

THE UNITED REPUBLIC OF TANZANIA



No. 12 OF 1966

I ASSENT,

Julius K. Nyerere
President

6TH JANUARY, 1966

An Act to provide for the Establishment, Constitution and Functions of the Bank of Tanzania as a Central Bank, to provide for the Currency of Tanzania, to provide that the Bank shall be Banker to the Government and shall have certain powers in relation to other Banks and Financial Institutions, to extend the Banking Ordinance to Zanzibar and to make certain amendments to the Law relating to Banking and Exchange Control, and for connected purposes

[_____]

ENACTED by the Parliament of the United Republic of Tanzania.

PART I
PRELIMINARY

- 1.-(1) This Act may be cited as the Bank of Tanzania Act, 1966. ^{Short title and commencement-}
- (2) This Act shall come into operation on such date as the President may, by notice published in the *Gazette*, appoint and the President may appoint different dates for the coming into operation of the different provisions of this Act.
2. This Act shall extend to Zanzibar as well as to Tanganyika and shall bind the United Republic.
3. In this Act, unless the context otherwise requires- ^{Interpretation}
- "the Bank" means the Bank of Tanzania established by this Act,
- "bank", except when used in the expressions "central bank" and "foreign bank", means any undertaking carrying on banking business in Tanzania but does not include any undertaking specified in section 31 of the Banking Ordinance; ^{Cap. 430}
- "banking business" means the business of receiving money on current account subject to withdrawal by cheque;

- "the Board" means the Board of Directors of the Bank;
- "Director" means a member of the Board other than the Governor, the Director-General or the Principal Secretary to the Treasury;
- "foreign exchange" means foreign currencies and claims in and to foreign currencies;
- "member" in relation to the Board, means the Governor, the Director-General, the Principal Secretary to the Treasury or a Director;
- "the Minister" means the Minister for the time being responsible for financial matters;
- "public authority" means-
- (a) the authority for any political sub-division of the United Republic (including any city, municipal, town or district council);
 - (b) any common services authority of which Tanzania is a member;
 - (c) any corporation, agency or enterprise specified for the purposes of this Act by the Minister after consultation with the Bank;
- "specified financial institution" means a credit institution, other than a bank, which is specified by the Bank for the purposes of this Act.

PART II

THE CENTRAL BANK

(a) *Establishment and functions of the Bank*

Establishment of Bank 4. There is hereby established a corporation, to be called the Bank of Tanzania, which shall-

- (a) have perpetual succession and a common seal;
- (b) in its corporate name be capable of suing and being sued; and
- (c) subject to the provisions of this Act, be capable of acquiring, holding and alienating any movable or immovable property.

Principal functions and objectives

5. (1) The principal functions of the Bank shall be to exercise the functions of a central bank, and, without prejudice to the generality of the foregoing, to issue currency, to regulate banking and credit, to manage the gold and foreign exchange reserves of Tanzania, and to perform any function conferred upon it (or to act as the agent of the Government in respect of any function conferred on the Government) by or under any international agreement to which Tanzania is a party.

(2) Within the context of the economic policy of the Government, the activities of the Bank shall be directed to the promotion of credit and exchange conditions conducive to the rapid growth of the national economy of Tanzania, due regard being had to the desirability of fostering monetary stability.

(b) *Management of the Bank*

6. There shall be a Board of Directors of the Bank and, subject to this Act, the Board shall be responsible for determining the policy of the Bank, for the approval of its administrative budget and for such other functions as are specifically conferred or imposed upon the Board by this or any other written law.

7.-(1) The Board shall consist of:

Composition
of the
Board

- (a) a Governor, who shall be chairman;
- (b) a Director-General, who shall be deputy chairman;
- (c) the Principal Secretary to the Treasury; and
- (d) five Directors.

(2) The Governor and the Director-General shall be appointed by the President and each shall hold office, unless he sooner dies or resigns or vacates or is removed from his office in accordance with section 8, for the period specified in the instrument by which he is appointed, and shall be eligible for re-appointment.

(3) The Directors shall be appointed by the Minister, and each shall hold office, unless he sooner dies or resigns or vacates or is removed from his office in accordance with section 8, for a term of three years, and shall be eligible for re-appointment:

Provided that-

- (a) of the Directors first appointed, two shall retire after the expiry of one year and a further two after the expiry of two years, the persons who shall so retire being chosen by ballot; and
- (b) the term of office of a person appointed a Director in the place of a Director who ceased to hold office before completing his term shall be the residue of the term of the Director whom he replaces.

(4) If a member of the Board (other than the Principal Secretary to the Treasury) is, for any reason, unable to perform the functions of his office, the President or the Minister, as the case may be, may appoint an alternate for such member, and, unless he sooner dies or resigns or vacates or is removed from his office in accordance with section 8, the person so appointed shall have the powers and capacities of the member for whom he is appointed alternate until such time as the President or the Minister, as the case may be, determines such member is again able to perform the functions of his office.

8.-(1) No person shall be qualified to be appointed a member of the Board, or an alternate for a member, if he is-

Disqualifica-
tion for
membership,
and removal
from the
Board

- (a) a member of the National Assembly;
- (b) a person holding office in the service of the United Republic;
- (c) a director, officer, employee or shareholder of a bank in respect of which the Bank may exercise a regulatory power under Part IV.

- (2) A member of the Board or alternate shall vacate his office if-
- (a) he acquires any attribute which, were he not a member, would disqualify him for appointment under subsection (1);
 - (b) he becomes bankrupt or suspends payment or compounds with his credits;
 - (c) he is adjudged or otherwise declared to be of unsound mind, or
 - (d) he is absent, without the leave of the Board, from the meetings of the Board for a consecutive period of three months.

(3) A member of the Board or alternate may be removed from office by the President, but shall not be so removed except for inability to discharge the functions of his office (whether arising from infirmity of body or mind or from any other cause) or for misbehavior (whether in connection with his office or otherwise).

