State means the Union of Myanmar;
- (b) Ministry means the Ministry of Planning and Finance;
- (c) Central Bank means the Central Bank of Myanmar established under this Law;
- (d) Board means the Board of Directors of the Central Bank;
- (e) Governor means the Chairman of the Board of Directors;
- (f) Member means the member of the Board of Directors;
- (g) Financial Institution means an enterprise established in the State, whose corporate purpose is intermediation on the money or capital markets through the collection of financial resources from third parties for investment on their own account in credit operations, credit and public debt instruments, securities, or other authorized financial activities;
- (h) Bank means a financial institution which inter-alia accepts deposits from the public and extends credit.
- (i) Currency Notes means the currency notes issued by the Central Bank under the provisions of this Law or legal tender currency notes previously issued;
- (j) Coin means the kyat coin and its lower denominations issued by the Central Bank under the provisions of this Law of legal tender kyat coin and its lower denominations previously issued;
- (k) Gold means gold bars and bullion of certified fineness acceptable in international transactions;
- (l) Currency in Circulation means the currency in circulation with the exception of currency notes and coins held by the Central Bank;
- (m) Year means the financial year of the State;
- (n) Person includes any individual, corporation, statutory body, institution, cooperative society, partnership and any other body, organization, association or group of persons, incorporated or unincorporated;
- (o) Foreign Exchange includes the following:
 - (i) foreign bank notes and coins;
 - (ii) deposits in intergovernmental financial institutions, central banks, treasuries and commercial banks abroad;
 - (iii) foreign currency denominated securities of, and instruments issued or guaranteed by foreign governments, foreign financial institutions and intergovernmental financial

institutions;

(iv) instruments used for the international transfer of funds.

Chapter II

Establishment and Aim

3. The Central Bank of Myanmar is established under this Law as a legal entity having perpetual succession, capable of suing and being sued in its own name.

4. The Head Office of the Central Bank shall be in Yangon. The Central Bank may open branches and agencies inside or outside the State.

5. The aim of the Central Bank shall be to preserve the internal and external value of the Myanmar currency.

6. The Central Bank shall, in accordance with its aim also endeavour to attain the following objectives:

(a) to promote efficient payments mechanisms, and the liquidity, solvency, and proper functioning of a soundly based financial system;

(b) to foster monetary, credit and financial conditions conducive to the orderly, balanced, and sustained economic development.

7. In endeavouring for the successful achievement of its objectives in accordance with its aim, the Central Bank shall have, and may exercise all the powers generally conferred upon a central bank.

Chapter III

Functions, Duties and Powers of the Central Bank

8. The functions and duties of the Central Bank include:-

(a) acting as the sole issuer of domestic currency, either bank notes or coins;

(b) acting as a banker to the Government by maintaining the accounts of the Government;

(c) acting as advisor to the Government in respect of such economic matters as the Government may require including economic development policies and plans and the state budget;

(d) acting as advisor and agent of the Government for the issuance of government securities;

(e) formulating and implementing monetary policy in order to achieve its objectives in accordance with its aim;

(f) inspecting, supervising and regulating the financial system so as to ensure its sound and safe operation and development;

(g) acting as a banker for the financial institutions and to foreign governments and international agencies;

(h) implementing the exchange rate policy of the State and as agent of the Government, controlling foreign exchange transactions;

(i) managing the international reserves of the State and undertaking the responsibility of carrying out necessary measures to ensure a stable and viable balance of payments position which will permit the normal settlement of international transactions by

residents;

(j) performing the transactions resulting from the participation of the State in intergovernmental organizations in the banking, credit and monetary sphere and undertaking all the responsibilities in the name of the Government dealing with the aforesaid organizations on behalf of the Government.

9. The Central Bank is also authorized to carry out the following functions and duties:

(a) issuing securities in its own name and for its own account and buying from, selling to and dealing in such securities with the public;

(b) undertaking remittances;

(c) providing custody for securities and collecting interest or dividends receivable thereon;

(d) selling and realizing the value of movable or immovable property which may come into its possession in satisfaction of its claims;

(e) establishing credits and giving guarantees in any currency inside or outside the State on such terms and conditions as it may deem fit;

(f) giving decisions in matters where sanction to take legal action under this Law is requested.

