

The Organic Law of the National Bank, 1939 ¹

NOTE:—The National Bank of Belgium (Banque Nationale de Belgique) was established in 1850 by virtue of a Law of May 5, 1850 which conferred the privilege of note issue on the Bank. The Bank is presently governed by Royal Decree No. 29 of August 24, 1939 as modified by amendments adopted in 1944, 1948, 1957, and 1959, often referred to as the Organic Law of the National Bank of Belgium.

I

Art. 1. The National Bank of Belgium, established by the Law of May 5, 1850 and extended by the Laws of May 20, 1872, March 26, 1900, and February 26, 1926, by the Royal Decree of October 25, 1926 issued in implementation of the Law of July 16, 1926 and by the Royal Decree of July 23, 1937 issued in implementation of the Law of June 10, 1937, shall henceforth be governed by the following provisions.

Art. 2. The head office of the Bank shall be in Brussels.

The Bank shall establish branches or agencies in the principal towns of judicial districts and, in addition, in the localities of the territory of the Belgian-Luxembourg Economic Union where the need is found to exist, in agreement with the government concerned.

A discount office or committee shall be attached to each agency in the localities where the government concerned considers it necessary, after the opinion of the Council of Regency of the Bank has been heard.

Art. 3. The Bank's charter shall expire on December 31, 1988.

Art. 4. No bank of issue may be established except by law.

¹ The full title in French is Arrêté royal du 24 août 1939 (n° 29) relatif à l'activité, l'organisation et les attributions de la Banque Nationale de Belgique, pris en exécution de la loi du 1^{er} mai 1939 (art. 1^{er}, 1^h), modifié par les arrêtés-lois du 1^{er} mai 1944 (n° 5) et du 5 septembre 1944 et par les lois du 28 juillet 1948, du 12 avril 1957 et du 19 juin 1959. In English the full title is Royal Decree of August 24, 1939 (No. 29) Concerning the Activity, Organization and Powers of the National Bank of Belgium, Issued in Implementation of the Law of May 1, 1939 (Art. 1, 1^h), as Modified by the Decree-Laws of May 1, 1944 (No. 5) and September 5, 1944 and by the Laws of July 28, 1948, April 12, 1957 and June 19, 1959.

For the consolidated text in French, see the pamphlet edition, *Loi organique, statuts*, . . . , published by the Banque Nationale de Belgique in 1960.

Art. 5. The capital of the Bank shall be four hundred million francs, divided into four hundred thousand registered or bearer shares of one thousand francs each.

Two hundred thousand of these shares shall be subscribed by the State at par for the face value; they shall be registered and nontransferable.

Article 76 of the coordinated laws on commercial companies is not applicable to the voting right attached to shares of the National Bank of Belgium.

Art. 6. The reserve fund shall be for the purpose of:

(1) Making good losses on capital stock.

(2) Supplying any shortfall in the annual profit up to a dividend of six per cent of the capital.

Upon expiration of the Bank's right of issue, the State shall have a priority claim to one fifth of the reserve fund. The remaining four fifths shall be distributed among all the shareholders.

Art. 7. The Bank shall issue bearer notes. The amount of notes in circulation shall be represented by easily realizable assets.

The Bank must have a reserve in gold equal to at least one third of the amount of its sight liabilities.

Art. 8. The design and the text of the notes to be issued shall be submitted by the Bank for the approval of the Minister of Finance. Absence of approval cannot be invoked by or against third parties.

The text shall be worded in French and Flemish.

Art. 9. Whenever a type of bank note is replaced or withdrawn, the Bank shall pay to the Treasury, on expiration of the period established in each case by special agreement, the value of the notes of that type which have not been presented for reimbursement.

Notes whose value has been paid to the Treasury shall be deducted from the amount of currency in circulation; any of these notes which are presented later at the counters of the Bank shall be reimbursed for the account of the Treasury.

Art. 10. The notes shall be payable on demand at the offices of the Bank in Brussels.

Reimbursement of the notes at provincial agencies may be deferred until these agencies have received the necessary funds.

The Government shall accept notes of the Bank in payment at pay offices of the State.

Art. 11. The operations of the Bank shall comprise:

(1) Discounting, buying and transferring drafts and other bills relating to commercial transactions.

For the purposes of this provision, purchases and sales made by or to farmers of cattle, agricultural implements, fertilizer, seed, crops and, in general, merchandise and commodities pertaining to the performance of their business are also considered commercial transactions.

(2) Rediscounting abroad credit instruments in its portfolio; pledging these credit instruments; guaranteeing the payment of these credit instruments or of the discounts and advances pertaining thereto; acquiring assets or obtaining credits abroad and carrying out exchange operations in foreign markets.

(3) Discounting, buying and transferring short- or medium-term securities issued or guaranteed by the Belgian State or the Grand Duchy of Luxembourg, or issued by institutions whose liabilities are guaranteed by the Belgian State.

(4) Dealing in gold and silver at its counters or through agents.

(5) Making advance of funds against gold or silver bars or coins.

(6) Assuming responsibility for the collection of credit instruments.

(7) Receiving sums on current account and credit instruments, precious metals and gold and silver coins in custody.

(8) Making advances on current account and short-term loans secured by short-, medium- or long-term public securities issued or guaranteed by the Belgian State or the Grand Duchy of Luxembourg, and preferred shares of the Belgian National Railway Company which have been issued publicly, and this within the limits and conditions determined by the Council of Regency.

(9) Buying and selling national long-term public securities quoted on the Stock Exchange.

Art. 12. The Bank may not engage in operations other than those provided for in Article 11.