(4) Nothing in this section applies to the Principal Secretary to the Treasury or to any person whom he appoints his representative in accordance with subsection (4) of section 9.

Meetings of
the Board

9.-(1) The Board shall meet as often as may be required for the conduct of the business and affairs of the Bank, but not less frequently than once in every two months.

(2) Meetings of the Board shall be convened, and notice given thereof, in accordance with the By-laws of the Bank and, in addition, the Governor (or in his absence the Director-General) shall convene a meeting of the Board within a reasonable time of a requisition in that behalf by any member of the Board.

(3) The quorum at meetings of the Board shall be four members, one of whom shall be either the Governor or the Director-General:

Provided that where, in the opinion of the Governor (or in his absence the Director-General) any matter of business is of an unusually urgent nature which cannot await the convening of a meeting consisting of such quorum (such opinion to be recorded in the minutes of the Board), the matter may be decided at a meeting of the Governor (or in his absence the Director-General) and the Principal Secretary to the Treasury and such decision shall be as valid and binding on the Bank as if it were a decision of a meeting consisting of such quorum. Every such decision shall be reported to the Board at its next regular meeting.

(4) The Principal Secretary to the Treasury may appoint in writing a person in the service of the United Republic to be his representative at any meeting of the Board; and such representative shall, at any meeting for which he is appointed, have the powers of the Principal Secretary in his capacity as a member of the Board.

(5) Subject to the provisions of subsection (6), questions arising at meetings of the Board shall be decided by the votes of the majority of the members present and voting, and, in the event of an equality of votes, the chairman (or in his absence the deputy chairman) shall have a second or casting vote.

(6) The chairman (or in his absence the deputy chairman), or the Principal Secretary to the Treasury or his representative, may require that the decision on any question be postponed to a meeting of the Board to be held not less than seven days after the meeting at which the requirement is notified; and where such a requirement is made, the question shall be postponed, without vote, to the next such meeting unless the person making the requirement consents to its being decided earlier.

(7) Subject to the provisions of subsection (3), no act or proceeding by the Board shall be invalidated by reason of the existence of a vacancy among the members, and all acts done by a person in good faith as a member of the Board shall be valid notwithstanding that some defect in his appointment or qualifications be afterwards discovered.

10.-(1) Subject to the provisions of this Act, the management of the Bank and the direction of its business and affairs shall be vested in the Governor, and the Governor shall, in the exercise of such functions of management and direction, conform with the policy determined by the Board.

(2) The Governor shall have power to exercise and perform all the functions, powers and duties of the Bank, other than any function specifically conferred on the Board, and to authorize expenditure within the administrative budget approved by the Board.

(3) The Governor shall be the principal representative of the Bank and shall, in such capacity, have authority-

- (a) to represent the Bank in its relations with other institutions, including the Government;
- (b) to represent the Bank, either personally or by advocate or other counsel, in any legal proceedings to which the Bank is a party;
- (c) to sign, solely or jointly with other persons, agreements concluded by the Bank, notes or securities issued by the Bank, reports, balance sheets and other financial statements, correspondence and other documents of the Bank;
- (d) to delegate any authority provided for in this subsection to any member of the Board or other officer of the Bank.

(3) The Director-General shall-

- (a) subject to the general supervision of the Governor, be responsible for the day-to-day management, business and affairs of the Bank;
- (b) perform such other duties as may be imposed upon him from time to time by the Governor;
- (c) have full power to act for the Governor in the absence of the Governor.

(5) The exercise by the Director-General of any function of the Governor shall, in the absence of proof to the contrary, be deemed to be a valid exercise of such function pursuant to subsection (4).

(6) The Governor and the Director-General shall devote the whole of their professional time to the services of the Bank and shall not, while holding their respective offices, occupy or hold any other paid office or employment or engage in any professional or business activity:

Provided that nothing in this subsection shall prohibit either of them from-

- (a) becoming or acting as a member of any commission or committee appointed by the Government to enquire into any matter relating to currency or banking or to financial or economic affairs;
- (b) becoming or acting as a governor, director or member of the board of any international bank or monetary authority to which the Government shall have adhered or given support or approval; or
- (c) becoming or acting as a director of any corporation in Tanzania in which the Bank may participate pursuant to section 59.

Remuneration of members of the Board

11.-(1) The Governor, the Director-General and any alternate appointed for either of them pursuant to subsection (4) of section 7 shall be paid and accorded by the Bank such salaries, allowances (including retirement allowances) and other terms of service as may be determined from time to time by the President; and the salary, allowances and other terms of service of a Governor or a Director-General shall not be reduced or otherwise diminished during his term of office.

(2) The Directors of the Bank and any alternate appointed for any of them pursuant to subsection (4) of section 7 shall be paid by the Bank such fees and allowances as, may be determined from time to time by the Minister.

Other officers and staff of the Bank

12.-(1) Subject to the general terms and conditions of service and to the establishment prescribed by the Board, the Governor shall be responsible for the appointment, termination of appointment and discipline of the staff of the Bank.

(2) The powers of the Board to make provisions for the staff of the Bank shall include power to provide for benefits for or in respect of those of its staff who die or retire, and their surviving dependants, and such other benefits and facilities as are usually accorded to employees in Tanzania.

Secrecy

13. Except for the purposes of the performance of his functions, or when so required or authorized by the Board, or when so required by law, no member of the Board or of the staff of the Bank shall disclose any information relating to the Bank or to any transaction or customer of the Bank which he has acquired in the course of his duties.

(c) *Capital, reserves and accounts of the Bank*

14.-(1) The authorized capital of the Bank shall be twenty million shillings. ^{authorized capital}

(2) The capital of the Bank shall be subscribed and held only by the United Republic.