10. The Central Bank may acquire, lease, maintain or sell in accordance with law such business premises and equipment as it deems necessary for carrying out its operations.

11., The Central Bank shall also carry out such operations as may be consequential or incidental to the exercise of its powers. and the discharge of its duties under this Law.

12. The Central Bank shall dispose of any equity interests it may acquire in the satisfaction of its claims from the debtor as soon as feasible.

13. The Central Bank shall not engage in the following:-

(a) organizing companies or enterprises or activities whose sole objective is profit-making, which is not consistent with the functions of the Central Bank under this Law and acquiring equity interests in such companies and enterprises;

(b) granting different types of loans and advances except as authorized under this Law;

(c) granting loans and advances to the staff of the Central Bank including members, except with the approval of the Government.

Chapter IV

Capital and Profit Allocation

14. The State shall be the sole shareholder of the Central Bank. The authorized capital of the Central Bank shall be five hundred million kyats, of which two hundred million kyats shall be fully paid up by the State. The balance of the authorized capital may be subscribed as may be necessary by the State.

15. The authorized and paid-up capitals of the Central Bank may be increased with the approval of the Government. No reduction of these capitals shall be made.

16. When the value of the Central Banks assets falls below the sum of the value of its liabilities and its paid-up capital, the Minister of the Ministry of Planning and Finance

shall transfer government securities to the Central Bank in the amount necessary to remedy this situation, as proposed by the Central Bank and approved by the Government.

17. The net profits of the Central Bank for each year shall be calculated after deducting the operating expenditure for the year and after making provision for bad and doubtful debts, depreciation of assets and funds for welfare and retirement of the staff. The Central Bank may make provision for such other purposes which it considers necessary, with the approval of the Government.

18. The Central Bank shall establish a General Reserve with an initial contribution of fifty million kyats from the State. At the end of each year, an amount equal to twenty five per cent of the net profits shall be allocated in multiples of one million kyats to the General Reserve until it amounts to 100 per cent of the paid-up capital of the Central Bank. By authorization of the Government, the amount to be transferred to the General Reserve may be increased to exceed the prescribed annual . percentage or the total amount of the General Reserve may be increased beyond the paid-up capital of the Central Bank.

19. After transfers to the General Reserve have been made under Section 18, the remainder of the net profits shall be used to redeem the government securities which have been issued under Section 16 held by the Central Bank.

20. The balance of the net profits remaining after all deductions under Section 18 and Section 19 shall be paid in multiples of one million Kyats to the Government as soon as practicable after the end of the year.

21. No deduction permitted under Section 18 and Section 19 shall be made nor shall any payment under Section 20 be made if, in the opinion of the Central Bank, the assets of the Central Bank after the deduction or payment will be less than the sum of its liabilities and paid-up capital.

22. The Central Bank shall be exempt from taxes on income, stamp duties or like dues and from assessment of tax related to banking operations.

23. (a) The accounts of the Central Bank shall be audited by the Auditor General;
(b) The Central Bank shall prepare financial statements at the end of each year. The Central Bank shall submit its annual report to the Government through the Ministry together with its balance sheet and profit and loss statement certified by the Auditor General within 6 months after the end of the year;
(c) After submitting the annual report under sub-section (b), the Central Bank shall publish it in the manner prescribed by the Ministry, for public information.

Chapter V

Organization and Management

24. The Central Bank shall be administered by a Board of Directors.

25. (a) The members of the Board of Directors of the Central Bank shall be appointed by the Government. Such Board shall be constituted with seven members;
(b) The Board shall consist of the following persons:
(i) the Governor, the Deputy Governor and four members appointed by the Government;
(ii) a Director appointed ex-officio by the Ministry;
(c) The term of office of the Governor and the Deputy Governor of the Board of Directors shall be 5 years. The term of office of the other members shall be 4 years. Such persons shall be eligible for re-appointment for more than one term;
(d) The Governor and the Deputy Governor shall devote their whole time to the functions and duties of the Central Bank and shall not engage in any other remunerated employment;
(e) The Board shall assign an officer of the Central Bank as Secretary of the Board.