However, on authorization of the Minister of Finance, the Bank may acquire securities representing the capital of financial institutions governed by special legal provisions or placed under the guarantee or control of the State and the Bank for International Settlements; but the total of these securities may not exceed an amount equivalent to its capital, reserves and amortization accounts.

The Bank may also acquire the real estate strictly necessary for the exercise of its functions or the well-being of its staff.

Art. 13. Pending further measures, the amount of the portfolio held by the Bank as a result of operations carried out in conformity with Article 11(3) and (9) may not exceed a limit which shall be fixed by agreements between the Minister of Finance and the National Bank, with the concurrence of the Council of Regency. These agreements shall be approved

by the Council of Ministers and published within eight days in the *Moniteur belge*. They are exempt from stamp and registration duties.

Art. 14. The Bank may acquire, in addition, national public securities up to an amount equal to its capital, reserves and amortization accounts.

Art. 15. The restrictions with regard to public securities do not refer to securities guaranteeing the execution of the Bank's obligations in respect of pensions.

Art. 16. Public securities held by the Bank may be entered in the accounts at their buying price if this is equal to or less than the redemption price.

Art. 17. The Bank shall act as Government Cashier subject to the conditions determined by law.

It may be made responsible, subject to the conditions determined by the Minister of Finance, for operations involving the issue and conversion of national short-, medium- and long-term public securities.

Art. 18. The Bank shall act on behalf of the General Savings and Pension Fund in conformity with the laws on the subject and the agreements concluded with that institution.

It may also, on authorization of the Minister of Finance, act on behalf of other financial institutions governed by special legal provisions or placed under the guarantee or control of the State, in conformity with agreements concluded with these institutions.

Art. 19. The Bank may carry out all operations designed to facilitate transfers of funds.

Art. 20. The profit to the Bank resulting from the difference between interest at three per cent and the rate of interest collected on its discounts, advances and loans shall accrue to the State.

The proceeds of national public securities acquired by the Bank may be included in the distributable profits only up to a rate of three and a half per cent, any remainder being paid to the reserves or the amortization accounts.

This provision does not apply to securities acquired as capital, as reserves or on amortization account, the proceeds of which are at the free disposal of the Bank.

Nor does it apply to securities guaranteeing the execution of the Bank's pension obligations.

Art. 21. The annual profit shall be distributed as follows:

(1) A first dividend of six per cent to the shareholders.

- (2) Of the remainder:
 - (a) ten per cent to reserves;
 - (b) eight per cent to the staff or to institutions in its favor.
- (3) From the surplus, the following allocations are to be made:
 - (a) one fifth to the State;
 - (b) an amount to the shareholders making it possible to grant them a second dividend to be determined by the Council of Regency;
 - (c) the balance to reserve.

Art. 22. The Bank shall be directed by a Governor and administered by a Board of Directors assisted by a Council of Regency. It shall be supervised by a Board of Censors. There shall be, in addition, a General Council.

There shall also be, at the head office, a Discount Committee, the composition and role of which shall be determined by the By-Laws.

Art. 23. The Board of Directors shall be presided over by the Governor and shall include, in addition to him, at least three and not more than six directors, one of whom is designated by the King to replace the Governor in case the latter is unable to attend. He bears the title of Vice-Governor.

The powers of the Board of Directors shall be set forth in the By-Laws.

The Council of Regency shall be composed of the Governor, the directors and ten regents.

The Council of Regency shall deliberate on questions within its purview under the present Decree or the By-Laws and on general questions pertaining to the Bank, money, credit and the economic development of the country.

The Board of Censors shall be composed of eight to ten members.

The Governor, the directors, the regents and the censors form the General Council. This Council shall deliberate on questions within its purview under the present Decree and the By-Laws.

Art. 24. The Governor shall be appointed by the King for a term of five years.

The directors shall be appointed by the King for a term of six years, on the proposal of the Council of Regency.

The regents and censors shall be elected for a term of three years by the General Meeting of Shareholders.

As to the election of censors, Article 76 of the coordinated laws on commercial companies shall be applicable.

Three regents shall be proposed by the Minister of Finance.

Two regents shall be chosen from among the executives of financial institutions of public interest.

Two regents shall be chosen on the proposal of the organizations most representative of labor.

Three regents shall be chosen on the proposal of the organizations most representative of industry, commerce and agriculture.

The methods of proposing candidates shall be determined by a Royal Decree deliberated in Council of Ministers.

The censors shall be chosen from among persons especially qualified in the field of financial supervision.

Regents and censors shall not be required to provide statutory bond.

The terms of the Governor, directors, regents and censors may be renewed.

Art. 25. The Governor, the Vice-Governor and the directors shall receive remuneration fixed by the General Council, without sharing in the profits.

The regents shall receive attendance fees and, if appropriate, a travel allowance; the censors shall receive an allowance. The amount of these remunerations shall be fixed by the General Council.

Art. 26. Members of the Legislative Chambers may not hold the office of Governor, Vice-Governor, director, regent or censor.

Candidates for the Legislative Chambers who are elected while they are holding one of the aforementioned offices may not take the oath of office until they have resigned those offices.

Art. 27. The Governor, the Vice-Governor and the directors may not be members of the boards of any commercial company or company which is commercial in form, with the exception of financial institutions governed by special legal provisions or placed under the guarantee or control of the State and international financial institutions established under agreements to which Belgium is a party.

However, acceptance of such functions shall be subject to approval by the Minister of Finance.

Regents and censors may not perform any function whatever in a bank established in one of the forms referred to in Article 8 of [Royal] Decree No. 185 of July 9, 1935.

The same incompatibility shall obtain where persons perform any function whatever in a commercial company or a company commercial in form which holds directly or indirectly twenty-five per cent of the capital of one of the banks referred to in the preceding paragraph.