15.-(1) The Bank shall establish and maintain a general reserve fund. ^{General reserve fund and}

(2) At the end of each financial year, after allowing for the expenses of operation during that year, and after making provision for any payment charged on the profits by section 16, bad and doubtful debts, depreciation of assets, contributions to staff and superannuation funds, carry-over into the next financial year and such other contingencies and accounting provisions as are customarily made by banks-

(a) the Bank, after consultation with the Minister, shall transfer to the general reserve fund-

(i) if the amount of moneys in that fund is less than the authorized capital of the Bank, not less than one-quarter of its net profits; or

(ii) if the amount of moneys in that fund equals or exceeds the authorized capital of the Bank but is less than three times the amount of that capital, not less than one-eighth of its net profits; and

(b) the remainder of the net profits of the Bank shall be paid into the Consolidated Fund:

Provided that if, at the end of the financial year the Government is indebted to the Bank, the Bank shall apply the remainder of its net profits to the reduction or discharge of such indebtedness and the balance, if any, shall be paid into the Consolidated Fund.

(3) Profits or losses from any revaluation of the Bank's net assets or liabilities in gold, foreign exchange or foreign securities as a result of any change in the par value of any currency unit, shall be excluded from the computation of the annual profits and losses of the Bank. All such first-mentioned profits or losses shall be transferred to a special account to be called the revaluation account. ^{Revaluation account}

16.-(1) The amount of any net loss of the Bank in excess of the moneys standing to the credit of the general reserve fund of the Bank shall be charged upon, and paid out of, the Consolidated Fund without further appropriation than this Act. ^{losses of the Bank on Consolidated Fund}

(2) Where, in pursuance of subsection (1) of this section, any sum is paid out of the Consolidated Fund, the Bank shall out of its subsequent profits repay the same to the Consolidated Fund, and such repayment shall be a first charge on the profits of the Bank,

17.-(1) The financial year of the Bank shall be the same as the financial year of the Government and the accounts of the Bank shall be closed at the end of each financial year. ^{financial accounts and audit}

(2) The Bank shall cause true and full accounts and records to be kept of all its transactions, and the books of account and records shall be kept at its head office and shall be open at all times to the inspection of the members of the Board.

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(3) Notwithstanding anything contained in the Exchequer and Audit Ordinance, the accounts of the Bank shall be audited annually by such auditor as the Minister shall appoint.

(4) Without prejudice to the provisions of subsection (3), the Minister may, at any time, require the Controller and Auditor-General or such other auditor as he may appoint, to make an examination of, and to report on, the accounts of the Bank, and where the Minister so requires, the Bank shall provide all necessary and proper facilities for such examination.

(5) Where the accounts of the Bank are audited or examined by an auditor other than the Controller and Auditor-General, the fees for such audit or examination shall be determined by the Minister and paid by the Bank.

Reports

18.-(1) The Bank shall submit to the Minister-

(a) within three months after the close of each financial year, a report of the Bank's operations throughout that year, together with the balance sheet and profit and loss account for that year, certified by the auditor;

(b) half yearly reports of the economic situation, with special reference to financial development, and of the policies followed by the Bank. and the Minister shall lay a copy of every such report before the National Assembly.

(2) After a copy of a report has been laid before the National Assembly, the report shall be published by the Bank.

(3) In addition to any reports published by the Bank pursuant to the foregoing provisions of this section, the Bank may issue such other publications as it considers to be in the public interest.

(d) *Supplementary*

Offices and branches

19. The Bank may establish offices and branches at such places both within and outside Tanzania as it considers necessary.

Agents and correspondents

20. The Bank may appoint agents and correspondents both within and outside Tanzania.

Exemption from tax

21.-(1) The Bank shall be exempt from income tax, from any other tax, duty or levy, and from the payment of such fees as the Minister may determine.

(2) If any question arises whether any charge, impost or fee is a tax, duty, levy or fee from which the Bank is exempt, the matter shall be referred to the Minister whose decision shall be final.

(3) The provisions of this section shall have effect notwithstanding anything contained in any Act of the Common Services Organization.

22. The Companies Ordinances, the Banking Ordinance and the Companies Decree of Zanzibar shall not apply to the Bank, and the Bank shall not be placed in liquidation or wound up except pursuant to, and in such manner as is provided by, an Act of Parliament.

23. The Board may make By-laws for the good order and management of the Bank, but, notwithstanding anything contained in the Interpretation, and General Clauses Ordinance, it shall not be necessary for such By-laws to be published in the *Gazette*.

PART III

CURRENCY

(a) *Currency and its issue*

24. The unit of currency in Tanzania shall be the shilling, each of shilling being divided into one hundred cents.

25.-(1) The par value of the shilling in terms of gold shall be determined by the President on the advice of the Bank and in accordance with any international agreement in that behalf to which Tanzania is a party.

(2) Notice of such determination shall be published forthwith in the *Gazette*.

26. The Bank shall have the sole right to issue bank notes and coins in and for Tanzania and, subject to section 33, only bank notes and coins issued by the Bank shall be legal tender in Tanzania.

27. (1) Bank notes and coins issued by the Bank-

(a) shall be in such denominations of the shilling or fractions thereof expressed in cents; and

(b) shall be of such materials, forms and designs, shall bear such inscriptions and devices, and shall have such other characteristics,

as the Bank, with the approval of the Minister, shall determine.

(2) The Bank shall give notice in the *Gazette* of the denominations and other characteristics of the bank notes and coins which it issues.

28.-(1) Subject to the provisions of this section-

(a) bank notes issued by the Bank shall be legal tender at their face value for the payment of any amount;

(b) coins issued by the Bank shall, if they have not been tampered with, be legal tender at their face value-

(i) in the case of a shilling, or any multiple of a shilling, for the payment of any amount;

(ii) in the case of coins having a face value of fifty cents, for the payment of any amount not exceeding twenty shillings; and

(iii) in the case of coins of any lower denomination than fifty cents, for the payment of any amount not exceeding five shillings.