26. The Governor shall serve as chief executive officer of the Central Bank and be responsible to the Board for the day-to-day management of the Central Bank and the implementation of the policy.

27. The Governor shall have the powers to take action, enter into contracts and sign instruments and documents on behalf of the Central Bank. He may, in accordance with the resolution of the Board delegate such powers to the officers of the Central Bank.

28. In the initial Board of Directors, half of the members nominated by the Government shall be replaced or re-appointed after two years by the decision of the Government.

29. The following persons shall not be appointed as a member:

- (a) Pyithu Hluttaw representative;
- (b) a salaried personnel of the Government and any organization subordinate to the Government;
- (c) a person who is not a citizen;
- (d) the spouse, parents, son, daughter, brother and sister of a member;
- (e) directors, principal shareholders or partner of a company or a partnership if a member is an officer, director, principal shareholder or partner in such company or partnership;
- (f) personnel or principal shareholders of a bank or financial institution.

Provided that the Government may exempt any person mentioned in the provisions of sub-sections (a) and (b) for special reasons.

Explanation.

"Principal Shareholder" contained in this section means the beneficial owner of more than 10 per cent equity interest of a company, partnership or financial institution.

30. A member shall cease to be a member if he or she:-

- (a) infringes the restrictions mentioned in Section 29;
- (b) is convicted of any offence prescribed by the Ministry;
- (c) has obtained permission after submitting the resignation to the Government;
- (d) is adjudged incapable of performing his or her duties by the authority concerned;
- (e) has failed to attend the Board meetings for three consecutive months without leave from the Board.

31. Any vacancy occurring by reason of the resignation or termination or death of any member of the Board shall be filled with any suitable person by the Government for the unexpired period of the term of office of the member concerned. Such vacancy shall be filled within 6 months from the date of occurrence of the vacancy.

32. The Board may establish committees with suitable persons for the effective performance of the functions and duties of the Central Bank. In so establishing, the duties and powers of such committees shall be determined appropriately.

33. (a) The meeting of the Board shall be convened at least once a month. Provided that a meeting may be convened at any time by the Governor or in his absence by the Deputy Governor or by the wishes of the majority of the members;

(b) Half or more than half of the appointed members attending the meeting shall constitute a quorum;

(c) The Governor or the Deputy Governor in the absence of the Governor, or in the absence of both, one of the members elected by the Board, shall preside at the Board meeting.

(d) At the meetings of the Board, decisions shall be adopted by the majority of the votes of the members present. In the event of an equality of votes, the decision shall be adopted by the casting vote of the Chairman of the meeting.

34. (a) The Governor and the Deputy Governor shall be entitled to receive salary and allowances in accordance with the terms and conditions proposed by the Board and determined by the Government. Such salary and allowances shall be borne by the Central Bank.

(b) The members shall be entitled to receive remuneration proposed by the Board and determined by the Government. Such remuneration shall be borne by the Central Bank.

35. The Board members shall disclose fully to the Board their pecuniary or business interest and those of the members of their families. The members shall refrain from voting on any matters related thereto which become the subject of Board action. Provided that such interests shall not disqualify the interested party for the purpose of constitution of a quorum.

36. The Governor and the Deputy Governor shall be deemed to be public servants under Section 21 of the Penal Code.

37. The Board shall prepare and maintain an organizational set-up for the performance of the functions and duties of the Central Bank. Officers and staff within such organizational set-up shall be appointed. Such personnel are public servants.

38. The Board shall prescribe with the approval of the Government the Central Bank Service Regulations relating to the appointment of personnel, promotion maintenance of discipline, determination of salary and allowances.