Regents and censors may not be members of a discount office of the Bank.

Art. 28. The order in which directors, regents and censors are to leave office shall be governed by the By-Laws.

The terms of regents and censors shall expire when they reach the age of sixty-seven years.

However, by authorization of the Minister of Finance, they may complete their current term.

In no case may regents and censors remain in office beyond the age of seventy years.

Art. 29. The Minister of Finance shall have the right to control all the Bank's operations. He may oppose the execution of any measure which would be contrary to the law, the By-Laws or the interests of the State. This control shall be entrusted to a Government Commissioner.

Art. 30. The Government Commissioner shall be appointed by the King. He shall supervise all the Bank's operations. He shall suspend, and report to the Minister of Finance, any decision that would be contrary to the laws, the By-Laws or the interests of the State.

If the Minister of Finance has not given any instructions within eight days of the act of suspension, the decision may be put into effect.

The Government Commissioner shall report annually to the Minister of Finance on his work.

The salary of the Government Commissioner shall be fixed by the Minister of Finance in agreement with the administration of the Bank. It shall be paid by the Bank, as shall also the fees of any technicians appointed as experts to assist the Commissioner.

Art. 31. The Governor shall send to the Minister of Finance each week a comparative statement of the Bank's position for the current week and the preceding week.

This statement, whose form shall be approved by the Minister of Finance, shall be published in the *Moniteur belge*.

The balance sheet, the profit and loss account and the statement of distribution of profits, prepared as of December 31 of each year, shall be published in the same way.

Art. 32. The National Bank and its branches, agencies and offices shall obey the statutory provisions on the use of languages in administrative matters.

Art. 33. [Repealed]

Art. 34. [Repealed]

Art. 35. The By-Laws of the Bank shall be adapted to the present provisions.

They shall be submitted to the King for approval.

If the General Meeting of Shareholders, called to decide upon amendments to the By-Laws as a result of the above provisions, does not represent the portion of capital prescribed in Article 90 of the By-Laws in force at the time of the promulgation of the present Decree, a new meeting

shall be called, which shall decide validly in conformity with Article 70 of the coordinated laws on companies.

Art. 36. The present Decree replaces the Royal Decree of July 23, 1937 and shall come into force on the day of its publication [August 26, 1939].

Art. 37. [Repealed]

II

Art. 38. The following shall be published quarterly:

(1) A statement by the Treasury of short-, medium- and long-term debt as of March 31, June 30, September 30 and December 31.

(2) A statement by the Bank of its holdings of short-, medium- and long-term public securities as of the same dates.

These statements shall be published for the first time as of December 31, 1939.

III

Art. 39. Our Minister of Finance is charged with the execution of the present Decree.

The By-Laws of the National Bank, 1939 ¹

CHAPTER I. CONSTITUTION

Art. 1. The National Bank of Belgium, established as a joint-stock company, instituted under the Law of May 5, 1850, and extended under the Laws of May 20, 1872, March 26, 1900, and February 26, 1926, and

¹ The full title in French is Statuts adoptés par l'assemblée générale extraordinaire du 23 septembre 1939 (approuvés par arrêté royal du 2 octobre 1939); modifiés par l'assemblée générale extraordinaire du 3 novembre 1944 (modifications approuvées par arrêté du Régent du 24 janvier 1945), par l'assemblée générale extraordinaire du 13 septembre 1948 (texte approuvé par arrêté du Régent du 13 septembre 1948), par l'assemblée générale extraordinaire du 27 mai 1957 (modifications approuvées par arrêté royal du 1^{er} octobre 1957) et par l'assemblée générale extraordinaire du 29 juillet 1959 (modifications approuvées par arrêté royal du 29 juillet 1959). In English the full title is By-Laws Adopted by the Extraordinary General Meeting of Shareholders of September 23, 1939 (Approved by Royal Decree of October 2, 1939); Amended by the Extraordinary General Meeting of Shareholders of November 3, 1944 (Amendments Approved by the Regent's Decree of January 24, 1945), by the Extraordinary General Meeting of Shareholders of September 13, 1948 (Text Approved by the Regent's Decree of September 13, 1948), by the Extraordinary General

the Royal Decrees of October 25, 1926 and July 23, 1937, issued respectively in pursuance of the Laws of July 16, 1926 and June 10, 1937, shall henceforth be governed by the provisions of Royal Decree No. 29 of August 24, 1939, issued in pursuance of the Law of May 1, 1939 as amended by Decree-Law No. 5 of May 1, 1944 and the Decree-Law of September 5, 1944, by the Laws of July 28, 1948, April 12, 1957, and June 19, 1959 and by the present By-Laws.

Its head office shall be in Brussels.

Art. 2. The Bank shall establish branches or agencies in the principal towns of judicial districts and, in addition, in the localities of the territory of the Belgian-Luxembourg Economic Union where the need is found to exist, in agreement with the government concerned.

Art. 3. A discount office or committee shall be attached to each agency in the localities where the government concerned considers it necessary, after the opinion of the Council of Regency of the Bank has been heard.

Art. 4. The Bank's charter shall expire on December 31, 1988.

Art. 5. The Bank shall be dissolved automatically if the losses shown on its balance sheet exceed one half of the capital stock.

In any other case, dissolution before the term fixed by law may take place only with the consent of the Government and by a decision of a majority of three fourths of the shareholders assembled at a General Meeting and possessing at least one half of the shares.

In case of dissolution, whether on the expiration of the term or before term, the Meeting shall appoint liquidators and shall determine their powers, as well as the method of procedure, in conformity with the general law.