(2) The Bank shall have power, on giving reasonable notice in the *Gazette*, to call in any notes or coins issued by it on payment (subject to the provisions of section 29): of the face value thereof; and any notes or coins with respect to which a notice shall have been given under this subsection shall, on the expiration of such notice, cease to be legal tender.

(3) Nothing in this section shall be construed as precluding the Bank from making payment for any notes or coins called in accordance with subsection (2) which are delivered to the Bank after they have ceased to be legal tender.

Lost and
damaged
currency

29.-(1) No person shall be entitled to recover from the Bank the value of any lost, stolen or imperfect bank note or coin, or of any bank note that has been mutilated, or of any coin that has been tampered with.

(2) The circumstances in which and the conditions and limitations upon which, the value of any lost, stolen or imperfect notes or coins, mutilated notes or coins which have been tampered with may be refunded as of grace by the Bank shall be within the absolute discretion of the Bank.

Tampering
with coinage

30. For the purposes of this Act, a coin shall be deemed to have been tampered with if the coin has been impaired, diminished or lightened otherwise than by fair wear and tear, or has been defaced by stamping, engraving or piercing whether or not it has been thereby diminished or lightened.

Destruction
of coins
and notes

31. The Bank may melt down, break up or deface any coin which has been called in or tampered with and may deface or destroy any bank note which has been called in or mutilated.

(b) Contracts, transactions, etc., to be in currency

Contracts,
etc., to be
made in
currency

32. Every contract, sale, payment, bill, note, instrument and security for money, and every transaction, dealing, matter and thing whatsoever relating to money, or involving the payment of, or the liability to pay, any money, shall, in the absence of express provision to the contrary, be made, executed, entered into, done and had according to the shilling.

(c) Temporary and transitional provisions relating to currency

Notes and
coin issued
by
East African
Currency
Board to
remain
currency
temporarily
T. Caps. 177
and 177
Z. Cap 138

33.-(1) Notwithstanding the foregoing provisions of this Part or the provisions of section 35, every currency note and coin which is, immediately before the commencement of this Part, legal tender by reason of the provisions of the Currency Notes ordinance or the Metallic Coin Ordinance or the Currency Decree of Zanzibar shall, subject to the respective provisions of those Ordinances and that Decree, remain legal tender in Tanzania until the President, by proclamation made after consultation with the Bank, directs that such notes and coins shall cease to be legal tender.

(2) The President may exercise his powers under this section either in respect of such notes and coins, generally or in respect of any denomination or description of such notes or such coins.

34.-(1) So long as the currency notes and coins referred to in section 33 remain legal tender in Tanzania, the Bank shall, on demand, exchange any amount in such notes and coins free of charge for the equivalent amount in bank notes and coin issued under this Act. Thereafter, the Bank may continue to exchange amounts in such currency notes and coins free of charge for the equivalent amount in bank notes and coins issued under this Act during such period or periods as the Bank may, with the approval of the Minister, determine.

(2) Every determination under this section shall be published in the *Gazette*.

35. Every reference to the East African shilling, or the cents into which it is divided, or to the pound of twenty East African shillings, or in any written law, deed, instrument, security for money or other document, or in any contract or agreement whether in writing or not, or in any other manner whatsoever, shall, in respect of any time, or any period commencing, on or after this section comes into operation, be construed as a reference to the equivalent amount of shillings, the cents into which the shilling is divided and the sum of twenty shillings multiplied by the number of pounds, respectively.

36. For the purpose of sections 34 and 35, one East African shilling is equivalent to one shilling.

PART IV

OTHER OPERATIONS OF THE BANK

(a) *The Bank as banker to the Government and other public authorities*

37.-(1) The Bank shall be the banker, and shall act as the fiscal agent, of the Government.

(2) The Bank may, subject to such arrangements as may be made with the authority concerned, act as banker and fiscal agent for any public authority.

38.-(1) The Bank, in its capacity as banker and fiscal agent of the Government or of any public authority, may-

- (a) be the official depository of the Government or public authority concerned and accept deposits and effect payments for the account of the Government or public authority;

Provided that the Bank may, after consultation with the Government or the public authority concerned, select any other bank to act in its name and for its account as the official depository of the Government or the public authority in places where the Bank maintains no office or branch;

- (b) maintain and operate special official accounts in accordance with arrangements made between the Bank and the Government or public authority concerned;
- (c) act as agent of the Government for servicing the public debt, including the issuance of, payment of interest on, and the redemption of, bonds and other securities of the Government;
- (d) pay, remit, collect or accept for deposit or custody funds in Tanzania or abroad;

- (e) purchase, sell, transfer or accept for custody cheques, bills of exchange and other securities;
- (f) collect the proceeds, whether principal or interest, resulting from the sale for, or accruing to the interest of, the Government or public authority of securities or other property;
- (g) purchase, sell, transfer or accept for custody gold or foreign exchange.

(2) The Bank shall not be entitled to any remuneration for its services as banker or fiscal agent of the Government except in respect of its services as agent for the Government pursuant to paragraph (c) of subsection (1) of this section, or in respect of any transaction under section 39 or 40.

Direct
advances
to the
Government

39. (1) Subject to the provisions of this section, the Bank may make direct advances to the Government for the purposes of offsetting fluctuations between receipts from the budget revenue and payments of the Government.

(2) The total amount outstanding at any time of advances made under this section shall not exceed twenty per centum of the average annual ordinary revenues of the Government and no advances shall remain outstanding for more than three hundred days.

(3) Each advance made to the Government under this section shall bear interest at such rate, not being less than three per centum per annum, as may be agreed between the Bank and the Government.

Operations in
Government,
etc.,
securities

40. (1) Subject to the provisions of this section, the Bank may-

- (a) purchase, hold and sell negotiable securities issued by the Government which mature not later than twelve months from the date of acquisition by the Bank;
- (b) purchase, hold and sell negotiable securities issued by the Government or, with the guarantee of the Government, by a public authority which mature later than twelve months from the date of acquisition by the Bank.