Chapter VI

Issuance of Currency

39. The monetary unit of local currency shall be the "Kyat". The Kyat shall be divided into one hundred units which shall be called a "Pya". The symbols in the English language for such currency shall be "K" and "P". respectively.

40. (a) The Central Bank shall have the sole right to issue currency notes and coins. Currency notes and coins issued by the Central Bank shall be legal tender throughout the State;

(h) In cash transactions:

(i) in the case of currency notes, payment of any amount may be made;

(ii) in the case of coins, payment of an amount exceeding two hundred times the denomination of the smallest currency note in circulation may be refused to accept.

41. Any instrument or transaction or liability relating to money or involving the payment of money in accordance with law shall, in the absence of any expressed agreement to the effect that was made in terms of foreign exchange be deemed to have been made in terms of the kyat within the State.

42. Whoever, other than the Central Bank issues or uses currency notes, coins, or any type of instrument or tokens payable to bearer on demand, having the appearance of legal tender, shall be deemed to be guilty of an offence punishable under this Law. Cheques and drafts payable in cash to bearer on demand shall not be deemed to be instruments having the functions of a currency note for the purpose of this section.

43. The Central Bank shall arrange for the printing of notes and the minting of coins, for the security and safe custody of un issued currency notes and coins, and for the custody and destruction as may be necessary of plates, dies and retired currency notes and coins.

44. The denominations of currency notes and coins and their design, composition and other distinguishable characteristics shall be as determined by the Central Bank with the approval of the Ministry.

45. If it is necessary to withdraw any currency notes or coins in circulation the Central Bank may, with the approval of the Government issue a declaration informing the public in advance and call in such currency notes or coins on payment of the face value thereof. On the expiry of the date mentioned in the declaration, currency notes or coins which are to be withdrawn by such declaration, shall cease to be legal tender. Provided that a period not exceeding

5 years from the date of declaration by the Central Bank shall be prescribed, and within such period there shall be the right to exchange by presenting the value of such currency notes or coins.

46. (a) The Central Bank shall redeem currency at face value on demand of holders thereof;

(b) Banks shall exchange legal tender currency notes or coins, with other denominations on demand without charges;

(c) Notwithstanding anything contained in any existing law, no person shall as of right be entitled to demand from the Central Bank, the value of any lost, stolen, defective or defaced currency note and coin. Provided that the Central Bank may refund the value of

any defective or defaced currency note and coin after examination in accordance with the procedures, regulations and bye-laws.

47. The monetary liabilities of the Central Bank, comprising currency in circulation and other sight liabilities denominated in domestic currency shall be subject to an annual financial programme. The Central Bank shall prepare such programme in consultation with the Ministry. In order that the Central Bank may co-ordinate the management of the foreign exchange reserves and the credit to be granted by the Central Bank in accordance with its aim and objectives, such programme shall be reviewed quarterly by the Board.

Chapter VII

Relations with the Government

48. The Central Bank shall accept deposits of the Government and make payments on behalf of the Government against such accounts. The Central Bank may assign another bank to receive these deposits and make such payments in accordance with the conditions prescribed by the Central Bank.

49. The Central Bank may provide various types of loans and advances to the Government in accordance with the following conditions:-

- (a) The Central Bank may make temporary advances to the Government. The terms and conditions for each type of advance shall be prescribed from time to time by consultation between the Ministry and the Central Bank;
- (b) Such loans and advances shall be guaranteed by interest-bearing government securities delivered by the Minister of the Ministry of Planning and Finance to the Central Bank. Such securities, with a maximum term of 184 days shall be negotiable instruments;
- (c) The total of the loans and advances extended within any given year shall not exceed 20 per cent of the Government receipt of the previous year;
- (d) Notwithstanding anything contained in sub-sections (a), (b) and (c), the Central Bank may advance additional loans 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 State's membership in any intergovernmental organization, the State's participation in any account thereof and any transactions and operations in connection therewith;
- (e) Notwithstanding anything contained in sub-section (h) the Central Bank may agree to purchase, hold or sell Government securities with a maturity of not more than 365 days.