CHAPTER II. CAPITAL AND RESERVE

Art. 6. The capital stock shall be four hundred million francs, divided into four hundred thousand shares of one thousand francs each, of which two hundred thousand, registered and nontransferable, shall be subscribed by the Belgian State and two hundred thousand shall be registered or bearer shares.

The signatures to be affixed to the shares may be affixed by means of a stamp.

Meeting of Shareholders of May 27, 1957 (Amendments Approved by Royal Decree of October 1, 1957) and by the Extraordinary General Meeting of Shareholders of July 29, 1959 (Amendments Approved by Royal Decree of July 29, 1959).

For the consolidated text in French, see the pamphlet edition, *Loi organique, statuts, . . .*, published by the Banque Nationale de Belgique in 1960.

Art. 7. Each share shall provide the right to a proportional and equal part in the ownership of the Bank's assets and in the distribution of its profits.

Art. 8. The rights and obligations attached to a share shall follow the title of ownership, into whatever hands it may pass.

The share shall be indivisible vis-à-vis the Bank, which shall recognize only one owner for each share.

If more than one party has an interest in a share, the Bank may suspend the exercise of the rights pertaining to such share until a sole person has been designated as owner for its purposes.

Art. 9. Possession of a share shall imply acceptance of the Bank's By-Laws and of the decisions regularly taken by the General Meeting.

Art. 10. Shareholders, their heirs or their creditors may not cause seals to be affixed to assets and securities of the Bank, nor request apportionment or sale by auction, nor interfere in the administration of the Bank.

They must, for the exercise of their rights, refer to the Bank's schedule of assets and to the decisions of the General Meeting.

Art. 11. Shares, with the exception of those belonging to the State, may at the owner's will be converted to registered or bearer shares without expense.

Art. 12. Ownership of a registered share shall be determined by the entry in the Bank's registers.

The shareholder whose name is entered shall receive a certificate which does not constitute a transferable title.

Art. 13. Shareholders shall be liable for losses only to the extent of their interest in the Bank.

Art. 14. There shall be a reserve fund for the purpose of:

(1) Making good losses on capital stock.

(2) Supplementing any shortfall in the annual profit up to a dividend of six per cent of the nominal capital.

Upon expiration of the Bank's right of issue, the State shall have a priority claim to one fifth of the reserve fund. The remaining four fifths shall be distributed among all the shareholders.

Art. 15. The amount retained for forming the reserve shall be ten per cent of the net profits exceeding six per cent a year.

Art. 16. The use made of the reserve shall be optional.

The proceeds shall form part of the general profits of the Bank.

CHAPTER III. OPERATIONS

Art. 17. The operations of the Bank shall comprise:

(1) Discounting, buying and transferring drafts and other bills relating to commercial transactions.

For the purposes of this provision, purchases and sales made by or to farmers of cattle, agricultural implements, fertilizer, seed, crops and, in general, merchandise and commodities pertaining to the performance of their business are also considered commercial transactions.

(2) Rediscounting abroad credit instruments in its portfolio; pledging these credit instruments; guaranteeing the payment of these credit instruments or of the discounts and advances pertaining thereto; acquiring assets or obtaining credits abroad and carrying out exchange operations in foreign markets.

(3) Discounting, buying and transferring short- or medium-term securities issued or guaranteed by the Belgian State or the Grand Duchy of Luxembourg, or issued by institutions whose liabilities are guaranteed by the Belgian State.

(4) Dealing in gold and silver at its counters or through agents.

(5) Making advances of funds against gold or silver bars or coins.

(6) Assuming responsibility for the collection of credit instruments.

(7) Receiving sums on current account and credit instruments, precious metals and gold and silver coins in custody.

(8) Making advances on current account and short-term loans secured by short-, medium- or long-term public securities issued or guaranteed by the Belgian State or the Grand Duchy of Luxembourg, and preferred shares of the Belgian National Railway Company which have been issued publicly, and this within the limits and conditions determined by the Council of Regency.

(9) Buying and selling national long-term public securities quoted on the Stock Exchange.

Art. 18. The Bank may not engage in operations other than those provided for in Article 17.

However, on authorization of the Minister of Finance, the Bank may acquire securities representing the capital of financial institutions governed by special legal provisions or placed under the guarantee or control of the State and the Bank for International Settlements; but the total of these securities may not exceed an amount equivalent to its capital, reserves and amortization accounts.

The restrictive provisions of the foregoing two paragraphs shall not apply to operations carried out under the fourth and fifth paragraphs of

Article 6 of Decree-Law No. 5 of May 1, 1944, as amended by Article 1 of the Law of July 28, 1948 and Article 5 of the Law of June 19, 1959.²

The Bank may also acquire the real estate strictly necessary for the exercise of its functions or the well-being of its staff.

Art. 19. Only commercial bills payable to order, stamped, maturing in not more than one hundred and twenty days and guaranteed by the signatures of three solvent persons shall be discounted.

However, commercial bills with two signatures may be accepted in the cases, in the manner and subject to the conditions to be determined by regulations drawn up by the General Council and approved by the Minister of Finance.

A pledge of warrants, goods or public securities sufficient to cover the entire credit may take the place of one signature.

The Bank may open discount credits for the purpose of financing industrial orders payable at medium term, but bills so discounted may not have maturities exceeding one hundred and twenty days after date.

Art. 20. Pending further measures, the amount of the portfolio held by the Bank as a result of the operations carried out in conformity with Article 17(3) and (9) may not exceed a limit which shall be fixed by agreements between the Minister of Finance and the Bank, with the concurrence of the Council of Regency. These agreements shall be approved by the Council of Ministers and published within eight days in the *Moniteur belge*.

Art. 21. The Bank may acquire, in addition, national public securities up to an amount equal to its capital, reserves and amortization accounts.