(2) The total amount of securities held by the Bank at any time under subsection (1) of this section, together with the amount of securities held by the Bank as security under paragraph (b) of section 45, shall not exceed twenty-five per centum of the average annual ordinary revenues of the Government; and the total amount of the securities held by the Bank at any time under paragraph (b) of subsection (1) of this section shall not exceed ten per centum of such average annual ordinary revenues.

Meaning of
average
annual
ordinary
revenues

41. For the purposes of sections 39 and 40, the ordinary revenues of the Government include the revenues from taxes, levies, duties and fees, rents, profits and income from any investment or undertaking and any contribution to the revenue of the Government from any political subdivision of the United Republic, but do not include loans, grants, other forms of economic aid or capital raised; and the average annual ordinary revenues means the average of the annual ordinary revenues during the three financial years immediately preceding the year in which the relevant calculation is made.

42. Except as provided in sections 39 and 40, the Bank shall not extend any credit directly or indirectly to the Government or any public authority.

(b) Financial relation with other banks

43. (1) The Bank may open accounts for, accept deposits from, and collect money and other monetary claims for and on account of banks, and may generally act as banker to banks.

(2) Subject to the provisions of this Act, the Bank may provide additional services to banks, including interbank clearings and the provision of safe deposit facilities.

44.-(1) The Bank may purchase from, sell to and rediscount on behalf of, banks, such bills of exchange, promissory notes and other credit instruments as-

- (a) bear the endorsement or acceptance of a bank; and
- (b) mature within one hundred and eighty days from the date of acquisition or rediscount by the Bank; and
- (c) are issued and made for the purpose of financing-
 - (i) the purchase or marketing of produce, the importation or exportation of produce and other goods, or the transportation of produce and other goods within Tanzania;
 - (ii) the storage of non-perishable goods and products which are duly insured or deposited under conditions assuring their preservation in authorized warehouses or in other places approved by the Bank; or
 - (iii) industrial or agricultural production.

(2) If the Bank is satisfied that it is in the interest of the national economy so to do, it may exercise the powers conferred by subsection (1) in respect of instruments, bearing the endorsement or acceptance of a bank and relating to industrial or agricultural production, which mature within two hundred and seventy days from the date of acquisition or rediscount by the Bank.

(3) Where the Bank takes any instrument under subsection (2) it may require the transaction to be further secured by the pledge, hypothecation or assignment of any products or crops to which the transaction or any connected transaction relates.

45. The Bank may grant loans or advances for fixed periods, not exceeding six months, to banks which pledge the following as security for such loans or advances:-

- (a) the instruments referred to in section 44, or
- (b) subject to the limitations provided for in section 40, negotiable securities issued or guaranteed by the Government.

46. Subject to the provisions of section 44 and 45, the Bank may determine the general terms and conditions under which it extends credit to banks. In particular, the Bank shall determine and publish the rates of interest it will charge for rediscounting instruments in accordance with section 44, and for granting loans or advances to banks in accordance with section 45.

(c) Control of banking and credit

Reserve
requirements
in respect of
banks

47. (1) Subject to the provisions of this section, the Bank may, from time to time, require banks to maintain minimum cash balances on deposit with the Bank as reserves against the deposit and other liabilities of the banks.

(2) The Bank may prescribe different ratios for different kinds of liabilities and may prescribe the methods of computing the amount of the reserves (which ratios and methods shall apply uniformly to all banks), but the total of such balances required of any bank shall not exceed twenty per centum of that bank's deposit and other liabilities.

(3) Any requirement or increase in the ratios prescribed under this section shall take effect on the expiration of thirty days notice to the banks.

(4) The Bank may impose on any bank which fails to maintain the minimum balances required under this section a penalty charge not exceeding one tenth of one per centum per day on the amount of the deficiency for every day on which the deficiency continues, and such charge may be recovered by deduction from any balance of, or moneys owing to, the bank concerned or as a civil debt.

(5) In this section, the liabilities of a bank means its liabilities in Tanzania.

Regulation
of deposit
rate of
banks and
specified
financial
institutions

48. (1) The Bank may, when it considers such action necessary, issue orders prescribing the maximum or minimum rates of interest which banks and specified financial institutions shall pay on any type of deposit and, in the transaction of their business in Tanzania, the banks and the specified financial institutions shall comply with such orders.

(2) Orders may be made under this section in respect of all banks and specified financial institutions or in respect of all banks, or all specified financial institutions, or any category of specified financial institutions, and such orders shall apply uniformly to such of the banks and specified financial institutions to which they relate as engage in the transactions covered by the orders and shall, together with their effective dates, be published in the *Gazette*.

Credit
controls
over banks

494-(1) The Bank may, when it considers such action necessary, issue orders to control the volume, terms and conditions of credit extended by banks and, in the transaction of their business in Tanzania, the banks shall comply with such orders.

(2) Orders under this section shall not require banks to take any step to reduce any existing credit prematurely, shall apply uniformly to all banks engaging in the credit transactions covered by the orders and shall, together with their effective dates, be published in the *Gazette*.

Credit
controls over
specified
financial
institutions

50.-(1) The Bank may, when it considers such action necessary, issue orders to control the volume, terms and conditions of credit (including installment credit) extended through loans, advances or investments by specified financial institutions and, in the transaction of their business in Tanzania, such institutions shall comply With Such orders.

(2) Orders under this section shall not require the institutions to take steps to reduce any existing credit prematurely, shall apply uniformly to all specified financial institutions engaging in the credit transactions covered by the orders and shall, together with their effective dates, be published in the *Gazette*.

51.-(1) Every bank and specified financial institution shall furnish to the Bank, at such time and in such manner as may be prescribed by the Bank, such information as the Bank may require for the proper discharge of its functions and responsibilities.

(2) The Bank may publish in whole or in part, at such times as it may decide, the information furnished pursuant to subsection (1), but no information shall be published which would disclose the financial affairs of any customer of a bank or financial institution unless his written consent has first been obtained by the Bank.