50. The Central Bank may agree to purchase government securities from financial institutions and the public and may sell these securities to financial institutions and to the public in general.

51. The total of outstanding advances of the various types of loans and credit facilities granted by the Central Bank under Section 49 and the Central Bank's holdings of securities purchased under Section 50 shall, at no time exceed the amount agreed in the context of consultations regarding the State Budget. If the Central Bank considers that there is a risk that the limit may be exceeded, it shall submit to the Government a report on the Central Bank's outstanding advances of the various types of loans and advances, credit facilities and holdings of securities, and the causes which could lead to an overrun

of this kind, together with appropriate proposals to remedy the situation. The Central Bank shall continue to make reports and proposals at intervals not exceeding 6 months until such time as, in its opinion the situation is normal.

52. The Central Bank shall be entitled to receive essential financial and economic information and documents which the Central Bank shall analyze. The Central Bank shall present its views to~ the Government at the request of the Government or at its discretion.

53. The Central Bank shall assist the Government in preparing the State Budget, in order to determine a limit on the total credit which the Central Bank may extend to the Government during the following year.

54. The Central Bank shall be responsible for monitoring monetary and credit developments and aggregates, and for recommending to the Government the policies needed in order to attain the objectives in accordance with its aim.

55. The Ministry may assign to the Central Bank, the issuance of different types of securities under the Government Securities Act and the management of public debt under the State Budget Law enacted annually. Such assignment shall be in accordance with the terms and conditions agreed between the Ministry and the Central Bank.

56. The Central Bank shall advise the Government on the placement of its debt instruments with financial institutions and the public.

Chapter VIII

Relations with Financial Institutions

57. The Central Bank shall be responsible for licensing, inspecting, supervising and regulating financial institutions, and may give such directions as may be necessary to ensure the solvency and soundness of such institutions.

58. The Central Bank may, from time to time require banks and financial institutions to maintain required reserves and specified liquid assets, against such deposits and similar liabilities in the following manner:

(a) required reserves shall be maintained by way of cash holdings, or by way of deposits with the Central Bank, or by both, in such proportion as the Central Bank may from time to time determine;

(b) liquid assets shall consist of freely transferable assets, free from any charge or lien, and of the kind and amount specified by the Central Bank.

59. The Central Bank may set different liquidity and reserve ratios for different types of deposits and similar liabilities and may also determine the method of their computation. Provided that the required ratios and the method of computation shall be uniform for all institutions within the same class.

60. The Central Bank may impose on and collect from any bank or financial institution which fails to maintain required reserves or specified liquid assets in the appropriate ratio

determined in accordance with Section 58 and Section 59, a levy, not exceeding one-fifth of one per centum per day on the shortfall of liquid assets or required reserves in such bank or financial institution, as the case may be, until the shortfall is corrected.

61. The Central Bank may prescribe the following in respect of a class of financial institutions or all financial institutions:-

- (a) minimum interest rates payable in respect of any category of deposits or similar liabilities and the computation methods;
- (b) the permitted uses, applicable ratios, maximum aggregate limits, maximum amounts to be exceeded only with the Central Bank's approval, the required guarantees, maximum maturities, and maximum rates of interest chargeable in respect of the following operations:
 - (i) making different categories of advances in the form of loans or overdrafts, and different categories of investments;
 - (ii) discounting any type of bill of exchange, promissory note or other commercial, industrial, agricultural or financial bills of exchange and promissory notes;
 - (iii) accepting liabilities and granting any other type of loans and advances;
- (c) determination of applicable ratios in the following manner:
 - (i) in general, the composition of and ratios between asset and liability items, namely of own capital and deposits to other liabilities on account of acceptances and guarantees given;
 - (ii) in particular, the composition of and ratios between the items under clause (1), namely of own capital to certain types of permitted operations, such as the underwriting of shares, bonds, or public debt bonds, the acquisition of shares or bonds issued by commercial institutions, and the granting of credit to a single entity or enterprise;
- (d) the minimum and maximum commissions, service charges and other fees which may be levied on any type of transactions which financial institutions may enter into with the public or with other financial institutions;
- (e) the minimum cash margins for the opening of letters of credit by banks.