Art. 22. The restrictions with regard to public securities do not refer to securities guaranteeing the execution of the Bank's obligations in respect of pensions.

Art. 23. Public securities held by the Bank may be entered in the accounts at their buying price if this is equal to or less than the redemption price.

Art. 24. The Bank shall issue bearer notes.

The amount of notes in circulation shall be represented by easily realizable assets.

The notes shall bear the facsimile signature of the Governor and that of the Treasurer.

The restrictive provisions of the second paragraph of the present Article shall not apply to operations carried out under the fourth and

² For the text of Decree-Law No. 5 of May 1, 1944 as amended, see below, pp. 88-90.

fifth paragraphs of Article 6 of Decree-Law No. 5 of May 1, 1944, as amended by Article 1 of the Law of July 28, 1948 and by Article 5 of the Law of June 19, 1959.³

Art. 25. The design and the text of the notes to be issued shall be submitted by the Bank for the approval of the Minister of Finance.

Absence of approval may not be invoked by or against third parties.

The text shall be worded in French and Flemish.

Art. 26. The notes shall be payable on demand at the offices of the Bank in Brussels, under the conditions determined by law.

Reimbursement of the notes at provincial branches and agencies may be deferred until these offices have received the necessary funds.

Art. 27. The Government shall accept notes of the Bank in payment at pay offices of the State.

Art. 28. Whenever a type of bank note is replaced or withdrawn, the Bank shall pay to the Treasury, on expiration of the period established in each case by special agreement, the value of the notes of that type which have not been presented for reimbursement.

Art. 29. Notes whose value has been paid to the Treasury shall be deducted from the amount of currency in circulation; any of these notes which are presented later at the counters of the Bank shall be reimbursed for the account of the Treasury.

The amount will be reclaimed from the Treasury at the end of every six months.

Art. 30. The Bank must have a reserve in gold equal to at least one third of the amount of its sight liabilities.

Art. 31. The Bank may carry out all operations designed to facilitate transfers of funds.

Art. 32. The Bank shall act as Government Cashier subject to the conditions determined by law.

It may be made responsible, subject to the conditions determined by the Minister of Finance, for operations involving the issue and conversion of national short-, medium- and long-term public securities.

Art. 33. The Bank shall act on behalf of the General Savings and Pension Fund in conformity with the laws on the subject and the agreements concluded with that institution.

³ See footnote 2, above.

Temporary investments of the assets of this fund, as well as redemptions, shall be made by and through the Bank, which shall maintain, for these operations, accounts and portfolios separate from its own.

Deposits for the account of this fund shall be received and repaid at all offices of the Bank.

The Bank may also, on authorization of the Minister of Finance, act on behalf of other financial institutions governed by special legal provisions or placed under the guarantee or control of the State, in conformity with agreements concluded with these institutions.

Art. 34. The Bank may accept, by way of security, mortgage or assignment, real estate and other assets for covering its doubtful or suspended claims.

This real estate and other assets must be disposed of within a period of two years unless the Minister of Finance grants a longer period.

CHAPTER IV. BALANCE SHEET AND DISTRIBUTION OF PROFITS

Art. 35. The balance sheet shall be drawn up as of December 31 of each year. It shall be prepared by the Board of Directors, approved by the Council of Regency and submitted by the latter within the next twenty days to the Board of Censors, which shall have twenty days to examine it.

Approval of the balance sheet by the Board of Censors, by a majority of at least six votes, shall relieve the administration of responsibility; if approval is denied, the General Meeting shall decide.

Art. 36. Administrative expenses, social insurance charges and payments of all kinds, as well as depreciation, shall be deducted from the gross profit before the balance sheet is drawn up, or in the balance sheet.

Art. 37. The profit to the Bank resulting from the difference between interest at three per cent and the rate of interest collected on its discounts, advances and loans shall accrue to the State. The proceeds of national public securities acquired by the Bank may be included in the distributable profits only up to a rate of three and a half per cent, any remainder being paid to the reserves or the amortization accounts.

This provision does not apply to securities acquired as capital, as reserves or on amortization account, the proceeds of which are at the free disposal of the Bank.

Nor does it apply to securities guaranteeing the execution of the Bank's pension obligations.

Art. 38. The net profit determined in the balance sheet shall be divided as follows:

(1) A first dividend of six per cent of the nominal capital to the shareholders.

- (2) Of the remainder:
 - (a) ten per cent to reserves;
 - (b) eight per cent to the staff or to institutions in its favor.
- (3) From the surplus, the following allocations are to be made:
 - (a) one fifth to the State;
 - (b) an amount to the shareholders making it possible to grant them a second dividend to be determined by the Council of Regency;
 - (c) the balance to reserve.

Art. 39. The profit to shareholders for the fiscal year ending December 31 of each year shall be distributed once, on March 1 of the following year.

Art. 40. If the profit to be distributed to shareholders is less than six per cent a year, it shall be supplemented by drawing on the reserve fund.

This drawing shall be returned to the reserve if such return can be made the following year without reducing the profit to be distributed below six per cent.

Art. 41. The balance sheet, the profit and loss account and the statement of distribution of profits shall be published in the *Moniteur belge*.

These documents, accompanied by reports of the administration and the censors on the operations during the fiscal year, shall be sent at least five days before the Ordinary General Meeting to the shareholders whose shares are registered in their names or deposited with the Bank.

Art. 42. The Governor shall send to the Minister of Finance each week a comparative statement of the Bank's position for the current week and the preceding week. This statement, whose form shall be approved by the Minister of Finance, shall be published in the *Moniteur belge*.

The Bank shall publish a statement of its holdings of short-, medium- and long-term public securities as of March 31, June 30, September 30 and December 31.