52. Where any bank fails to comply with any requirement of section 48, 49 or 51, or any specified financial institution fails to comply with any requirement of section 48, 50 or 51, the bank or, as the case may be, the financial institution, and every officer of the bank or financial institution who is in default, shall be liable to a default fine; and the provisions of section 25 of the Banking Ordinance shall apply to such bank, financial institution or officer as they apply to banks and officers in default under that Ordinance.

(d) *External reserves, gold and foreign exchange*

53.-(1) The Bank shall at all times use its best endeavors to maintain a reserve of external assets at an aggregate amount of not less than the value of four months' imports as averaged for the last three preceding years. Subject to subsection (3) such reserve shall consist of any or all of the following:-

- (a) gold;
- (b) convertible foreign exchange in the form of
 - (i) demand or time deposits with foreign central banks or with the Bank's agents or correspondents abroad;
 - (ii) documents and instruments customarily used for the making of payments or transfers in international transactions;
 - (iii) notes or coins;
- (c) securities of, or guaranteed by, foreign governments or international financial organizations or institutions.

(2) The Bank shall from time to time determine the type and form of convertible foreign exchange and the kinds of securities which may be held in the reserve of external assets pursuant to subsection (1).

(3) The Bank may include in its reserve of external assets any liquid external asset not included in subsection (1), or any readily available international drawing facility, which the Bank, after consultation with the International Monetary Fund and with the approval of the Minister, considers suitable for inclusion in, such reserve.

(4) In this section, "convertible foreign exchange" means foreign exchange which is freely negotiable and transferable in international exchange markets at exchange rate margins consistent with the Articles of Agreement, as in force from time to time, of the International Monetary Fund.

Dealings in
gold and
foreign
currencies

- 54.** (1) Subject to the provisions of this section, the Bank may-
- (a) import, export, buy, sell, hold or otherwise deal in gold;
 - (b) acquire and transfer balances in foreign currencies, hold such balances with foreign central banks or with the Bank's agents or correspondents abroad, and invest such balances in marketable foreign securities;
 - (c) acquire, hold and transfer, and effect transactions of any kind in, foreign exchange.
- (2) The Bank may engage in foreign exchange transactions only with-
- (a) banks;
 - (b) the Government;
 - (c) a public authority;
 - (d) foreign central banks, foreign banks, or foreign financial institutions;
 - (e) foreign governments or agencies of foreign governments;
 - (f) international financial organizations or institutions;
 - (g) any other person whom the Minister, on the recommendation of the Bank, may prescribe for the purposes of this section.
- (3) The buying and selling rates in transactions authorized by this section shall be in accordance with international agreements to which Tanzania is a party or with which Tanzania is associated.

Exchange
control

55. The Bank shall exercise such functions in the administration of any law relating to the control of the import, export, purchase, sale or other transactions in foreign exchange and gold as may be conferred upon it by or under such law.

Payments
agreement

56. The Bank shall administer any payments agreement entered into by Tanzania.

Fiscal agent
and
depository
for
Government's
transactions
with
international
financial
institutions

57. (1) The Bank shall be the fiscal agent for all the Government's transactions with international financial organizations or institutions of which Tanzania is a member.

(2) The Bank shall act as a depository for the Tanzania currency holdings of international financial organizations or institutions of which Tanzania is a member.

(e) Miscellaneous powers and functions

Relations
with foreign
banks

58. The Bank may open accounts for, accept deposits from, and collect money and other monetary claims for and on account of, foreign central banks, foreign banks and foreign financial institutions, and may generally act as banker to such banks and institutions.

59. The Bank may, with the approval of the Minister, promote, and subscribe to, hold, and sell shares in, any corporation established by or with the approval or under the authority of the Government for the purposes of promoting the development of a money market or securities market in Tanzania or of improving the financial machinery for the financing of economic development in Tanzania:

Provided that the total value of the Bank's holding of any such shares shall not at any time exceed fifty per centum of the aggregate of the Bank's paid up capital and of the general reserve fund of the Bank.

60. The Bank may, if in its opinion circumstances of an unusual nature render it desirable and prudent so to do, pay interest at such rates and subject to such qualifications as it may determine on minimum cash balances deposited with the Bank in accordance with section 47 or on the balances in any account with the Bank which is a blocked account within the meaning of the Exchange Control Ordinance.

61. -(1) The Bank may advise the Government on any matter relating to its functions, powers and duties under this or any other law and shall advise the Government when, in the Bank's opinion, any such matter is likely to affect the achievement of the principal objectives of the Bank as set forth in section 5.

(2) The Government may require the Bank to give its advice on any matter relating to the functions, powers and duties of the Bank and credit conditions in Tanzania or any proposals, measures or transactions relating thereto, and the Bank shall give its advice accordingly.

(f) Prohibited operations

62.-(1) The Bank shall not-

Prohibited operations

- (a) save as expressly authorized by this Act, engage in trade, or own or acquire any direct interest in any commercial, agricultural, industrial or similar undertaking except in the course of obtaining satisfaction for any debt due to the Bank;
- (b) purchase, acquire or lease immovable property for any purpose except as premises for the Bank (including reasonable provision for anticipated future requirements) or for the use of the members of the Board or of the staff of the Bank;
- (c) draw or accept bills payable otherwise than on demand; or
- (d) save for the purposes of giving effect to subsection (2) of section 12, guarantee any loan, advance or investment.

(2) Where, in the case provided in paragraph (a) of subsection (1), the Bank acquires any interest to which that paragraph refers, the Bank shall dispose of the same at the earliest suitable opportunity.

PART V

MISCELLANEOUS

(a) General

63. The Government shall not maintain any reserve of external assets except to the extent necessary for working balances.