62. Any action taken by the Central Bank under Section 61 shall be applicable uniformly to all financial institutions of a particular type without discrimination, and no action taken under Section 61 shall have retrospective effect.

63. If the Central Bank considers that in the operation of any person there is an excessive extension of credit or acceptance of deposits from the public, it may with the approval of the Government inform such person by written notice to comply with any provision of Section 61.

64. If the Central Bank considers that it is necessary to take action under the provision of Section 61 due to the occurrence of circumstances mentioned in Section 63 or if there are reasons to believe that any person is extending or has extended credit or is accepting or has accepted deposits, the Central Bank may call for and examine the accounts, books and records of such person.

65. Any person or financial institution which fails to comply with the stipulations of a notice issued by the Central Bank shall be subject to penalty under the provisions of this Law or under any other laws relating to financial institutions.

66. Required reserves for a bank shall not exceed 35 per cent of the total liabilities of the bank. Provided that if the Board considers that there are serious inflationary pressures, it may increase required reserves above the maximum 35 per cent limit. In such a case, the Central Bank shall pay interest on the required reserves exceeding the 35 per cent limit. Provided that such rate of interest shall not exceed the minimum discount rate prevailing in the Central Bank.

67. Changes in minimum reserve requirements shall become effective from the date determined by the Central Bank. Provided that such date shall not be earlier than 14 days from the publication of a declaration by the Central Bank.

68. (a) Financial institutions shall furnish to the Central Bank at such intervals and in such manner as may be prescribed, such information as the Central Bank may determine it requires for the effective discharge of its functions and responsibilities;
(b) The Central Bank may publish in consolidated form and at such intervals as it considers appropriate all or part of the information furnished under sub-section (a). Provided that information concerning any individual and not relating to the public shall not be published.

69. The Central Bank may open accounts for, and accept deposits from financial institutions in accordance with such terms and conditions as it may from time to time determine.

70. The Central Bank may, on such terms and conditions as the Board may from time to time determine purchase from, sell to, discount and rediscount the following for the account holders referred in Section 69:-

- (a) bills of exchange and promissory notes drawn or made for commercial, industrial or agricultural purposes, bearing two or more endorsements of which at least one shall be that of a bank, and maturing within 184 days from the date of their acquisition by the Central Bank;
- (b) treasury bills issued to the public or other securities issued or guaranteed by the Government;
- (c) financial instruments issued by the Central Bank.

71. The Central Bank may, on such terms and conditions as it may from time to time determine persons who have opened accounts at the Central Bank advances for periods not exceeding 92 days in the following manner:

- (a) advances secured by the following:
 - (i) instruments mentioned in Section 70 sub-section (a), (h), or (c);
 - (ii) warehouse receipts and other documents of title issued in respect of goods duly insured;
 - (iii) holdings of any assets which the Central Bank is permitted to buy, sell, or deal in under this Law;
- (b) unsecured or secured by such other assets, on such terms and conditions as it shall

determine when it considers that such an advance is needed in exceptional circumstances, in order to meet the liquidity requirements of the borrower and to serve the public interest.

72. The Central Bank shall extend credit only to head offices of financial institutions incorporated in the State and to the main office in the State of branches of foreign financial institutions.

73. The Central Bank shall determine and declare from time to time its rates for discounts, rediscounts, and rates of interest on advances, and may determine differential rates and ceilings for various types of transactions or maturities, or for any class of financial institutions.

74. The Central Bank may, in co-operation with financial institutions, make arrangements for the clearing of cheques and other instruments used as means of payment.

Chapter IX

Foreign Exchange and International Reserves Management

75. The Central Bank shall be responsible for the following functions with the approval of the Government:-

- (a) formulating policies and prescribing regulations relating to gold and foreign exchange transactions conducted in the State;
- (h) determining the exchange rates at which the Central Bank is to conduct its foreign exchange transactions;
- (c) publishing daily the exchange rates of the Central Bank.