CHAPTER V. ADMINISTRATION

SECTION I. BASIC PROVISIONS

Art. 43. The Bank shall be directed by a Governor and administered by a Board of Directors assisted by a Council of Regency. It shall be supervised by a Board of Censors.

There shall be, in addition, a General Council.

There shall also be, at the head office, a Discount Committee, the

composition and role of which shall be determined by these By-Laws and the Rules and Regulations.

Art. 44. The Governor shall be appointed and may be dismissed or suspended by the King.

The appointment shall be made for five years; it may be renewed indefinitely for the same term.

A suspension may not exceed three months.

Art. 45. The Governor shall be required to reside in Brussels.

He shall receive a remuneration fixed by the General Council, without sharing in the profits.

The Bank shall provide in addition for his housing and furniture expenses.

Art. 46. The Governor may not, during his term of office, be a member of either Legislative Chamber or receive a pension paid by the State.

If a member of either Chamber is appointed Governor, he shall terminate his legislative functions immediately upon acceptance.

A Governor who is appointed to either of the two Chambers may not take the oath of office as legislator until after he has declared that he opts for the second office.

Art. 47. The Board of Directors shall be presided over by the Governor and shall include, in addition to him, at least three and not more than six directors.

Art. 48. The directors shall be appointed by the King for a term of six years, on the proposal of the Council of Regency.

The terms of the directors shall be renewable.

They must be Belgian by birth.

They shall receive remuneration fixed by the General Council, without sharing in the profits.

Art. 49. The order in which the directors leave office shall be determined as vacancies occur.

Art. 50. The King shall appoint the director called upon to replace the Governor in case of absence, temporary inability to perform his functions or suspension.

This director shall bear the title of Vice-Governor.

He shall receive an annual allowance fixed by the General Council.

Art. 51. The Governor, the Vice-Governor and the directors may not be members of the board of any commercial company or company which is commercial in form, with the exception of financial institutions governed

by special legal provisions or placed under the guarantee or control of the State and international financial institutions established under agreements to which Belgium is a party.

However, acceptance of such functions shall be subject to approval by the Minister of Finance.

Regents and censors may not perform any function whatever in a bank established in one of the forms referred to in Article 8 of Royal Decree No. 185 of July 9, 1935.

The same incompatibility shall obtain where persons perform any function whatever in a commercial company or a company commercial in form which holds directly or indirectly twenty-five per cent of the capital of one of the banks referred to in the preceding paragraph.

Regents and censors may not be members of a discount office of the Bank.

Art. 52. The Council of Regency shall be composed of the Governor, the directors and ten regents.

Art. 53. The regents shall be elected for three years by the General Meeting of Shareholders.

Three regents shall be proposed by the Minister of Finance.

Two regents shall be chosen from among the executives of financial institutions of public interest.

Two regents shall be chosen on the proposal of the organizations most representative of labor.

Three regents shall be chosen on the proposal of the organizations most representative of industry, commerce and agriculture.

The methods of proposing candidates shall be determined by a Royal Decree deliberated in Council of Ministers.

The regents shall cease to hold office after the Ordinary General Meeting. They may be re-elected.

They shall leave office each year in groups, one group consisting of four members, the other two of three members. The order in which they leave office shall be set at the beginning by lot.

A regent elected to replace a deceased or resigning member shall complete the term of the regent whom he replaces.

Regents shall receive attendance fees and, if appropriate, a travel allowance fixed by the General Council.

The third paragraph of Article 48 is applicable to regents.

Art. 54. The Board of Censors shall be composed of eight to ten members.

It shall choose its president and its secretary from its own members.

Art. 55. The censors shall be elected by the General Meeting for a term of three years.

They shall be chosen from among persons especially qualified in the field of financial supervision.

The censors shall cease to hold office after the Ordinary General Meeting. They may be re-elected.

They shall leave office every year in groups, one group consisting of two to four members, the other two of three members. The order in which they leave office shall be set at the beginning by lot.

A censor elected to replace a deceased or resigning member shall complete the term of the censor whom he replaces.

The third paragraph of Article 48 is applicable to censors.

Censors shall receive attendance fees and, if appropriate, a travel allowance, both fixed by the General Council.

Art. 56. The terms of regents and censors shall expire when they reach the age of sixty-seven years.

However, by authorization of the Minister of Finance, they may complete their current term.

In no case may regents and censors remain in office beyond the age of seventy years.

Art. 57. Members of the Legislative Chambers may not hold the office of director, regent or censor.

Candidates for the Legislative Chambers who are elected while they are holding one of the aforementioned offices may not take the oath of office until they have resigned those offices.

Art. 58. Before entering on duty, the Governor must prove ownership of fifty registered shares and each director ownership of twenty-five shares.

These shares, set aside as a guarantee, may not be transferred and may not be returned to the owners until after approval of the balance sheet for the fiscal period during which their management came to an end.

The registers and the certificates of registration shall mention the setting aside of shares as guarantees.

Regents and censors shall not be required to provide guarantees.

Art. 59. The Governor, the directors, the regents and the censors shall not contract any personal obligation by reason of the Bank's liabilities; they shall be responsible only for the performance of their duties.

Art. 60. The Secretary and the Treasurer shall be appointed by the General Council, which may dismiss them.

The Rules and Regulations shall define the duties pertaining to their offices.

Their offices may be filled by one of the directors.

SECTION II. GOVERNOR

Art. 61. The Governor shall direct the institution and its staff.

He shall preside over the Board of Directors, the Council of Regency, the General Council and the General Meeting of Shareholders.

He shall cause their decisions to be carried out.