Limitation on external holdings

Prohibited
banking
names

64. Save with the written consent of the Minister acting on the recommendation of the Bank, no bank shall be registered hereafter under the provisions of any law in force in Tanzania by a name which includes any of the words "Central", "Government", "National", "Republic", "Republican", "Reserve", "State", "Tanzania", "Tanzanian" or "Union"

Bank, etc.
deemed to be
public
service for
certain
purpose
Cap. 45
Permanent
Commission
to have
jurisdiction

65. In the discharge of its functions under this Act and in the administration of any law to which section 55 refers, the Bank, and the members of the Board and of the staff of the Bank, shall be deemed, for the purposes of section 5 of the Official Secrets Ordinance, to be persons holding office in the service of the United Republic.

Acts 1965
No. 43

66. In addition to any other persons in respect of whom the Permanent Commission of Enquiry has jurisdiction, the Permanent Commission shall have jurisdiction to enquire into the conduct in the exercise of their respective offices or authorities, or in abuse thereof, of the members of the Board and the members of the staff of the Bank and, accordingly, the Bank is specified for the purposes of subsection (4) of section 67 of the Interim Constitution of Tanzania, 1965.

(b) Transitional

Subscription
for initial
authorized
capital

67. All lands, buildings and movable property (including stocks of notes or coins) obtained or provided by the Government, prior to the commencement of this section, for the use of the Bank shall, on, the commencement of this section, vest in the Bank without further assurance; and such lands, buildings and property, and any sum of money paid to or appropriated to the use of the Bank by the Government before the date prescribed for the purposes of section 68 (including any share of the United Republic in the assets of the East African Currency Board distributed before that date), shall be deemed to be the subscription in full in money's worth and money by the United Republic for the capital of the Bank authorized by section 14, and the United Republic shall be under no further liability in respect of such subscription.

Assets of
East African
Currency
Board

68.-(1) All the share of the United Republic in the assets of the East African Currency Board which are distributable after the prescribed date shall be transferred to the Bank, and the Bank shall have the sole authority to receive such assets.

(2) In this section, "the prescribed date" means the date as determined by the Minister on which the distribution of the assets of the East African Currency Board (other than any preliminary distribution made for the purposes of enabling the Bank to undertake any activities necessary before it commences business) is commenced.

Exclusion
of certain
assets from
limits on
Credit

69. Any securities issued by the United Republic or Zanzibar which are received by the Bank as part of the United Republic's share of the assets of the East African Currency Board shall not be deemed to be securities issued or guaranteed by the Government, and shall not be taken into account in computing the amount of credit extended to the Government and public authorities, for the purposes of section 39 or 40.

70. Any reserve of external assets in excess of working balances held by the Government on the commencement of this section shall be transferred to the Bank as it shall request, and upon the transfer of such assets the Bank shall credit the account of the Government with the value thereof.

71. -(1) Any time after the commencement of section 4 the Bank may make such arrangements as it considers necessary for the printing of notes and the minting of coins for the purpose of this Act.

(2) Upon the commencement of section 4, any act done, and preliminary expenses incurred, by the Government in connection with the formation of the Bank, including the printing of notes and minting of coins to be issued by the Bank, shall, as the Minister may direct, have the same effect and validity as if such act had been validly done and such expenses validly incurred by the Bank; and the Bank may continue any act so commenced but remaining unfinished at the date of commencement of section 4 as if such act had been initiated by the Bank.

(c) Amendment and repeal of Laws

72. The provisions of the written laws set out in the first, second and third columns of the Schedule hereto are hereby amended in the manner set out opposite thereto in the fourth column of the Schedule.

73. Subject to sections 33 to 36 (inclusive), the Currency Notes Ordinance, the Metallic Currency Ordinance and the Currency Decree of Zanzibar are hereby repealed.

THE SCHEDULE

(Section 72)

AMENDMENT OF LAWS

(a) Laws of Tanzania and Tanganyika

1.	2.	3.	4.
(1) Cap. 16 The Penal Code		Chapter Add, immediately below section 332, the XXXIII following new section:-	
		"Defacing bank notes	332A. Any person who, without authority, wilfully defaces, tears, cuts or otherwise mutilates any bank note or currency note which is legal tender, is guilty of an offence and is liable on conviction to a fine of one hundred shillings in respect of each note."
		Section 341	Insert, immediately before the words "bank note" in the fifth line of paragraph (c), the words "currency note or"

1.	2.	3.	4.
			Chapter Add, immediately below section 352, the XXXV following new section: -
		"Wrongful issue of notes	352A. Any person who issues or is a party to issuing- (a) any note purporting to be a currency note of Tanzania; or (b) any bank note purporting to be currency in Tanzania, otherwise than in accordance with the provisions of the Bank of Tanzania Act, 1965, shall be guilty of an offence and shall be liable on conviction to imprisonment for a term not exceeding five years."
		Section 353	Insert, in the definition "coin" immediately after the word "state", the comma and words ", and coin which was at any time legal tender in Tanzania or in any other country and which is convertible into coin of legal tender therein"
		Section 358	Delete the words "the Accountant-General" wherever they occur and substitute therefor in the fourth line and the sixth and seventh lines, the words "an officer of the Bank of Tanzania appointed by the Bank for the purpose" and, in the tenth line, the words "the Bank of Tanzania"
(2) Cap. 294	The Exchange Control Ordinance	Part V	Add, immediately below section 37, the following new section:- "Bank of Tanzania 37A.(1) The Minister for the time being responsible for financial matters may, by order published in the <i>Gazette</i> , transfer or delegate to the Bank of Tanzania all or any of the functions, powers and duties of the Treasury under this Ordinance, including any power to make orders; and, where any specific function, power or duty is so transferred or delegated, the Bank shall have the like incidental and supplementary powers in relation thereto as are vested in the Treasury by this Ordinance. (2) The exercise of any function or power, and the performance of any duty, under this Ordinance by the Bank of Tanzania pursuant to any transfer or delegation under this section, shall be subject to such conditions, limitations and qualifications as may be specified by the Minister by order or by directions to the Bank in writing."
(3) Cap. 430	The Banking Ordinance	Part I	Add, immediately below section 1, the following new section:- "Application 1A. This Ordinance shall extend to Zanzibar as well as to Tanganyika."
		Section 2	(1) Delete the definitions "company", "co-operative society", "East Africa", "East African Governments and "registrar" and substitute therefor the following new definitions:-