76. The Central Bank may, subject to such terms and conditions as prescribed from time to time, carry out the following:-

- (a) buying, holding, selling and dealing in gold or other precious metals;
- (b) buying, holding, selling and dealing in foreign currencies, using any instrument which is generally used in foreign exchange transactions;
- (c) buying, holding, selling and dealing in treasury bills and other securities issued or guaranteed by foreign governments or intergovernmental financial institutions;
- (d) opening and maintaining accounts with intergovernmental financial institutions, central banks, monetary authorities, and financial institutions outside the State;
- (e) opening and maintaining accounts and acting as agent or correspondent or intergovernmental financial institutions, central banks, monetary authorities and financial institutions outside the State, and foreign governments and their agencies;
- (f) borrowing, with the approval of the Government, in any foreign currency on such terms and conditions as it considers appropriate, and also giving security for such loans.

77. The Central Bank may, with the approval of the Government purchase, hold or sell shares or securities of intergovernmental financial institutions and of international associations of financial institutions.

78. (a) Any net gains in any year of the Central Bank arising changes in the valuation of the Central Bank's assets or liabilities in, or denominated in gold, special drawing rights,

or foreign currencies as a result of any change in the values or exchange rates of gold, special drawing rights, internationally recognized units of account, or foreign currencies in terms of the domestic currency shall be credited to a special reserve account;

(b) Any net losses in any year of the Central Bank arising from any change mentioned in sub-section (a) shall be set off against any credit balance in the special reserve account. If such balance is insufficient to cover such losses, the Government shall issue to the Central Bank sufficient government securities to prevent an occurrence of a debit balance;

(c) The net gains referred to in sub-section (a) and the net losses referred to in sub-section (b) shall not be included in the computation of the annual net profits of the Central Bank;

(d) Any credit balance in the special reserve account of the Central Bank, at the end of each year shall be paid to a blocked government account. Such credit balance shall earn interest at the same rate of interest as the Government pays on Central Bank advances. The principal may only be used to retire government securities issued under sub-section (b);

(e) No credits or debits shall be made to the special reserve account except in accordance with provisions of this section.

79. The Central Bank may, in its own name or on behalf of the Government or for the account of and by order of the Government, enter into clearing and payments agreements or any other contracts with the same purpose with similar public and private financial institutions established abroad.

80. The Central Bank shall be responsible for establishing and maintaining, on such terms and conditions as it may from time to time determine, and having due regard to the liquidity and risk associated with the relevant assets, international reserves which shall consist of some or all of the following:-

(a) gold;

(b) foreign exchange;

(c) bills of exchange and promissory notes payable in such foreign currencies and in such places as the Central Bank may, for the purposes of this section approve;

(d) any internationally recognized reserve asset, including the following:

(i) the option to make a reserve tranche purchase from the International Monetary Fund;

(ii) holdings of special drawing rights.

81. (a) The Central Bank shall use its best endeavors to maintain the international reserve established under Section 80 at a level which the Central Bank considers is adequate for the State's international transactions;

(b) If the international reserve has declined or if the Central Bank considers that it is in danger of declining to such extent as to jeopardize its adequacy in terms of the State's international transactions, the Central Bank shall submit to the Government a report on the international reserve position and the causes which have led or may lead to such a decline including such proposals as it considers necessary to remedy the situation;

(c) Until such time as, in its opinion the situation has become normal, the Central Bank shall continue to submit reports and proposals at intervals not exceeding three months.

82. The Central Bank may advise the Government as to the measures to be taken, the terms and conditions, and other facts relating to the external indebtedness that the State

may from time to time incur. The Central Bank shall obtain from the Ministry, upon request up-to-date inventory of all the foreign indebtedness contracted or guaranteed by the State so as to be able to advise.

83. The Central Bank shall, as the agent of the Government administer the laws relating to the control of foreign exchange. In so administering, it shall have the right to carry out the following functions:-

- (a) licensing, revoking the licences of, inspecting, supervising and regulating persons who deal in foreign currencies;
- (b) determining limits on foreign exchange assets which persons authorized to deal in foreign exchange may hold;
- (c) determining limits on the net foreign asset position of persons dealing in foreign exchange, in each and all currencies, the amount of the external indebtedness of such persons as well as the terms and conditions as may be necessary.