He shall submit to the General Meeting of Shareholders the annual report on operations and the accounts drawn up by the Council of Regency.

He shall see to the observance of the organic laws of the Bank, the By-Laws and the Regulations.

He shall represent the Bank in legal proceedings.

Art. 62. The Governor may suspend the execution of decisions of the Council of Regency in order to submit them to the General Council, which shall be convened on an emergency basis for this purpose.

He shall suspend and report to the Government any decision which would be contrary to the laws, the By-Laws or the interests of the State.

If the Government has not given a ruling within a fortnight of such a report, the decision may be put into effect.

SECTION III. BOARD OF DIRECTORS

Art. 63. The Board of Directors shall manage the Bank. It shall decide on all matters not expressly reserved for the Council of Regency by the law, the By-Laws or the Rules and Regulations.

It shall examine and accept or reject applications for discounts or advances directed to the Bank.

It shall control the activities of the discount offices and see to the correctness of their operations.

It shall appoint and dismiss employees, fix their salaries and the distribution of the share in the profits allocated to the staff or to institutions in favor of the staff.

It shall have the right to make settlements and compromises.

In case of emergency, the Board may change the discount rate and the rate for advances, but with the obligation to refer the matter to the Council of Regency at its next meeting.

SECTION IV. COUNCIL OF REGENCY

Art. 64. The Council of Regency shall meet at least once a week. During vacation periods, meetings may be spaced differently, the annual number of meetings remaining the same.

The Council shall deliberate upon questions within its competence by virtue of the law or the By-Laws and upon general questions pertaining to the Bank, currency, credit and the economic development of the country.

It shall fix the rate and terms of discounts, advances and loans.

It shall make proposals for the appointment of agents of the Government Cashier and establish the amount of their surety bond.

It shall examine at least once every six months the position of the Bank's discount agencies.

It shall approve the report on the Bank's operations to be submitted annually by the Governor to the General Meeting.

It may delegate specified powers to the Board of Directors.

Art. 65. The Council of Regency may not deliberate unless a majority of its members is present.

Decisions shall be taken by majority vote.

In case of a tied vote, the presiding officer's vote shall be the deciding one.

Art. 66. Minutes shall be kept of the discussions of the Council of Regency.

In these shall be mentioned the nature of the deliberations, their object and, briefly, the grounds for decisions.

The minutes shall be signed by all the members present and by the Secretary.

SECTION V. BOARD OF CENSORS

Art. 67. The Board of Censors shall have the right to supervise all the operations and to see the books.

It shall examine and, if appropriate, approve the balance sheets; it shall vote the budget of expenditures, all on the proposal of the Council of Regency.

Resolutions of the Council of Regency by which it changes the rate or terms of discount and advances shall be submitted to the Board of Censors.

Art. 68. The Board of Censors shall meet at least once a month.

It may not take decisions unless a majority of its members is present. Decisions shall be taken by majority vote.

In all cases of tied votes, the General Council shall cast the deciding vote.

If the censors present do not constitute a quorum, the General Council shall take a decision if it finds that there is a need for immediate action.

SECTION VI. GENERAL COUNCIL

Art. 69. The Governor, the directors, the regents and the censors shall form the General Council.

Art. 70. The General Council shall meet at least once a month to consider the position of the Bank.

It shall decide on all matters submitted to it under the By-Laws or the Rules and Regulations.

It shall make the final decision on the distribution of profits.

It shall establish, on the proposal of the Council of Regency, the Rules and Regulations, as well as the general regulations on the organization

of branches, agencies, discount offices and committees. These regulations shall be reported to the Minister of Finance.

It shall deliberate upon proposals for the establishment of branches, offices, provincial agencies and discount committees, upon their individual organization, and upon all matters pertaining to the creation and issue of bank notes.

It shall fix the individual salaries and pensions of the Governor, the Vice-Governor and each director. These salaries and pensions may not include a share in the profits. No remuneration whatsoever may be added thereto by the Bank, either directly or indirectly.

It shall establish, on the same conditions, the amount of the attendance fees of regents and censors, and their travel allowances if any, as well as the salaries and, if requested, the surety bonds of the Secretary and the Treasurer.

Art. 71. Except as otherwise provided in the last paragraph of Article 68, no decision may be made at the General Council unless a majority of the members of the Council of Regency and the Board of Censors is present. Decisions shall be taken by absolute majority.

In case of a tie, the president shall cast the deciding vote.

SECTION VII. SIGNING OF DOCUMENTS

Art. 72. The Governor shall sign agreements, settlements and documents of any kind without having to prove any power vis-à-vis third parties. He may delegate this authority.

All documents binding the Bank, including those in respect of which a public official or a notary renders assistance, such as bills of sale, purchases or exchange of buildings, mortgage releases with or without proof of payment, renunciation of all real rights, privileges and acts of abrogation, and powers and proxies pertaining to these documents, may also be signed by a director and the Secretary, who shall not have to prove their powers vis-à-vis third parties.

Documents pertaining to daily business shall be signed:

- (a) Either by the Governor, the Vice-Governor or a director;
- (b) Or by the Secretary or the Treasurer;
- (c) Or by one or two officers delegated for the purpose by the Board of Directors.

SECTION VIII. DISCOUNT COMMITTEES

Art. 73. The Discount Committees shall be composed of three to six members appointed by the General Council, which shall determine their attendance fees.

A director or an officer designated for this purpose by the Board of Directors may serve as chairman of these Committees.

The term of office shall be two years. Retiring members may be re-elected.

Regents and censors may be members of Discount Committees.

Art. 74. The Discount Committees shall give their opinion on such questions concerning discount operations handled by the Bank as are submitted to them for examination.