- | | | | |
|----|---------------|--|--|
| 1. | 2. | 3. | 4. |
| | | T. Cap. 2, 12 | "'Company' means a company as so defined in section 2 of the Companies Ordinance, a company as so defined in section 2 of the |
| | | Z. Cap. 153 | Companies Decree of Zanzibar, and includes a company incorporated outside Tanzania to which Part XII of that Ordinance or Part IX of that Decree apply; |
| | | T. Cap. 211
Z. Cap. 154 | 'co-operative society' means a co-operative society registered under the Co-operative Societies Ordinance or the Co-operative Societies Decree of Zanzibar; |
| | | | 'East Africa' means Tanzania, Kenya and Uganda and the 'East African Governments' means the Governments of those countries and includes the Executive for Zanzibar; |
| | | | registrar' means such Person as the Minister may appoint to be the registrar for the purposes of this Ordinance; |
| | | | (2) insert, in the second line of the definition, "private company" immediately after the words "Companies Ordinance" the comma and words ", the Companies 'Decree of Zanzibar'". |
| | Part I | | Add, immediately below section 2, the following new section):- |
| | | "Transitional provisions relating to extension Ordinance to Zanzibar | 2A.-(1) Where, immediately before the commencement of this section, any company or co-operative society is carrying on banking business in Zanzibar, the proviso to subsection (1) of section 4, subsection (1) of section 7 shall apply to such company or co-operative society as if there were substituted for references to the date of the commencement of the Ordinance, references to the date of the commencement of this section. |
| | | | (2) For the avoidance of doubt it is hereby declared that any licence issued to a bank prior to, and in force immediately before, the commencement of this section shall have effect throughout Tanzania." |
| | Section 7 (2) | | Insert, immediately after the words "the registrar may" in the second line, the commas and words ", after consulting the Bank of Tanzania," |
| | Section 9 (1) | | Insert, immediately after the words "The registrar may" in the first line, the commas and words ", after consulting the Bank of Tanzania," |
| | Section 9 (4) | | Insert, immediately after the words "the registrar" in the fifth line, the commas and words ", the Bank of Tanzania," |
| | Section 24 | | Insert, immediately after the words "Co-operative Societies Ordinance" in the second line, the words "or the Companies Decree or the Co-operative Societies Decree of Zanzibar" |
| | Section 31 | | Substitute a semi-colon and the word "or" for the full stop at the end of section 31, and add the following new paragraph:- |

1. 2. 3. 4.

"(d) to the Government Savings Bank constituted under the Government Savings Bank Decree of Zanzibar."

Z. Cap. 67

(b) Laws of Zanzibar

(1) Cap. 13 The Penal Decree

Part XXXIII

Add, immediately below section 305, the following new section:-

"Defacing bank notes

305A.-(1) Any person who, without authority, wilfully defaces, tears, cuts or otherwise mutilates any bank note or currency note which is legal tender, is guilty of an offence and is liable on conviction to a fine of one hundred shillings in respect of each note."

Section 311 insert, immediately before the words "bank note" in the fifth line of paragraph (c), the words "currency note or"

Part XXXV

Add, immediately below section 322, the following new section:-

"Wrongful issue of notes

322A. Any person who issues or is a party to issuing-

(a) any note purporting to be a currency note of Tanzania; or

(b) any bank note purporting to be currency in Tanzania, otherwise than in accordance with the provisions of the Bank of Tanzania Act, 1965, shall be guilty of an offence and shall be liable on conviction to imprisonment for a term not exceeding five years."

Section 324 Delete the definition "coin" and substitute the following new definition:-

'coin' includes any coin coined in a mint for use in Tanzania, coin which is legal tender in Tanzania or in any other count and coin which was at any time legal tender in Tanzania or any other country which is convertible into coin of legal tender therein;"

Part XXXVI Add, immediately below section 328, the following new section:-

"Melting down of currency

328A. Any person who, without authority, melts down, breaks up or defaces by stamping thereon any name, word or mark, any coin current for the time being in Tanzania is guilty of an offence and is liable on conviction to imprisonment for a term not exceeding six months or to a fine not exceeding two thousand shillings or to both such imprisonment and fine."

1.	2.	3.	4.
		Section 335	Delete the words "the Accountant-General" wherever they occur and substitute therefor, in the fourth line and the seventh line the words "an officer of the Bank of Tanzania appointed by the Bank for the purpose", and, in the tenth line, the words "the Bank of Tanzania"
(2) Cap. 153 The Companies Decree	Section 125 (1)		Insert, immediately after the words "private company" in the first line, the brackets and words "(other than a private company which is a licensed bank)".
	Seventh Schedule		Insert, immediately after the words "company shall not" in the first line of paragraph 23, the commas and words ', unless the Minister responsible for the administration of the Banking Ordinance otherwise directs,'
	Eighth Schedule		Add immediately below paragraph 4, the following new paragraph:- "5. The provisions of paragraphs 3 (2) and 4 of this Schedule shall take effect in respect of the scheduled banks in such manner as shall require the auditor's report thereof to state whether or not the accounts of Such banks give a true and fair view- (a) in the case of the balance sheet, of the state of the bank's affairs at the end of its financial year; and (b) in the case of the profit and loss accounts, of the profit or loss of the financial year; and (c) in the case of group accounts, of the state of affairs and profit and loss of the bank and its subsidiaries dealt with thereby, subject to the non-disclosure of any matters (to be indicated in the report) which by virtue of paragraph 23 of the Seventh Schedule are not required to be disclosed."

Passed in the National Assembly on the twenty-third day of December, 1965.

msekwa
Clerk to the National Assembly