Chapter X

Prohibitions

84. No person shall, without the permission of the Central Bank and with wrongful intention do any of the following:-

- (a) cutting, tearing or in any other way defacing any currency note or coin;
- (b) causing any currency note to be excessively defaced.

85. A member, personnel or agent of the Central Bank, shall not, without permission under the law disclose or publish information relating to the transactions, identity, amount of income or source of income, profits, losses or expenditures of any person which they have learned in the performance of their duties, or allow such information to be seen or examined by another person.

86. No person shall issue or counterfeit currency notes and coins or any type of instruments payable to bearer on demand, issued by the Central Bank or import the counterfeit currency notes and coins.

Chapter XI

Offence and Penalty

87. Whoever violates any provision of Section 84 shall, on conviction be punished with fine which may extend to kyats 5,000.

88. A member, personnel or agent of the Central Bank who violates the provision of Section 85 shall, on conviction be punished with, fine which may extend to kyats 10,000 or with imprisonment for a term which may extend to 2 years or with both.

89. Whoever violates the provision of Section' 86 shall, on conviction be punished with imprisonment for a term which may extend from a minimum

5 years to a maximum of 10 years. In addition, the exhibits shall also be confiscated.

90. Whoever abets, attempts, or conspires in the commission of any offence under this Law shall be liable to the punishment provided in this Law for such offence.

Chapter XII

Miscellaneous

91. Notwithstanding anything contained in the existing laws, the Ministry may with the approval of the Government, permit the Central Bank to engage in operations relating to the financial sector.

92. Offences prosecuted under this Law are prescribed as cognizable offences.

93. In taking legal actions under Section 87 or Section 88 prior sanction of the Central Bank shall be obtained.

94. Notwithstanding anything contained in any existing law, debts owed to the Central Bank shall be given priority over all other claims except those of the State.

95. The provisions of the Myanmar companies Act shall not apply to the Central Bank.

96. Article 149 of the First Schedule to the Limitation Act shall apply to all legal proceedings instituted by the Central Bank.

97. Movable and immovable properties belonging to the Central Bank of Myanmar established under the Bank Law (Pyithu Hluttaw Law No.9, 1975), operations in the process of execution, operations which have been completed, assets and liabilities shall devolve respectively on the Central Bank.

98. The contracts entered into or executed by the Central Bank of Myanmar established under the Bank Law (Pyithu Hluttaw Law No.9, 1975), shall be deemed to be entered into or executed by the succeeding Central Bank under this Law.

99. The Bank Law (Pyithu Hluttaw Law No.9, 1975), is hereby repealed. Although the said Law is repealed, the Board of Directors of the Central Bank of Myanmar established under the said Law shall have the right to carry out the operations until the day the duties and responsibilities are handed over to the succeeding Board of Directors under this Law.

100. The Central Bank may continue to exercise the powers and perform the duties and responsibilities in accordance with the provisions of the Bank Law (Pyithu Hluttaw Law No.9, 1975) within the transitory period, in cases where it cannot commence the exercise of powers conferred and performance of duties and responsibilities assigned under this Law. Provided that such transitory period shall be as determined by the Ministry.

101. Rules, regulations, bye-laws, orders and directives made or issued under the repealed Bank Law (Pyithu Hluttaw Law No.9, 1975) or under any other power shall, in so far as they are not inconsistent with the provisions of this Law, or are not repealed or

superseded, continue to have effect and be deemed to have been made or issued in accordance with this Law.

102. For the purpose of carrying out the province of this Law:-

- (a) the Ministry of Planning and Finance may, with the approval of the Government, issue rules and producers;
- (b) the Central Bank may issue regulations, bye-laws, orders and directives.

Sd./ Saw Maung
Senior General
Chairman
The State Law and Order Restoration Council.