The opinions of the Discount Committees are of a purely advisory nature.

CHAPTER VI. GOVERNMENT COMMISSIONER

Art. 75. The Minister of Finance shall have the right to control all the Bank's operations. He may oppose the execution of any measure which would be contrary to the law, the By-Laws or the interests of the State. This control shall be entrusted to a Government Commissioner.

Art. 76. The Government Commissioner shall be appointed by the King. He shall supervise all the Bank's operations. He shall suspend, and report to the Minister of Finance, any decision that would be contrary to the laws, the By-Laws or the interests of the State.

If the Minister of Finance has not given any instructions within eight days of the act of suspension, the decision may be put into effect.

The Government Commissioner shall report annually to the Minister of Finance on his work.

The salary of the Government Commissioner shall be fixed by the Minister of Finance in agreement with the administration of the Bank; it shall be paid by the Bank, as shall also the fees of any technicians appointed as experts.

Art. 77. The Government Commissioner shall have the right at all times to investigate the state of business of the Bank and to examine the books and the cash.

The administration shall be required to furnish him with the Bank's statement, certified correct, whenever he requests.

Art. 78. The Commissioner shall, when he sees fit, attend the General Meetings of Shareholders, as well as meetings of the Boards, Councils and Committees.

He shall attend these meetings in an advisory capacity.

CHAPTER VII. GENERAL MEETINGS OF SHAREHOLDERS

Art. 79. The General Meeting of Shareholders shall represent the body of shareholders. Its decisions, taken in due form, shall be binding even on absent or dissenting members.

Art. 80. The General Meeting shall be composed of shareholders owning registered shares or bearer shares deposited at least five days before the meeting either at the head office or at branches or agencies to be designated by the Council of Regency.

The list of registered shares shall be closed five days before any General Meeting.

Shareholders may not be represented by proxies who themselves do not have the right to vote.

However, companies and public or private institutions may be represented by a person delegated for this purpose; minors, persons deprived of their normal rights and married women shall exercise their rights through their legal representative.

Proxies and any other documents establishing the right to attend the General Meeting by virtue of the two preceding paragraphs must be sent to the Bank at least three days before the Meeting. They shall be countersigned by the proxy.

Art. 81. Before the Meeting is opened, the shareholders shall sign the attendance list.

Art. 82. Each share shall entitle the holder to one vote.

Save with respect to the election of censors, Article 76 of the coordinated laws on commercial companies is not applicable.

Art. 83. The Ordinary General Meeting shall be held on the last Monday in February.

It shall consider the report of the administration on the operations of the past year and decide, if appropriate, on the balance sheet in the case provided by Article 35 of the present By-Laws.

It shall elect regents and censors whose terms are due to expire, and shall provide for positions which have become vacant by death, resignation or otherwise.

Art. 84. An Extraordinary General Meeting may be called whenever the Council of Regency sees fit.

It must be called:

(1) When the meeting is requested either by the Board of Censors or by shareholders representing one tenth of the capital stock.

(2) If the number of regents or of censors falls below the absolute majority.

Art. 85. Summons to any General Meeting shall contain the agenda and shall be made by announcements published twice at intervals of at least eight days and, eight days before the meeting, in the *Moniteur belge*, in a Brussels newspaper, and in a newspaper of the province of Brabant. Letters of convocation shall be sent, one week before the meeting, to the

shareholders who are registered and have the right to vote, but proof that this formality has been fulfilled is not required.

In any case, these notices shall indicate the time within which bearer shares must be deposited.

Art. 86. The two shareholders present representing the largest share of the capital [*les deux plus forts actionnaires présents*], who are not members of the administration and who accept this duty, shall count the votes.

They shall sign the minutes with the president and the members of the Council of Regency.

Copies and extracts to be issued to third parties shall be signed by the Secretary.

Art. 87. The General Meeting shall discuss:

(1) Matters mentioned in the notices convening the Meeting and submitted to it either by the Council of Regency or by the Board of Censors.

(2) Proposals, signed by five members, which have been communicated at least ten days before the Meeting to the Council of Regency for inclusion on the agenda.

If the Meeting recognizes the urgency of other proposals made by the Council of Regency, these proposals shall be included in the discussions.

Art. 88. All decisions shall be taken by an absolute majority of votes.

In case of a tie, the motion shall be rejected.

Art. 89. Elections and dismissals shall be voted on by secret ballot.

The vote shall be held by a roll call on all other motions or questions.

Art. 90. If, on the first ballot, the members to be elected fail to obtain an absolute majority, a list of the persons who have received the most votes shall be made.

This list shall contain twice as many names as there are members still to be elected.

The votes may be cast only for these candidates.

In any case where there is a tie, the eldest shall be given preference.

Art. 91. The dismissal of regents or censors may take place only by a majority of three fourths of the votes of the shareholders present and holding at least three fifths of the shares.

CHAPTER VIII. GENERAL OR TRANSITIONAL PROVISIONS

Art. 92. Changes may be made in the By-Laws only at a General Meeting specially called for this purpose.

The General Meeting may make valid decisions on changes in the By-Laws only if the purpose of the amendments proposed has been especially indicated in the summons and if the members present at the Meeting represent at least three fifths of the capital stock.

If a first Meeting does not represent the portion of capital prescribed above, a new Meeting shall be called which shall deliberate validly regardless of the portion of capital present or represented.

In the two Meetings, no amendment shall be allowed unless it is adopted by a numerical majority of the shareholders present or represented and by a majority of the votes to which all the shareholders present or represented are entitled.

These amendments shall become effective only by government approval.

Art. 93. The Bank and its branches, offices and agencies must respect statutory provisions on the use of languages in administrative matters.

Art. 94. [Repealed]